

## Chapter 9

# TQM and Knowledge Management: An Integrated Approach Towards Tacit Knowledge Management

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### **ABSTRACT**

*During the last decades, both quality management and Knowledge Management (KM) have undergone a progressive evolution and have been associated with keywords such as competition, creativity, or innovativeness. Moreover, literature points to several commonalities between Total Quality Management (TQM) and Knowledge Management. The main aim of this chapter is to highlight the main commonalities, and to analyze how organizations may benefit from a dual strategic approach based on TQM and KM principles, and how integrated knowledge-based quality management system may benefit the “conversion” process of tacit knowledge into explicit knowledge, as well as the knowledge transfer/sharing process.*

### **INTRODUCTION**

More and more, competition to gain/retain customers is becoming a greater challenge, and is driving organizations to become leaner and more streamlined (Paper, Rodger, & Pendharkar, 2001). These pressures act as driving forces for organizations to adopt different innovative approaches focused on improving processes' effectiveness, such as Total Quality Management (TQM) or Knowledge Management (KM) (Lawler, Mohrman, & Benson, 2001).

Indeed, during last decades both quality management and knowledge management have undergone a progressive evolution, and have been associated with keywords such as competition, creativity, or innovativeness. Since the early 1980s, the drive for TQM has been at the top of organizations' agenda to improve quality, productivity, and competitiveness (Hunt, 1992), and has had a significant influence on management thinking and practice. Considered a philosophy based on several guiding principles, and

DOI: 10.4018/978-1-5225-2394-9.ch009

## **TQM and Knowledge Management**

as a continuous improvement-based strategy (Basterfield, 2003), TQM has been recognized around the world as a valid option to gain sustainable long-term competitive advantages (Prajogo & Sohol, 2001).

KM, in turn, has been drawing scholars and practitioners' attention to its potential important role in achieving sustainable competitive advantages (Nonaka & Takeuchi, 1995). As observed by Kogut and Zander (1992), strategic management literature shifted from a resource to a knowledge-based view of the firm, where knowledge becomes a key important resource for organizational capacity, and leveraging competitiveness. Organizations that efficiently and effectively manage and transfer explicit and tacit knowledge perform better (Riege, 2007). Thus, nowadays, the question is no longer whether or not, knowledge is a critical resource for sustainable competitive advantage, but on aligning KM with organizations' strategy, and measuring its impact performance. Moreover, although explicit knowledge can be somehow easily shared, it can also be imitated, and thus, since organizations' competitive advantage lies primarily in the application of a bundle of valuable resources (Wernerfelt, 1984, Penrose, 1959), neither perfectly imitable nor substitutable without great effort (Barney, 1991), it is reasonable to assume that tacit knowledge (not easily imitated), may grow in importance.

Despite the large body of literature in TQM, and although KM and TQM' contribution for a sustainable development are generally recognized by both practitioners and scholars (Hsu & Shen, 2005; Molina, Lloréns-Montes, & Ruiz-Moreno, 2007), only a few studies have been conducted to try to integrate KM thinking into TQM issues, examining relationships among KM, TQM, and organizations' performance (e.g. Hsu & Shen, 2005; Ju, Lin, Lin, & Kuo, 2006; Aboassin, Alnsour, & Alkloub, 2011). For example, the examination of TQM-based management tools shows that its application is interesting from a KM point of view, and can have significant consequences especially in terms of knowledge creation, accumulation and sharing (Johannsen, 2000).

As a result, it is important to clarify the relationships among TQM, KM, and organizations' performance. The main aim of this chapter is twofold. Firstly, an analysis was performed on both Total Quality Management and Knowledge Management approaches, focusing on differences and commonalities between both approaches. Secondly, a literature review was conducted to analyze and discuss how organizations may benefit from a dual strategic approach based on TQM and KM principles, and how integrated knowledge-based quality management systems may benefit the "conversion" process of tacit knowledge into explicit knowledge, as well as the knowledge transfer/sharing process.

## **BACKGROUND**

### **Knowledge Management**

According to the resource-based view of the firm, transferability of resources and capabilities is a key factor in firms' capability to gain sustainable competitive advantages (Barney, 1991), and with regard to knowledge, the issue of transferability is important, not only between firms, but even more critically, within firms (Grant, 1996). In fact, considered a valuable organizational asset, knowledge is generally recognized as a key driving force for gaining sustainable advantage in highly competitive economies (e.g. Friesl, Sackman, & Kremser, 2011; Wang & Noe, 2010). Indeed, according to the knowledge-based view of the firm, knowledge is considered the most important strategic resource for value creation processes, and companies' long-term success (Grant, 2002).

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