

Human Resource Management and Knowledge Management: Revisiting Challenges of Integration

Dr. Sumi Jha

National Institute of Industrial Engineering, Mumbai, India

Abstract

Organisations are facing ever-increasing challenges, brought on by marketplace pressures or the nature of the workplace. Many organisations are now looking to knowledge management (KM) to address these challenges. Such initiatives are often started with the development of a knowledge management strategy. To be successful, a KM strategy must do more than just outline high-level goals such as 'become a knowledge-enabled organisation'. Instead, the strategy must identify the key needs and issues within the organisation, and provide a framework for addressing these. The objective of this paper is to study how human resources management (HRM) practices and employees' knowledge influence the development of strategies and, by extension, a firm's performance. The paper has also identified various studies which have tried to portray the importance of HR practices in strategy building, giving emphasis on knowledge creation and steps of integration of both.

Keywords

Human Resource Management, Knowledge Management, Strategy, Innovation

I. Introduction

We can define knowledge management as the discipline that promotes an integrated approach to identifying, capturing, retrieving, sharing, and evaluating an enterprise's information assets. These information assets may include databases, documents, policies, and procedures as well as un-captured, tacit expertise and experience resident in individual workers. Knowledge is increasingly claimed to be key critical resource and source of competitive advantage in the modern global economy, especially with the rise of service sector economy. The growth in the number of global workers, the increasing rapid flow of global information and the growing recognition of the importance of intellectual capital and intellectual property rights. Knowledge with its intangible aspects is becoming a definite characteristic of economic activities, as opposed to tangibles such as goods, services or production processes. Coordination of intangible aspects may contribute to the efficiency of the creation and exploitation of knowledge. The KM can be presented as a competent team where a tacit organizational competence improves the productivity through selecting and allocating competent people. (Eliasson, 2000). Knowledge itself is not of any value to an organization unless these contextual aspects are clearly understood. Much of the knowledge, both tacit and explicit remains largely untapped in most organizations. Without the thorough understanding of the context, it will not be possible for HRM or KM to support the development of management and leadership capabilities to support innovation and creativity. Much work in HRM has focused on identifying facilitators and inhibitors of innovation. Additionally, interdisciplinary team-work, regrouping employees with different characteristics, knowledge expertise and skills, may be conducive to innovation. The rise of the knowledge economy has seen a proliferation of information and communication technologies, coupled with greater organizational complexity, the growth of virtual and global

organizations and rapid change. This in turn requires drastic change within HRM to respond to the changing demands of the knowledge economy. Knowledge development and utilization can be facilitated by human resource practice. At the individual level increased delegation of responsibility and freedom for creativity may better allow for discovery and utilization of local and dispersed knowledge in the organization. Although KM is typically defined to be the holistic combination of measure for managing people, processes and technology, the explicit integration of human resource management into KM initiatives is seldom examined. This paper investigates several steps taken by HRM for enhancing capturing and utilizing knowledge within the firm. Empirical evidences confirm that KM and HRM practices are complementary to each other. This paper first understands the concept of knowledge management and then links it with the Human resource management to understand the importance of integration of both the domain for the long term strategy of organisation.

II. Knowledge Management

Knowledge management is a managerial philosophy, which is perceivable in the practices of different organizations. Knowledge management is not an ultimate tool that solves all information and knowledge creation problem. However, utilizing knowledge management, better performance can be achieved by interaction between individuals or groups. Moreover to be efficient, knowledge management requires storage for information and knowledge, which is open to organization member for searching critical information, knowledge or the best practices. Thus KM is the learned method for knowledge sharing and interaction and furthermore, KM clarifies which way to operate. Knowledge management should be considered an organizational process, which is used to achieve better performance due to effective knowledge sharing and organizational learning, recognizing and developing competencies, and gaining from individually different skills and knowledge.

Table 1: Serban, A. M. and Luan, J., (2002), overview of knowledge management, new direction for institutional research, 113, 5-16

Variables	Explicit Knowledge	Tacit knowledge
Features	Codified	Personal
	Stored	Context specific
	Transferable	Difficult to formulate
	Easily expressed and shared	Difficult to capture, communicate, share
Sources	Manuals, policies, procedures data base and reports	Informal business process and communication, Personal experiences, Historical understandings

In developing a general framework for understanding KM, we refer to perhaps the most influential framework for knowledge

creation developed by Nonaka and Takeuchi (1995) in their studies of knowledge creation and use in Japanese companies. Nonaka and Takeuchi (1995, p.8) distinguish between two types of knowledge, explicit and tacit. Tacit knowledge is basically experiential, whilst explicit knowledge is expressed, and often seen as transferable in one way or another; it includes cognitive and technical elements. Cognitive elements operate through mental models, working worldviews that develop through the creation and manipulation of mental analogies. Mental models (like schemata, paradigms, perspectives, beliefs and viewpoints), according to Nonaka and Takeuchi, help individuals perceive and define their world. The technical element of tacit knowledge includes concrete know-how, crafts, and skills. Explicit knowledge is about past events or objects “there and then”, and is seen to be created sequentially by “digital” activity that is theory progressive.

Serban and Luan (2002) cited 5 reasons for interest, emergence and growth in the field of KM a) information overload and Chaos b) information congestion c) information and skill segmentation and speculation d) workforce mobility and turnover e) competition.

Hansen, Mors and Lovas (2005) examined the three phases of knowledge sharing- deciding to seek knowledge, searching for knowledge and transferring knowledge- on the part of human assets in various social settings. There are a number of common situations that are widely recognised as benefiting from knowledge management approaches. While they are not the only issues that can be tackled with KM techniques, it is useful to explore a number of these situations in order to provide a context for the development of a KM strategy. Beyond these typical situations, each organisation will have unique issues and problems to be overcome.

Historically, many knowledge management strategies have focused solely on the top-down approach, identifying high-level objectives such as ‘become a knowledge-enabled organisation’. With little understanding, of the key issues and needs of staff throughout the organisation, these initiatives found it difficult to engage staff in the required cultural and process changes. As a result, many of these initiatives had little long-term impact. With an in-depth understanding of the problems, issues and needs within the organisation, it is then possible to meaningfully determine appropriate strategies for addressing them. This will undoubtedly include a range of both strategic (long-term) and tactical (short-term) initiatives.

Depending on the issues identified, a few of these might include: improving the corporate intranet, facilitating skills transfer from retiring staff, capturing staff knowledge in a documented form, implementing new learning approaches, including e-learning, enhancing the corporate staff directory, establishing after-action review processes, formalising the role of ‘knowledge brokers’ within the organisation

These are just a small cross-section of the many possible approaches that can be taken to knowledge management. Only the needs analysis activities allow a meaningful selection to be made between these different approaches. In practice, each organisation will apply a unique mix of short-term ‘quick wins’ and longer-term projects to meet knowledge management needs. To view the success of KM, it is necessary to have periodic review of it Webb (1998) has shared some tools to test the organizational KM. These are:

- Can we transfer knowledge easily to new staff?
- Do we know what and where our knowledge assets are?
- Is ours an information/ knowledge sharing culture?
- Do we capture and share best practices?

Do we reward knowledge sharing?

III. Knowledge Management and Human Resource Management

In terms of the HRM function, the rise of the so-called knowledge economy has had a major impact, with a considerable shift from HRM as a bureaucratic ‘personnel management’ operation to the development of discrete HRM functions over the past few decades. This has been accompanied by the integration of these functions to support competitive advantage and a more strategic thrust. It has been suggested that one way for HRM to reinvent itself is through its contribution to effective linkages between human capital management and knowledge management within organizations (Gloet, 2004). The rapid growth of technology has led to an economy where competitive advantage is increasingly based on the successful application of knowledge (Lengnick-Hall & Lengnick-Hall, 2003). Traditional HRM functioned under narrow operational boundaries; in the knowledge economy the role of HRM needs to expand, looking both within and outside the organization. The traditional focus on managing people has been broadened to managing organizational capabilities, managing relationships and managing learning and knowledge (Ulrich, 1997; Lengnick-Hall & Lengnick-Hall, 2003). The emphasis on discrete HRM practices is also broadening to a focus on developing themes and creating environments conducive to learning, as well as to the acquisition, sharing and dissemination of knowledge within organizations. A revitalization of the HRM function to respond to the demands of the knowledge economy and to develop linkages with KM requires major changes across four key areas: Roles, Responsibilities, Strategic Focus and Learning Focus. As the discipline, knowledge management promotes an integrated approach to identifying, capturing, retrieving, sharing, and evaluating an enterprise’s information assets. These information assets may include databases, documents, policies, and procedures as well as tacit expertise and experience resident in individual workers. The resource based view of the firm suggests that organizations will need to be able to combine distinctive, sustainable and superior assets, including sources of knowledge and information, with complementary competencies in leadership and human resource management and development to fully realize the value of their knowledge. Issues for HRM include how organizations should be structured to promote knowledge creation and mobilization, and how to develop a culture and set of HRM policies and practices that harness knowledge and leverage it to meet strategic objectives.

There are several roles that can be played by HR in developing knowledge management system. Lengnick-Hall & Lengnick-Hall (2003) take the view that in the knowledge economy, organizations will need HRM that is characterized by a new set of roles that can assist in generating and sustaining organizational capabilities. These new HRM roles are those of human capital steward, knowledge facilitator, relationship builder, and rapid deployment specialist. KM has the capacity to significantly broaden the role of the HRM professional:

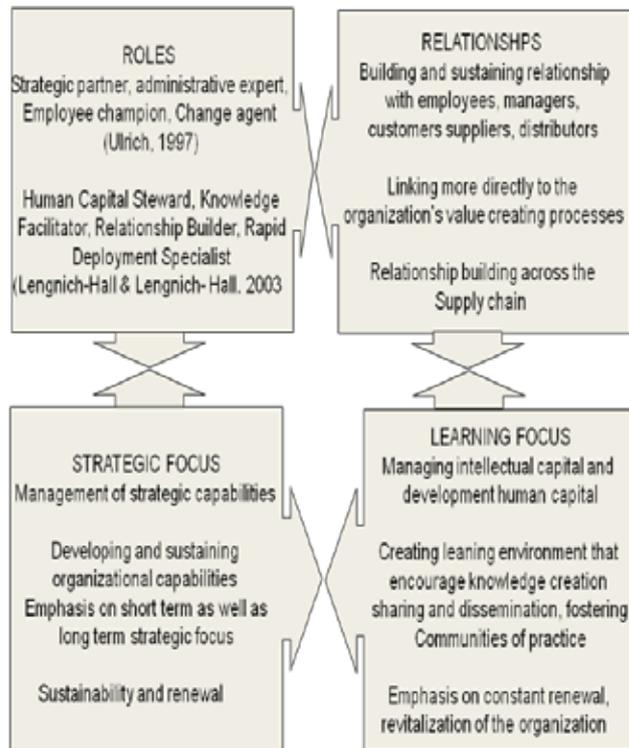


Fig. 1: Mapping the Relationship Between KM and HRM (Source: Gloet, 2004)

A. Roles

Lengnick- Hall & Lengnick- Hall (2003) takes the view that in the knowledge economy, organizations will need HRM that is characterized by a new set of roles that can assist in generation and sustaining organizational capabilities. These new HRM roles are those of human capital steward, knowledge facilitator, relationship builder, and rapid deployment specialist. The human capital steward recognizes the value of intellectual capital, must ensure that human capital steward recognizes the value of intellectual capital, must ensure that human capital is available, effective and that it will grow in value; this means brokering the services of knowledge workers. The knowledge facilitator places emphasis on learning and development, the effective management of knowledge and creating environments conducive to knowledge creation, sharing and dissemination. The relationship builder focuses on creating and sustaining networks and communities of practice, of joining together people in various parts of the supply chain in new ways. The rapid deployment specialist faces the challenge of rapidly changing markets where information, business processes and organizational design can be combined in different ways to meet ever changing dynamic environments characteristic of life in the knowledge economy. KM has the capacity to significantly broaden the role of the HRM professional.

B. Relationships

HRM in the knowledge economy should reflect a responsibility for developing and sustaining organizational capabilities through activities that overlap with traditional business functions such as strategy formulation and implementation, finance and marketing, as well as new functions such as KM. This requires developing new relationships that reflect a shared responsibility among managers, employees, customers and suppliers for HRM (Saint-Onge, 2001; Lengnick-Hall & Lengnick-Hall, 2003). KM can create a new role for HRM that can provide the means by which to forge new relationships.

C. Strategic focus

In the Knowledge economy a primary focus of HRM should be the development of human capital and the management of knowledge. MacDonald (2003) identifies a need for HR professionals to identify and channel intellectual capital toward the development of a concise set of core competencies, strengths and capabilities. An emphasis on traditional long term strategic development and long range planning in HRM need to be unpredictable, dynamic, fluid environments which characterize the contemporary business world. HRM can play an important role in creating and developing the organizational capabilities that form part of contemporary KM strategies geared to creating wealth from intellectual capital while maintaining a commitment to sustainability imperatives.

D. Learning

A pivotal aspect of life in knowledge economy is the need for learning. This includes creating and sustaining learning environments and nurturing communities of practice. The new role for HRM includes managing intellectual capital and developing human capital within the organization. Lengnick-Hall and Lengnick-Hall (2003) also see HRM as pivotal in developing and sustaining a learning focus through facilitating continuous learning, identifying sources of employee knowledge, understanding the mediators that facilitate knowledge sharing, and making information available to employees. Lin & Kuo (2007) found HRM strategies to have a direct and significant impact on organizational learning and KM capability. Another study noted two different approaches to HRM strategies- exploitative and explorative- and the resulting impact on KM. The exploitative HRM strategy, with a greater emphasis on explicit knowledge, tends to result in information technology (IT) solutions to KM where as explorative HRM strategy, placing a greater emphasis on tacit knowledge, tends to result in increased knowledge transfer, increased innovation and organizational learning. Haesli and Boxall (2005) examined KM approaches using the IT solutions, which involves the codification of knowledge and is used to capture explicit knowledge, and the HR solution, relying more on resource based view of implementing effective HRM strategies to capture tacit knowledge. Haesli and Boxall suggest that these two approaches should not be viewed as mutually exclusive but rather should complement each other. O'Neill and Adya (2007) suggested that increasing employees willingness to share knowledge may very well depend on the perceived equity of rewards associated with knowledge sharing environment also requires an understanding of the important cultural values of individuals and the organization. It is accepted that a firm's ability to obtain new products and other aspects of performance are inextricably linked to the knowledge of its human resources (Foss, 2007). Thus, the most distinctive and imitable resource available to firms is people embodied knowledge, which enables them to manipulate and transform other organizational resources effectively (Foss, 2007).

The previous assumptions led us to wonder which characteristics of knowledge enable product innovation. Knowledge can be analysed from different perspectives. The intellectual literature distinguishes three different aspects of knowledge: human, organizational, and social capital. Human capital is defined as the knowledge; skills and abilities individuals have and use (Schultz, 1961). Organizational capital is the institutionalized knowledge and codified experience contained in and used through data bases, patents, manuals, structures, systems and processes (Youndt, Subramaniam and Snell, 2005). Finally, social capital is the knowledge embedded within, available

through and used by interaction among individuals and their networks of interrelationship. As Subramaniam and Youndt, 2005, pointed out, each of these components accumulates and distributes knowledge in a different way human capital through individuals, organizational capital through firm structures and processes and social capital through relationships and networks.

One way of obtaining valuable and unique knowledge is through a system of HRM knowledge based practices that enable the internal development of human resources (Lepak & Snell, 2002) [11]. With specific selection, training, development, appraisal and compensation practices. The aim of selection is to attract the best people to the company in terms of their inherent potential (Doorewaard & Meihuizen, 2000). Informal contacts that favour socializing among the workforce are encouraged, and firm specific training and career development are offered within the company (Lepak & Snell, 2002) [11]. Individuals receive feedback concerning what they do and how performance can be improved, Thus promoting autonomy.

Paaume and Boselie (2005) suggested that one way HRM practices can generate core capabilities is by influencing employee behavior in the desired strategic direction. According to reasoning, any firm may adopt concrete HRM practices in job design, training, and development, and appraisal, compensation to improve the firm's innovation.

Regarding job design, in cases where jobs are broadly defined and discretion and self direction are allowed, employees are able to find new solution to problems and opportunities that arise in the workplace (Kang et al., 2007). It is also claimed that empowerment practices increase the level of decentralization, and such an environment may better allow new solutions at shop floor level. Firm specific training is necessary because it improves technical abilities to solve problems (Laursen & Foss, 2003). Thus, training in core skills is useful for product innovation (Mumford, 2000)

Another strongly recommended practice entails employee development. It maximizes employee's commitment to innovation and their potential for learning (Mak & Akhtar, 2003). Employee development includes HR practices such as career management, mentoring and coaching. Managers should provide coaching and feedback to help employees overcome performance problems. Compensation practices must also include employee incentives that reward the search for new solutions. Incentives need to be accompanied by the acquisition of knowledge and new ideas. All these HRM practices can be included in the knowledge based system and they shall influence firm innovation.

Learning is a critical organizational resource because it enables the firm to maintain competitive advantage by continuously improving its capacity to process market knowledge at a faster rate than its rivals. Effective knowledge dissemination (or sharing) increases the value of knowledge when the knowledge can be seen in its broader content by 1) all affected by it 2) those who can offer feedback, questions, amplifications, or modification that provide new insights (Hult & Ferrell, 1997). The absence of formal incentives may inhibit knowledge-sharing initiatives, knowledge holder may fear personal loss of power and value or view the commitment of time and efforts too costly. Knowledge seekers may find themselves weighing opportunity costs, resisting change, or worrying about the not invented here syndrome. Husted and Michailova (2002) conclude that "unless knowledge-sharing is built into expectations of the individual and is reflected in the reward mechanism, sharing

will not take place".

In one of the study Simonin & Ozsomer, (2009), mentioned the importance of linking KM and HRM practices. It was found that researchers in international HRM have recently become keenly interested in expatriate's role as a means for disseminating knowledge across MNC units. This coincides with a notable shift in expectations regarding the expatriate role from one of control and coordination across units ('getting the job done') to supporting skills transfer and engaging in local staff development (Minbaeva & Michalova, 2004). Under this new knowledge management imperative, expatriates should no longer be viewed as unidirectional vehicle for transferring a parent's company knowledge to a given subsidiary. From an experiential learning, perspective, expatriates also gain local subsidiary knowledge and apply it to the broader global operations. Beyond their role as knowledge 'grafters', expatriates also have the capacity to encourage and facilitate knowledge sharing across sister subsidiaries and back to the parent company.



Knowledge Management

Fig. 2: Facilitation of HR practices by KM

Knowledge sharing research so far has mostly concentrated on controlled motivation (Cabrera & Cabrera, 2005) [1] – namely reciprocity, improving one's reputation, doing the right thing and positive feelings. However, research shows autonomous motivation leads to more the behavioural outcomes than controlled motivation (Gagne & Deci, 2005) [5], such as better performance on complex and creative tasks, active information seeking and goal attainment. Because knowledge sharing behavior is likely to be motivated in a way similar to helping and pro-social behavior, which are difficult to motivate through rewards and pressure, It may be particularly important to focus on increasing autonomous motivation.

Cabrera & Cabrera (2005) [1] proposed that staffing procedures that consider person-environment fit to ensure congruence of individual and organizational values and goals will facilitate sharing among employees. The staffing decisions based on value fit will enhance the relationship between HRM practices and need satisfaction. Finally, if the organization values knowledge sharing and promote it through HRM practices and the organization based hiring on value fit, it is more likely that employees will develop sharing norms through these HRM practices. (Fig. 3)

Performance appraisal systems that include an assessment knowledge sharing behaviors, feedback on performing such behavior (Cabrera & Cabrera, 2005) should enhance knowledge sharing behavior by satisfying norms. Positive feedback will enhance feelings of competence; communicating such feedback will improve relationship quality with the manager, thus satisfying

relatedness. Open discussions of the performance assessment and a participative method for setting improvement goals will also improve feelings of autonomy. Finally, performance appraisal interviews offer a great opportunity for a manager to communicate that the organization values knowledge sharing, thus enhancing the development of sharing norms.

Training offers a great opportunity for an organization to communicate and create norms about sharing behavior. The simple fact of having training opportunities influences task performance, organizational citizenship behavior and turnover intentions, which can be explained through increased intrinsic motivation (Dysvik & Kuvaas, 2008). With regard to knowledge sharing, training content can include teaching communication skills and teaching what knowledge to share and how to share it.

IV. Conclusion

As can be seen from the previous discussion, the knowledge facilitator role cannot be easily slotted into traditional HRM functions, such as training and development or compensation. The knowledge facilitator role is much broader and requires creative integration across traditional HRM activities. It entails both rethinking old ways of managing the workplace as well as using innovative approaches outside the box of traditional HRM. Most important, becoming an effective knowledge facilitator requires conceptualizing HRM as a vehicle for creating capabilities and capitalizing on the human factor to create a community of knowledge workers.

The importance of intangible assets has increased rapidly in knowledge society. In order to survive, companies and other organizations too are in need of the competitive advantage of more efficient exploitation of human resources and intellectual capital. Intellectual capital management is one of the rising functions in organizations. An important part of it is KM. Organisational support is required in each and every step to enhance learning and performance of organization.

References

- [1] Cabrera, E. F., Cabrera, A. "Fostering knowledge sharing through people management practices". *International Journal of Human Resource Management*, 16, pp. 720–735, 2005.
- [2] Doorewaard, H., Meihuizen, H. "Strategic performance options in professional service organizations". *Human Resource Management Journal*, 10(2), pp. 39–57, 2000.
- [3] Dysvik, A., Kuvaas, B. "The relationship between perceived training opportunities, work motivation and employee outcomes". *International Journal of Training and Development*, 12(3), pp. 138–157, 2008.
- [4] Foss, N. J. "The emerging knowledge governance approach: Challenges and characteristics". *Organization*, 14(1), pp. 29–52, 2007.
- [5] Gagné, M., Deci, E. L. "Self-determination theory and work motivation". *Journal of Organizational Behavior*, 26(4), pp. 331–363, 2005.
- [6] Gloet, M., "Linking KM to the HRM Function in the Knowledge Economy: a new partnership?" *Driving Performance through Knowledge Collaboration: Proceedings of the KM Challenge 2004*, March, SAI Global, Sydney.
- [7] Haesli, A., Boxall, P. When knowledge management meets HR strategy: An exploration of personalization-retention and codification recruitment configurations, *International Journal of Human Resource Management*, 16, 1955–1975, 2005.
- [8] Iles, P., Yoller, M., Allman, Y., HRM and Knowledge management: Responding to the challenge, research and practice in human resource management, 9 (1), pp. 3-33, 2005
- [9] Lengnick-Hall, M., Lengnick- Hall, C., "Human Resource Management in the Knowledge Economy". Berrett-Koehler, San Francisco, 2003.
- [10] Lepak, D. P., Snell, S. A. "The human resource architecture: Toward a theory of human capital allocation and development". *Academy of Management Review*, 24(1), pp. 31–48, 1999.
- [11] Lepak, D. P., Snell, S. A. Examining the human resource architecture: The relationships among human capital, employment and human resource configuration. *Journal of Management*, 28(4), pp. 517–543, 2002.
- [12] MacDonald, J., "Profession at a Crossroads" in Effron, M, Gandossy, R. and Goldsmith, M. *Human Resources in the 21st Century*. Wiley, Hoboken, New Jersey, 2003.
- [13] Mumford, M. "Managing creative people: Strategies and tactics for innovation". *Human Resource Management Review*, 10(3), pp. 313–351, 2000.
- [14] Nonaka, I., Takeuchi, H. "The knowledge creating company". Oxford: Oxford University Press, 1995.
- [15] O'Neill, B., Adya, M. "Knowledge sharing and the psychological contract: Managing knowledge workers across different stages of employment". *Journal of Managerial Psychology*, 22, pp. 411–436, 2007.
- [16] Saint-Onge, H., "Strategic Capabilities: Shaping Knowledge Management within the Knowledge-Driven Enterprise (On-line) <http://www.knowinc.com/saintonge/library/strategic.htm>. Accessed 17/02/03, 2001.
- [17] Serban, A. M. Luan, J, "Overview of knowledge management", new direction for institutional research, 113, pp. 5-16, 2002
- [18] Subramaniam, M., Youndt, M. A. "The influence of intellectual capital on the types of innovative capabilities". *Academy of Management Journal*, 48(3), pp. 450–463, 2005.
- [19] Ulrich, D., "Human Resource Champions: the next agenda for adding value and delivering results". Harvard Business School Press, Boston, 1997
- [20] Webb S P, "Knowledge Management: Linchpin of Change", Association for Information Management, London, 1998