

A Study on the Role of Knowledge Management in Human Resource Management

Prof. Abhijit Khasnis¹

¹Tirupati Institute of Management, Maharashtra, India

ABSTRACT

Today's economy is knowledge economy. In this knowledge economy the business has become dynamic in nature. It is vital that the decisions that are taken for the organizational development are also dynamic. In this changed business scenario, the human resource department is the one to face the challenges that are arising in this changed environment. The knowledge economy influences the functions of HRM in the organization. The department needs to think of new for recruitment, technology etc to meet the challenges posed by the knowledge economy. The department needs to take these decisions to enhance the overall organizational development. It is a proven fact that human resource is the most important aspect for organization. The organizational development will hamper if the HR department does not work proactively in this dynamic culture. The paper aims to study and understand KM for HRM theories.

In the following paper we are going to discuss such highlights which affect the human resource in an organization due to the knowledge economy and its dynamism. We are going to take into consideration such theories which contribute to the knowledge sharing in the organization. The paper will further take into consideration the recruitment process, performance assessment, rewards and other such areas of HRM which are having direct affect on the knowledge sharing.

Key Words: Human Resource Management, Knowledge Sharing for HRM Activities.

Introduction

With the emerging of knowledge management the world economy has changed drastically. The focus of today's business is no more resource base but has shifted the focus to knowledge base. The emergence of knowledge management reduced the cost incurred by the businesses. In recent years knowledge is becoming prominent and gaining emphasis (Castells, 1998, Kluge et al., 2001: 4).

The popularity of knowledge management was on its rise in the last decade of the 20th century. It is widely known that the KM is tool to identify, capture, reshape, and share the organization's information so as to create faster time for the information seekers in the organization. The increase in the adoption of KM by the business houses has increased the interest of the researchers in the study of KM. Hence, since 2000, the researchers started taking interest in the research related to KM. According to Roberson and Hammersley (2000)

the study in earlier stages of KM was done only in keeping in mind the information technology aspect of KM. However, according to Civi, studying KM only in accordance with information technology is not right. After all, knowledge is being created for the use of the human beings and is created by human beings. This aspect of Civi, made the researcher think that whether HRM and KM complement each other? Researchers and academicians like Davenport, Soliman and Spooner started taking interest into this aspect of KM.

The aim of the paper is to find out the relation between KM and HRM in theory. The author will try and highlight also on such areas of HRM which will be useful for the organization in the present knowledge era. We are going to focus on those theories of HRM which help in learning and knowledge sharing within the organization for the benefit of the organizational goals. This will include recruitment, performance assessment, recognition and few other aspects in HRM which play a key role in the sharing of knowledge on daily basis in an organization. We will also try and figure out the changes that we need to make in the organizational structure, culture and the behavior so that KM is facilitated smoothly.

We will try to emphasis on the impact of the changes happening in the economy on HRM.

Knowledge Management

Knowledge Management now days have become a central topic of management philosophy and a management tool. This popularity is reflected in the growing number of articles and books on the topic. In 1995 there were 45 articles about knowledge management in the ABI/Information database, 158 in 1998, and in 2002 the number has increased to 835 (Edvardsson, 2003; Petersen and Poulfelt 2002). Specific journals have even been established. In 1997, the *Journal of Knowledge Management* and *Knowledge and Process Management* were introduced, and the *Journal of Intellectual Capital* was introduced in 2000 (Petersen and Poulfelt 2002). Many organisations have also introduced knowledge management Programmes. A recent KPMG survey of 423 leading European and American companies found that 68 per cent of respondents were undertaking some kind of KM imitative (KPMG 2000). Another recent UK survey found that 64 per cent of the responding firms had introduced KM and 24 per cent were at the introduction stage (Moffett *et al.* 2003). Scarbrough and Swan (2001) argue that the rise and growth of KM is one of the managerial responses to the empirical trends associated with globalisation and post industrialism. As already noted, Little Quintas and Ray (2002) point out that outsourcing and staff redundancies made organisations vulnerable regarding the knowledge of core processes; Kluge *et al* (2001) argued that the value of knowledge tends to perish quickly over time and that companies need to speed up innovation and enhance creativity and learning. Finally, Daft

(2001) stresses the shift in the environment and markets of organisations. Most definitions are, however, similar on one point as they take a very practical approach to knowledge, i.e. how knowledge can contribute to organisational effectiveness (Hlupic *et al.* 2002). In most cases the term is used loosely to refer to a broad collection of organizational practices and approaches related to generating, capturing, disseminating knowledge relevant to the organisation's business (World Bank 1998). Moreover, there is also a lack of consensus on knowledge itself. Some see knowledge as a commodity like any other that can be stored and made independent of time and place, while others see knowledge as social in nature and very dependent on context. Of particular importance is the need to separate the concepts of data, information, tacit knowledge and explicit knowledge (Daft 2001; Hunter *et al.* 2002). Insights, intuition, beliefs, personal skills and craft and using rule-of-thumb to solve a complex problem are examples of tacit knowledge (Daft 2001; Hunter *et al.* 2002; Chua 2002). 'A sophisticated recipe is meaningless to someone who has never stood in a kitchen, and legal text can be all but incomprehensible without some legal training' (Kluge 2001:10) Lynn Markus (2001) sets out to improve the use of ICT in knowledge management, and in particular in knowledge re-use. Her attempts are therefore entirely of explicit knowledge character. She takes knowledge creation (as in research or new product development) for granted, but divides the knowledge management process into the following stages: *capturing or documenting* knowledge, *packaging* knowledge, *distributing knowledge* (providing people with access to it) and *reusing* knowledge

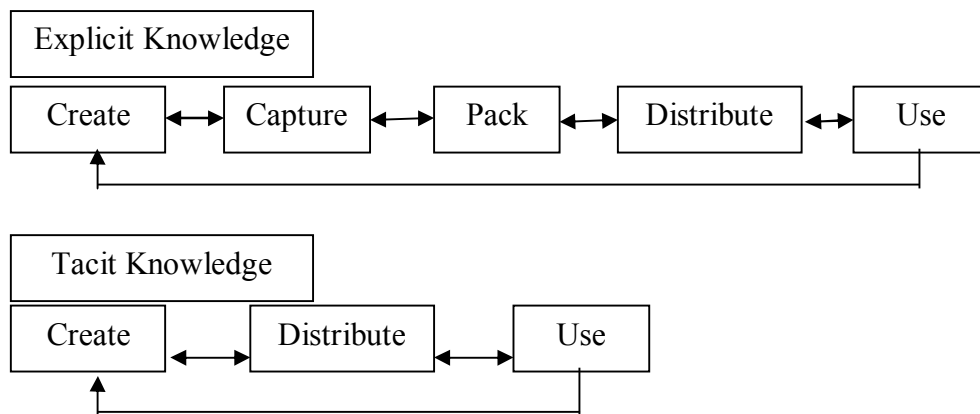


Chart 1: Explicit and Tacit Knowledge Management Process

Source: Based on Lynn Markus (2002) and Daft (2001)

Lynn says that capturing knowledge is the most important aspect in knowledge management. This process of documenting knowledge can happen in four ways, viz; can be a by – product of the virtual teams, can be done through brainstorming sessions in the team, can be used as re – use strategy, for later re – use. However, the tacit knowledge management process has is

a bit simpler as compared to explicit knowledge management process. The steps involved in both the knowledge management process are very much similar; however, the difference lies between the ways of distribution of the knowledge. The difference is distribution of knowledge. The distribution of tacit knowledge is more successful than explicit knowledge. In the early stages of KM, the literature was heavily biased towards technological solutions and lacked any deeper analysis of knowledge. A literature review of KM themes of articles in ABI/Inform database in 1998 revealed that approximately 70 per cent of all themes discussed were related to information technology or information systems (Scarborough and Swan 2001). Moreover, the KM strategies adopted by firms are predominantly technical in nature. Thus Moffett (2003) found that 43 per cent of UK firms had adopted a technical strategy towards KM, 27 per cent of firms had no strategy at all, 14 per cent had cultural strategy (stressing organisational structure strategy, culture and employee emancipation), and only three per cent had a mixture of technical and cultural strategy.

Human Resource Management

The field of human resource dates back to 1980. It literally means that managing the human capital in the organization. Beardwell (2001) points out in a summary of the field that there exists considerable controversy as to the origin, characteristics and philosophy of HRM, and its capacity to influence the nature of the employment relationship. Independent of the similarities or differences between HRM and personnel management, the core business of the HR function is to develop the employees in accordance to the business strategy, select and hire people, train and develop the staff, evaluate their performance, reward them, and create a culture of learning.

Knowledge Management and Human Resource Management:

In which way can HRM contribute in KM?

1. Since HR deals with people, knows the workings of the organization, the vision of its Board/Trustees, it is in a strategic position to understand how KM can be employed for the benefit of its employees and the organization as a whole.
2. The main purpose being is to create an atmosphere of sharing and using knowledge to its optimum to begin with, at least.
3. The most crucial purpose is to transfer tacit knowledge into explicit knowledge.
4. HRM has to be the enabler for behavioral change for KM to succeed.

It becomes the prima facie responsibility of HRM to undergo a change in itself. HRM should be in a position to change the way of using technology that it is using initially. In other

words, HRM should be in a position to understand the appropriate tools and technology that it can use to capture create and share the knowledge in the organization.

Let's have one thing in mind for sure and that is KM cannot survive all alone. It involves people and change in the organization's culture. However, this change brought by KM makes the organization transform itself into a knowledge driven organization.

HRM can play a major role in the development of KM for the organization. The very first thing that HRM can do is to check whether the organization should invest in KM or not. In other words it is HRM who can give a clear and precise purpose for investing in KM. Secondly; HRM can ensure that all the policies, mission and vision of the organization are aligned in such a way that they can be used for the knowledge sharing purpose. It is the duty of HRM to keep a check on whether right people are getting right information and at right time. The most and foremost responsibility of HRM is to check whether the tacit knowledge in the organization is properly transformed into explicit knowledge so that the employees are benefited by it. The next duty of HRM is to check whether the knowledge sharing is done properly amongst all the employees in the organization.

Knowledge Sharing for HRM activities

In this section of the paper we will be considering the factors above mentioned by us for the implementation of KM. Now days in all big MNC's the HR department is subdivided into smaller departments who take care of the HRM processes separately. These departments create policies for the employees working in the organization. The basic work of KM is to jell with these policies created by the department as these policies go a long way in the organization. Hence, it is the responsibility of KM to have a positive attitude towards all the functions of HR. To name a few we can say recruitment, training, profiling, and retention of the employees. Davenport and Prusak in 1999 studied this approach in detail and argued that the most important factor for developing knowledge – oriented culture in the organization is the selection of the employees. They further added that the selection of the employees should be knowledgeable employees.

(A) Recruitment and Selection

Currie and Kerrin (2003) argue that traditional recruitment and selection practices can even block knowledge sharing between groups or departments in firms organised according the functional principle. The organizations who decide to implement KM generally implement it in such conditions which are complex, unpredictable situations. The recruitment and selection strategies have not been modified by the organizations. The organizations follow the traditional recruitment process which has become outdated. In other words, the organizations

need to follow the innovative processes for recruitment and selection for the employees. The learning organizations normally find out such innovative policies for recruitment and selection of the employees which are generally in compliance with the project needs. The selection of the candidates should be done on the basis the requirement of the projects which are now days' complex in nature. To meet these needs right choice of people having right attitude is to be made. Currie and Kerrin have emphasised that in order to enhance knowledge sharing employees with an appreciation of others' perspectives it has to be preferred, and they encourage the use of lateral career movement by employees in order to develop the necessary appreciation of others' perspectives.

Evans (2003) argues for revising the interview and selection processes so that they gather evidence about individuals' knowledge-building behaviours. New questions need to be asked, such as: How well networked is the individual? What role does he/she play in the networks they belong to? What types of communities of practice do they belong to? How have they helped develop their colleagues? How do they keep their own knowledge up-to-date?

(B) Training and Development

In order to stay in ahead in the race it is mandatory to have a continuous up gradation of the knowledge for the employees in the organization. All the employees must be aware of the latest developments in their areas of concern. It is the main responsibility of the employees to participate in such activities that help them enhance their professional knowledge. The management should hire people for the enhancement of the employees in the organization.

(C) Performance Management

The most critical part for the HR is to work on performance management. They need to check what how and when has been delivered by the employee to the organization. Also it needs to be checked closely that whatever has been delivered by the employee is in connection with the organization's culture, vision, mission etc. This is the main reason why the big organizations consider performance management as the most integral and important part of knowledge management. Schuler and Jackson (2003) argue that the general strategy of organisations tend to shape HRM practices. They noted vast differences between, among other things, performance management in organisations stressing innovation on one hand, and effectiveness on the other. The manager while doing performance management should consider that, what are those ways in which the employee has contributed knowledge for the organizations. The different factors that the manager needs to consider are: Knowledge acquisition, knowledge sharing, and knowledge re –use and knowledge development.

(D) Reward and Recognition

Evans (2003) argues that there are mixed views as to whether organisations need to introduce separate rewards to encourage knowledge building and sharing. On the one hand, there is no need for separate rewards in theory, if organisations have introduced a competency framework that includes knowledge building and sharing behaviours, and which is linked to the performance management system. However, there is one more school of thought who says that the reward and recognition should be made with immediate effect and should be publicly made so that the employees will be more encouraged towards such activities. It has been observed that studies on the knowledge workers involve high costs, autonomy in the organization. Accordingly, the rewards should be offered for the motivation of the knowledge workers. It is not at all mandatory that there should always be financial rewards offered. Many times non financial rewards also keep the workers motivated.

(E) Career Management

Currie and Kerrin (2003) observed in their study of a pharmaceutical company that through different job placements during their training period, or more generally through their career, graduates and a limited number of senior staff built up an informal network of contacts that they trusted and who trusted them. This facilitated the sharing of knowledge. Others have also noted how career systems are important in shaping the flow of employees over time and the way that this interacts with the acquisition and exchange of knowledge (Evans 2003; Scarbrough 2003; Swart and Kinnie 2003)

(F) Learning Environment

It is the primary responsibility of the HR to encourage the organization to develop a culture which helps the organization in knowledge sharing and building. The HR needs to take necessary steps in this regards. This transformation process includes agreeing strategic priorities and areas for change, helping demystify knowledge management by linking knowledge management activity to established business processes and HRM practices, and engaging others in the knowledge management dialogue. Most importantly, HR has to build a culture in which learning from day-to-day practice is valued, encouraged and supported by providing time, public and private spaces for learning, providing learning resources, and reward sharers and learners.

Conclusion

In the above paper we have talked about the role knowledge management plays in human resource management. We have also considered the knowledge sharing activities like recruitment, learning environment, performance management, career management, rewards

and recognition in HRM. In the following table we will summarise the relationship between HRM and KM.

Table 1: The relationship between HRM and KM.

Sr.	Parameter	Exploitative Learning Strategy	Explorative Learning Strategy
1.	Recruitment	Based on psychometric testing, JD's	Social Process
2.	Rewards	Mostly monetary	Non monetary
3.	Performance Management	Short term, functionally specific goals	360 ⁰ , long term, related to long term development objectives
4.	Training	Specific skills	On going, mentorship
5.	Career Management	Individualistic	Part of knowledge development and transfer

The KM and HRM strategies presented previously have many things in common. Thus the codification strategy and low -cost strategy both focus on effectiveness, lowering cost and standardisation. That is the essence of exploitative learning. Similarly, personalisation strategy and innovation strategy centre on new capabilities, innovation and new ways of working. This is at the heart of explorative learning. The general strategy has an overall impact on HRM policy as stressed in the table. Knowledge management and the role of human resource management in knowledge management are still in their infancy. Most of the research conducted so far is based on case studies. Former studies reveal that HRM strategies may differ depending on mediating variables such as industry type, ownership structure (multinational–domestic) and cross-cultural factors (Horwitz *et al.* 2003). Future research would thus benefit from longitudinal studies, cross-n national comparisons, as well as industrial sectors differences. Also, basic concepts of the debate have to be defined and theories developed.

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