



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

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SRI PADMAVATHI MAHILA VISWA VIDYALAM  
TIRUPATHI, ANDHRA PRADESH**ABSTRACT**

*Knowledge has emerged as a strategic asset and today's organizations are actively pursuing knowledge as a sustainable competitive advantage for long term. However, simply possessing knowledge based resources will not itself create competitive advantage – these resources must be managed in ways that allow the organization to leverage them for strategic advantage. As organizations are adopting knowledge management practices to create, store and share knowledge and institutionalize the tacit knowledge, there is an imminent need to adapt the HR practices to support knowledge management activities. HRM needs to understand the changing needs of the organization, that is actively engaged in knowledge management, and align its sub-functions to allow the organization reap the intended benefits. This paper attempts to suggest changes in HR practices for a knowledge managing organization. A model – HRM for Knowledge Managing Organization is presented to describe specific changes to be made to the HR practices to buoy up knowledge management activities.*

**KEYWORDS**

Knowledge Management, HR practices

**INTRODUCTION**

Globalization, rapid change, and competition in a global market, increasingly sophisticated consumers have led organizations to seek a sustainable advantage that distinguishes them in their business environments (Davenport and Prusak 1998). Of late, Knowledge is recognized as important to organizations and is acknowledged as critical to organizational success. Now-a-days, with increased levels of competition, high costs associated with human resources, increases in employee transience, and shortages of qualified knowledge workers, organizations have actively pursued the notion of making more effective use of the knowledge and expertise. Knowledge based capabilities are recognized as the key to build sustainable competitive advantage. Knowledge is more and more considered as a strategic asset for organizations.

Management of "intellectual capital" that exists within the existing employee base as a corporate resource has been looked to as one of the few foundational weapons that promise to deliver sustainable, distinctive competencies in the future. Knowledge management is a frame work for designing organizational goals, structure and knowledge processes so that the organization can use what it knows, to create value for its customers and community. At the firm level this places the enterprises' people, their knowledge and innovative capacity at the heart of strategic potential, and organizations that excel in attracting, creating, managing, and sustaining knowledge capabilities are advantaged. Knowledge management is rapidly becoming an integral business function for many organizations as they realize that competitiveness hinges on effective management of intellectual resources (Grover and Davenport 2001).

However, simply possessing knowledge based resources will not itself create competitive advantage – these resources must be managed in ways that allow the organization to leverage them for strategic advantage (DeNisi, Hitt and Jackson 2003). Organizations are facing innumerable challenges in nurturing and managing knowledge. Knowledge involves the mental processes of comprehension, understanding and learning that go on in the mind and only in the mind. Knowledge management is a discipline that promotes an integrated approach to the creation, capture, organization, access, and use of an enterprise's information assets. These assets include structured databases, textual information such as policy and procedure documents, and most importantly, the tacit knowledge and expertise resident in the heads of individual employees. Unlike manufacturing activities, knowledge activities are difficult to monitor and control, because only a part of knowledge is

internalized by the organization, the other part is internalized by individual. This duality between individual knowledge and organizational knowledge demands different sets of management strategies in knowledge management's success for the organization.

### **KM focused HRM**

Increased emphasis on the knowledge management has resulted in the significant shifts in the working environment in organizations. Effectively managing the knowledge worker requires finding and fostering the linkages between leadership and organizational capability in constructing proper knowledge management systems and understanding the intrinsic motivational factors driving the knowledge worker toward information acquisition, internalization, integration and reproduction. HRM is no longer simply focused on "managing people" in the conventional meaning of the phrase. Human resource management is now responsible for managing the capabilities that people create and the relationships that people must develop. Knowledge management initiatives are focused on harnessing the available knowledge assets and to prevent knowledge from walking out of the door. Hence, there is a need for the integration between the knowledge management initiatives and the HR policies of the organization. Focus on knowledge has changed the role and position of HRM from personnel administrator to one of strategic role player, knowledge facilitator, and change agent and asset manager. The following section delineates on the changing face of HRM in the organization and identifies the key issues in each of the HR practices that need to undergo change to facilitate and take maximum advantage of knowledge management. *Illustration 1* presents a model of HRM in knowledge managed organization.

### **RECRUITMENT**

The role of HR in the staffing process has become significant not only in who should be appointed but also as to how recruitment needs to take place within knowledge organizations.

This process requires the identification of required skills and knowledge gaps and then establishing a program that will attract committed people with desirable competences, and place them in the right places, for the right duration and at the right cost (Walker & Perrin, 2001).

The recruitment function in a knowledge managing organization has to focus on the extent to which the knowledge possessed by a person is inline with central strategy of the organization. As well as, should stress a fit between organizational culture and personality of the new-hire and ability of the individual to socialize (Kristof 1996; Judge and Cable 1997). As knowledge transfer and sharing are critical for developing a competitive advantage, the function of the HR department is to select and recruit individuals who would subscribe to this culture of sharing information and knowledge dissemination. Select employees who are capable of contributing to the organization in a variety of ways now and in the future, rather than simply filling the current vacancy.

The focus should be on the employment of 'smart' and resilient people who are open-minded, innovative and curious, possess lateral thinking, and have the ability to work in teams or groups with the aim of sharing expertise. Further, people who could apply knowledge in task execution, learn new skills continuously, and adapt to a variety of circumstances and cultures are to be cherry-picked through a rigorous and appropriate selection process. The ability to generate new ideas and communicate them to others is an important criterion in the selection process. Interview panel for selection should include several consultants from a number of disciplines along with HR manager. Social process model (Iles 1999) may be apt for hiring.

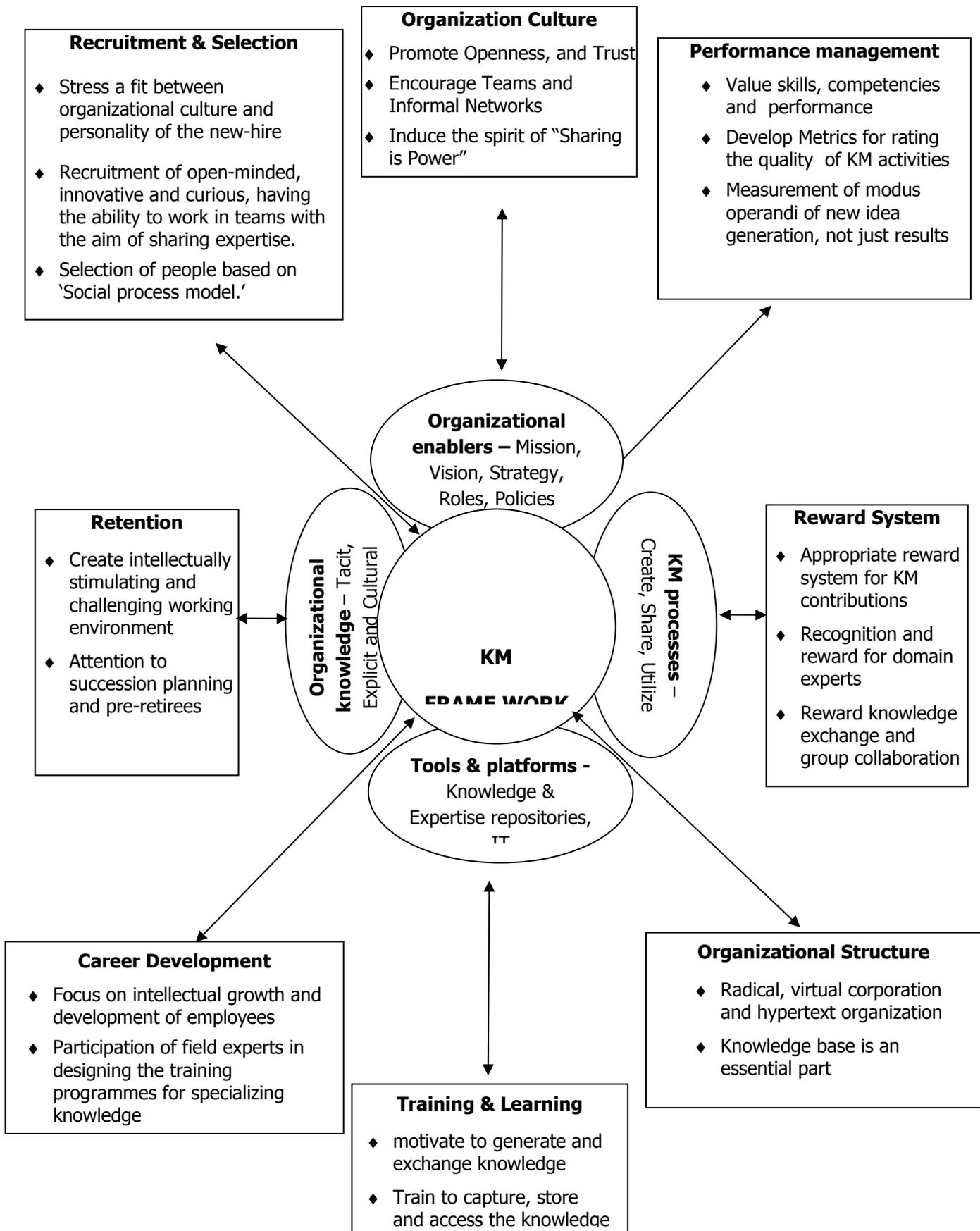
### **REWARD SYSTEM**

Research studies have clearly established that people are not willing to share data unless they are rewarded for it (Suresh, 2002). To maximize the value of knowledge sharing, employees must be made aware of the benefits that sharing knowledge and experience provide to them as individuals, advantages that will be gained by the organization as a whole when knowledge is institutionalized. One needs to convince the employees that knowledge sharing has become an integral part of every employee's daily function and moreover, senior management recognizes the sharing of knowledge. The organization should consequently have appropriate reward and incentive system which would recognize and adequately reward persons who share knowledge with the others in the organization. Contributions in knowledge management activities should be a part in staff promotion process beside the existing performance evaluation, seniority and experience. Incentives can be offered to those who actively participate in all facets of knowledge management activities. Incentives to new idea formulation will encourage the employees to create new knowledge. Domain experts must be recognized and rewarded in ways that make them feel it is worth their time to cooperate. The compensation and reward system should focus on promoting knowledge exchange and group collaboration. Many knowledge workers prefer to have free time to work on knowledge building projects, attending conferences or spending time on interesting projects to monetary rewards (Evans 2003; Depres and Hiltrop 1995). Financial rewards are not necessarily the best choice as knowledge workers tend to value non-financial incentives e.g. overt recognition as important. Hence, the reward system needs to generate new non-monetary incentives / rewards that motivate knowledge generation and dissemination.

### **RETENTION**

Traditionally, organizations retain only those people who add value to the organization through their experience, expertise and knowledge. But, in the present scenario, it does not suffice if people possess knowledge, but need to share it with others in the organization. This shared knowledge is stored in a central repository accessible to all in the organization. Organizations must encourage and retain those people who are willing to share knowledge and work towards the holistic improvement of the organization and just not solve problems localized around his personal expertise.

HR function needs to play an important role in developing strategies, measures and policies to retain knowledge workers and to prevent knowledge from walking out of the door. A challenge is the creation of an intellectually stimulating and challenging working environment, focusing on continuous learning, innovation and the intellectual growth and development of employees. HR need to focus on implementing effective knowledge transfer methods e.g. mentorship and pre-retirement programs. In accommodating and retaining the key knowledge creators, alternatives need to be found which would enable individuals to meet their personal aspirations as well as to make choices that would suit their personal life styles, which vary according to different life stages (Probart, 2002, Verwey, 2003). In retaining organizational knowledge, particular attention should be paid to succession planning, pre-retirees, and care must be taken while downsizing and retrenchments. Identifying the pre retirees within the organization promote the knowledge transfer through conferences and training programmes, personal service contracts.



### Illustration 1: HRM in the Knowledge Managed Organization

#### TRAINING AND LEARNING

In a knowledge-centric economy, the prosperity of organizations becomes explicitly dependent on the intellectual capacity of their employees and their ability to change and adjust to the dynamic business environment. In the present day turbulent environment the ability of individuals and organizations to obtain and master new knowledge has become the key to sustainable growth. Therefore the rate of learning has to be greater than the rate of changes.

The learning organization is the result of a strategic relationship with the employee training and development and the recognition of the fact that knowledge is the answer to the numerous challenges from the environment. The successful learning organization is able to attract the most talented people, to involve them into all business procedures and to motivate them to generate and exchange knowledge, enabling them in turn to maintain and improve their individual professional skills. Knowledge management initiatives, in recent times have focused on second-generation schemes with emphasis on knowledge creation in addition to the first-generation emphasis on knowledge codification and sharing (Suresh, 2002). Knowledge creation is a continuous and dynamic process and involves the process of capture and conversion of tacit knowledge into explicit knowledge. Hence, the training programmes initiated by the organization should result in learning and development as well as should train the employees on the ways to capture, store and access the knowledge across the organization. In terms of human resource training, the focus is placed on developing people capable of tapping internal and external information and turning it into useful organizational knowledge. The concentration needs to be more on the use of electronic information systems (especially internet technologies) to deliver learning and training.

#### PERFORMANCE MANAGEMENT SYSTEMS

One of the most prominent shifts in performance measurement is that individuals are to be valued more for skills, competencies and performance than for loyalty, and these measures, rather than seniority, become the basis for rewards and incentives. Knowledge management activities should be a part of annual job assessment or performance evaluation. Measuring of, especially, tacit knowledge is difficult and measurement tools should be organization specific. They need to be linked to the overall organizational strategy and knowledge requirements, and specified in the individual's job description and performance agreement.

Metrics need to be developed to rate the quality of knowledge being created and shared by employees. Measuring tacit knowledge can be done by evaluating explicit demonstrations in the form of contributions made to knowledge sharing and assessing the degree to which employees succeed in exploiting their knowledge competence in terms of breadth, depth, diversity, and innovation. Performance rating should take into account sharing and learning, where the focus is on continuous improvement, innovation and creativity. Clearly, HRM has an important role to play not only with regard to designing and developing performance management system linked to organizational mission, but also in equipping management to assess knowledge workers' performance. While managing the performance of employees appraisal systems need to measure not only outcomes but also the modus operandi of the new idea originators and developers (Narasimha, 2000).

#### ORGANIZATION CULTURE

A key to sustained knowledge management is organizational culture that forms the environment in which information and know-how can flow. Organizational cultural practices are particularly important to investigate because, they are the most direct measure for changing behaviors needed to support Knowledge creation and sharing. The various tools and techniques available to convert tacit knowledge into explicit knowledge may prove ineffective in the absence of a favorable culture, which facilitates sharing. Understanding and use of our own personal knowledge is different from managing the development, flow, and application of knowledge on an organizational basis. It is a tough task. The "bandwidth" of the flow of knowledge is based upon trust in both the organization as a whole and the specific individuals with whom the individuals interact. (Van der Westhuizen, 1999). Organizations must deal with this issue by providing a climate of trust built on a culture that embraces and rewards knowledge-sharing in all its manifestations such as learning, mentoring, collaboration, sharing ideas and stories, etc.

The activities of the human resources department should focus on creating an appropriate culture in the organization that facilitates sharing of information and motivates individuals to make their tacit knowledge, gained through years of experience and practice, explicit. The task of HR is to bring about a change in the organization culture that underlines the fact that "knowledge sharing is power rather than knowledge is power". Effective knowledge creation depends upon the way in which people relate to each other in the organization. Untrustworthy behavior, constant competition, 'that's not my job' attitude are impediments to proper knowledge transfer and sharing. To overcome individual barriers for sharing, organizations must concentrate on forming of social networks or informal networks among employees and all business partners to share the tacit knowledge. Social networks play vital role in fostering trust and interpersonal relationships in order to share their know-how. Culture HR department has to measure the level of trust based on the type and quality of knowledge being shared among employees in the organization and find the ways to enforce the values of the company.

#### ORGANIZATIONAL STRUCTURE

The phenomenal growth of the internet has resulted in radical changes in the structure of organizations from the more traditional bureaucratic and matrix type of organizational structure to a more radical, virtual corporation and hypertext organization. Organization has to stress on the accumulation and leveraging of knowledge for the success of this type of organization. An organization's knowledge base should be seen as a valuable asset and managed accordingly, influencing organizational structures and affecting organizational change and development. This requires different approaches, as well as structural, paradigm and behavioral changes in people and the organization where each business unit should take ownership of the knowledge in their midst and optimally manage it to improve performance. The work environment needs to be restructured and reorganized to ease access to and link employees with one another to provide for knowledge sharing. The creation and implementation of units of work, projects, teams and communities of practice are aimed at connecting people to share information and best

practices. Organizations with a centralized, bureaucratic management style can stifle the creation of new knowledge, whereas a flexible, decentralized organizational structure encourages knowledge-sharing, particularly of knowledge that is more tacit in nature (Sharratt and Usoro, 2003). Organizations that rely on quick and adaptive responses as a competitive advantage need a flat organizational structure and short lines of communication among employees and between the employees and management thus allowing employees to make important decisions at all levels (Beijerse, 2000).

### CAREER MANAGEMENT

Knowledge resides in people, and no person has all the knowledge that is needed at any given moment. Once this fact is realized by the people, they will start advancing their own careers in profound ways. Career system is 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). Hence the HR team needs to design specific activities for the development of thinking skills of the people which are vital in knowledge career. Participation of respective field experts in designing the techniques and programmes to develop specialized knowledge of people must be encouraged. Identification of organizational knowledge realities can add value in different ways to the organizational development and problem solving. HR career development function need to shift from a traditional approach to developing the skills required for KM activities.

### CONCLUSION

Managing knowledge requires an organization culture built on trust and openness, that encourages social networks. The organization needs to be flat for supporting free flow of knowledge without the hassles of hierarchical barriers. Moreover, the organization needs to hire people who are willing to learn and share knowledge and transform individual knowledge into institutional knowledge. Knowledge and people who contribute to KM through creation, codification and sharing knowledge must be encouraged and retained. Training needs to emphasize the philosophy that knowledge sharing is power. In order to achieve this conducive climate for knowledge management, the organization needs to invent, realign HR strategies and practices as discussed in the paper to support KM and help organization to achieve its objective of making knowledge a competitive advantage.

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