

# HUMAN RESOURCES MANAGEMENT IN A KNOWLEDGE-BASED ORGANIZATION

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**crossref** <http://dx.doi.org/10.5755/j01.em.17.4.3037>

## Abstract

The notions of human resources management (HRM) and knowledge management (KM) are frequently occurring concepts in today's organisational world. Theoretical papers and numerous case studies have illustrated that human resources management and knowledge management are linked. The growing importance of knowledge management in an organization influences the functions of human resources management. Effective HRM can significantly support the development of a knowledge-based organization. The aim of the article is to indicate the specificity of human resources management in a knowledge-based organization. The article consists of three chapters. The first chapter contains a theoretical discussion of key issues, such as: human resources management, knowledge, knowledge management and knowledge-based organization. The second chapter of the article presents the relationship between human resources management and knowledge management in an organization. Moreover, the chapter contains the analysis of the characteristics of human resources management in a knowledge-based organization. The third chapter describes innovativeness, which is the key attribute of knowledge workers, and should be supported by HRM activities.

*Keywords:* human resources management, knowledge, knowledge management, knowledge-based organization.

*JEL Classification:* D23, D80, O15.

## Introduction

The issue of knowledge-based organizations is currently taken up in many publications in the field of management sciences. In the conditions of globalization and increasing competitive pressures, organizations are trying to get competitive advantage based on the effective use of knowledge. It is the human resources department that plays the key role in knowledge management in an organization, as human resources management has a major impact on the effectiveness of a knowledge-based organization. HRM activities can significantly support knowledge management in an organization. HRM may also support the transformation of tacit knowledge into explicit knowledge to build knowledge capital of an organization which is essential to achieve market success. However, it is necessary to adapt HRM activities to the needs of a knowledge-based organization. One of the attributes of the knowledge-based organization is its innovative character. In turn, the level of innovation of each organization is determined by the effectiveness of knowledge workers of these organizations. They should in fact create innovative knowledge reflected in new products, processes, and new marketing and organizational solutions. The aim of the article is to indicate the specificity of human resources management in a knowledge-based organization. The paper presents a theoretical discussion of key issues, such as: human resources management, knowledge, knowledge management and knowledge-based organization. The article also contains the analysis of the characteristics of human resources management in a knowledge-based organization. Moreover, the paper describes innovativeness, which is the key attribute of knowledge workers, and should be supported by HRM activities.

## Human resources management and knowledge-based organization - theoretical discussion

Many scholars have proposed various definitions for human resources management, ranging from a short and simple to lengthy and comprehensive descriptions. In short, human resources management is the "process of managing human talents to achieve organization's objectives" (Haslinda, 2009). Similarly, R.J. Stone (2009) HRM describes it as the productive use of human resources in achieving the organization's strategic business objectives (Fong, Ooi, Tan, Lee, Chong, 2011).

A broader definition of human resource management is presented by Z. Pawlak (2011). In his opinion, HRM is a current approach to the implementation of the personnel function of an organization. It consists in proper formulation and use of human resources to achieve company objectives, taking into account the interests of both employers and employees. HRM is based on the former scientific achievements concerning organizations and management, also bearing in mind the state of economic development, especially the increase of competition on the market, as well as the globalization of economic, social and political relations.

According to B. Mikula (2006) knowledge is most often presented as:

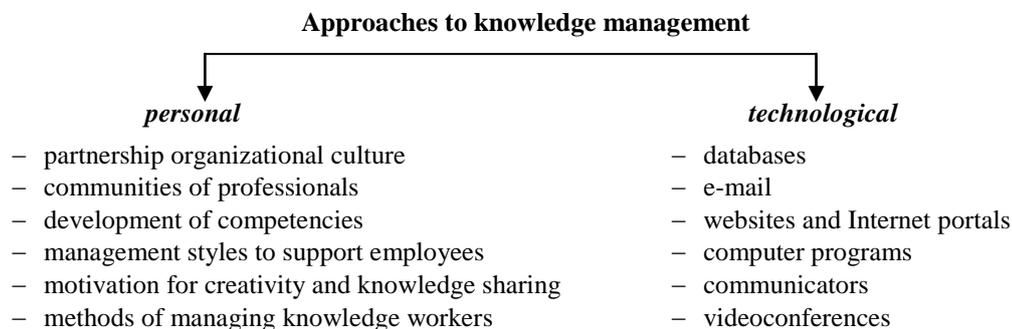
- linking information with understanding it,
- the effect of mental processing of information, experiences and learning,
- the totality of human knowledge,
- reflection of reality in a human mind,
- confirmed conviction.

Knowledge management means managing organisational human activity systems, as well as the process or the activities of knowledge workers. It consists in identifying and analysing the nature, characteristics and meaning of knowledge work. Depending on the type and characteristics of the knowledge work, managers decide how to design the organizational structure and how to manage the knowledge-related activities (Gao, Li, Clarke, 2008).

Research conducted by V. Giannos showed a lot of different perspectives on knowledge management among HR practitioners. Based on his studies, Ch. Evans identified common themes in all definitions of knowledge management (Evans, 2003):

- learning,
- sharing,
- having people in the right place at the right time,
- effective decision-making,
- creativity,
- making people's jobs easier,
- generating new business and business value.

Two approaches to knowledge management emerge from the literary sources, namely: technology-oriented, or human resources-oriented knowledge management, which should be considered as complementary (as illustrated in figure 1). Using only the information technology tools does not guarantee effective knowledge management. For that, also appropriate behaviors and skills of workers are essential, as well as the sense of community and reliable fulfillment of professional duties (Morawski, 2005).



**Figure 1.** Approaches to knowledge management

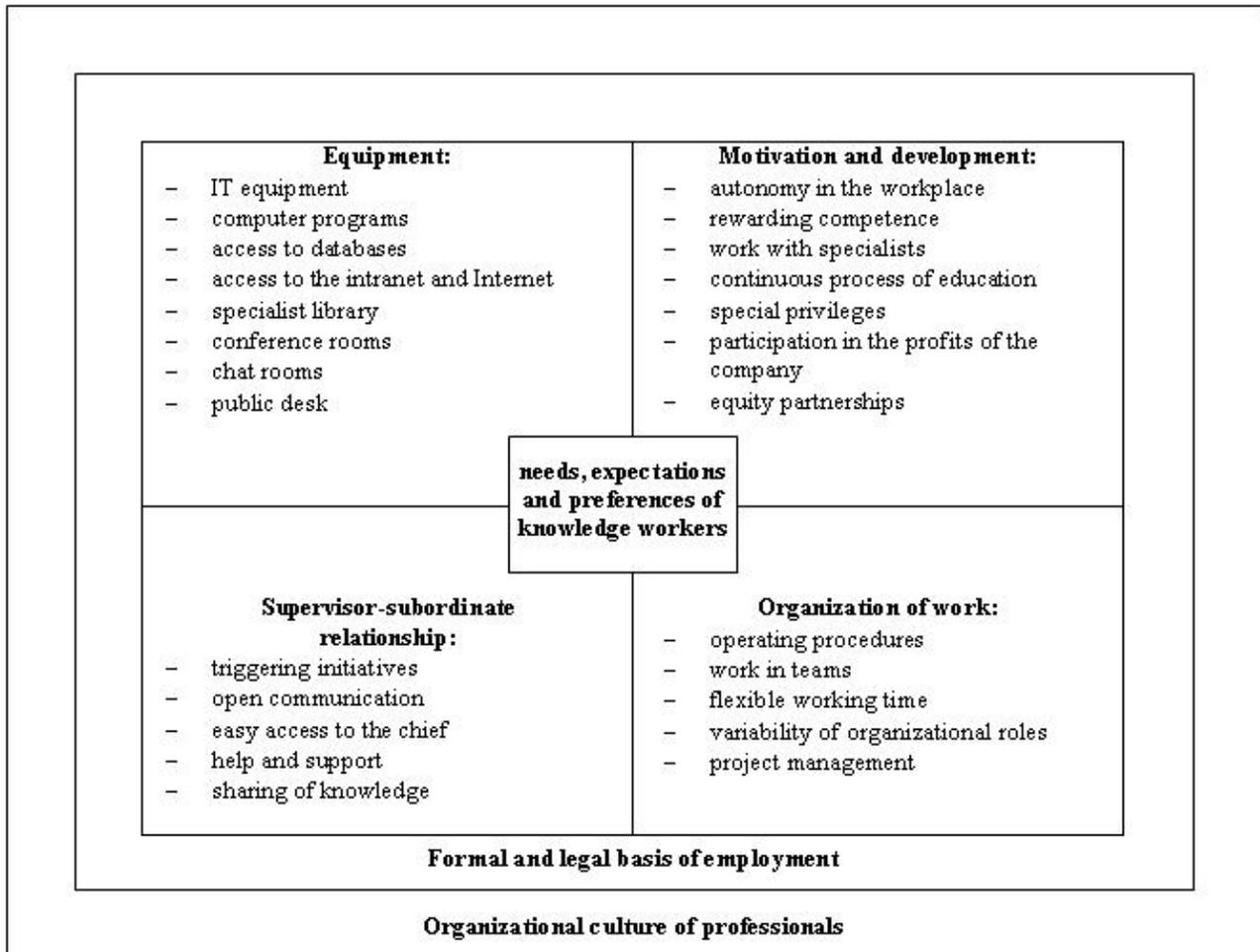
In turn, a knowledge-based organization is an organization which:

- operates intelligently and effectively in its field by learning and creating knowledge in a constant way;
- uses its knowledge (both tacit and explicit);
- creates and implements the right organizational culture (characterized by openness to innovation and experimentation);
- is supported by the flexible organizational structure;
- supports all four processes of knowledge conversion, both internally and externally, by the appropriate combination of information and communication technologies (Neagupp, 2010).

## The specificity of human resources management in a knowledge-based organization

M. Morawski (2009) proposes that in the framework of the creation of suitable working environment for knowledge workers, the human resources department created the “comfort zone” based on four aspects (figure 2):

- organization of work based on roles, projects and teams;
- development opportunities and motivation;
- modern equipment to facilitate and assist the implementation of tasks;
- relationships with supervisor, who should be a partner, an expert and a mentor.



**Figure 2.** Knowledge worker's working environment, which should create the human resource department

Human resources management can play several roles in developing knowledge management in an organization. For example, HRM should:

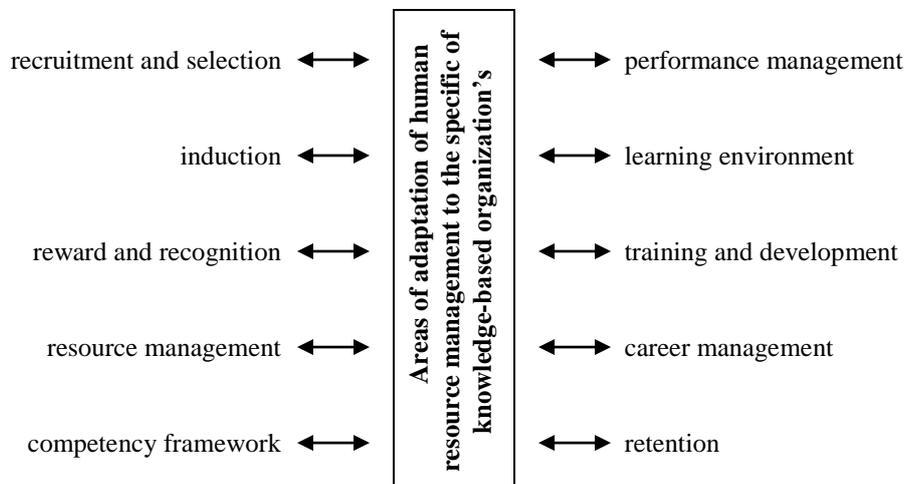
- help an organization articulate the purpose of the knowledge management;
- be a knowledge facilitator – to create proper environment of using and developing knowledge in an organization;
- be an experience creator – to build employees' skills, competencies and careers mainly through education, training and development responsibilities;
- be a knowledge sharing entity – to popularize effective knowledge sharing in daily life in an organization – knowledge sharing must be expected, recognised and rewarded;
- be the champion of the low-tech solutions in knowledge management, although it should not ignore the high-tech knowledge management tools;
- support the transformation of tacit knowledge into explicit knowledge, mainly through education and training employers;
- promote innovation and creativity of workers. (Chivu, Popescu, 2008).

D. Parlbay identified five levels of developing knowledge management in an organization (Parlbay, 1999, cited by: Evans, 2003), which are presented in table 1. D. Parlbay suggested that if an organisation is at the knowledge-chaotic level then the first step for human resource department should be to conduct its own internal audit.

**Table 1.** Stages in developing of knowledge management in an organization

Stage	Name	Characteristics
1	knowledge-chaotic	<ul style="list-style-type: none"> <li>– unaware of concept</li> <li>– no information processes</li> <li>– no information sharing</li> </ul>
2	knowledge-aware	<ul style="list-style-type: none"> <li>– awareness of KM need</li> <li>– some KM processes</li> <li>– technology in place</li> <li>– sharing information an issue</li> </ul>
3	knowledge-enabled	<ul style="list-style-type: none"> <li>– benefits of KM clear</li> <li>– standards adopted</li> <li>– issues relating to culture and technology</li> </ul>
4	knowledge-managed	<ul style="list-style-type: none"> <li>– integrated frameworks</li> <li>– benefits case realised</li> <li>– issues in previous stages overcome</li> </ul>
5	knowledge-centric	<ul style="list-style-type: none"> <li>– KM part of mission</li> <li>– knowledge-value recognised in market capitalisation</li> <li>– KM integrated into culture</li> </ul>

Effective implementation of knowledge management in a knowledge-based organization requires the adjustment of all functions of the human resource department to acquiring, building, sharing, reusing, developing and retaining an organisation's knowledge (Evans 2000, cited by: Evans 2003) as illustrated in figure 3.



**Figure 3.** Areas of adaptation of human resource management to the specific of knowledge-based organization's

The key tasks of the human resources department in knowledge-based organizations include:

- identification and assessment of the competence of workers, and the development and implementation of human resource development programs;
- management of relationships with knowledge workers and talents;
- obtaining information, creating and updating databases, which allow for the evaluation of human capital and preparing reports on its condition;
- creating teams to achieve organizational objectives, including project teams, virtual teams and communities of practitioners focused on knowledge creation;

- adaptation of working conditions to the needs of talents and knowledge workers;
- employment of managers responsible for managing professionals (knowledge workers and talents) and the knowledge broker (manager for knowledge management);
- creation of intellectual capital human resources department, mainly through careful management of professionals and human capital;
- supporting organizational learning and the use of modern solutions for the rapid acquisition of knowledge and acquiring new skills;
- continuous accumulation of knowledge in the department of human resources and effective management of the pooled resources of knowledge;
- involvement in defining the vision and knowledge strategy, as well as the strategy of knowledge management in an organization, and helping in their implementation (Mikuła 2010);
- encouraging all staff to participate in the building, utilization and protection of the organisation's knowledge base;
- hiring a Chief Knowledge Officer in an organization (Her/his role is to lead developments related to the infrastructure, processes and cultural dimensions of an organisation's knowledge management approach. Their duties often consist in developing the concept of knowledge management within an organization, in cooperation with senior managers from IT, HR and business development areas.), and Information Officers (In essence, the people performing these roles act as intelligent search engines for others in the organization. They are skilled in different search technologies, which provide access to different types of information. They also have an educational function in that they help to educate other employees on how to get the best out of tools such as the intranet and the Internet.);
- locating the knowledge experts and extending and rewarding their duties;
- building and facilitating knowledge connections;
- encouraging and supporting informal learning;
- making sure staff build in time for thinking and best practice scouring;
- helping staff to value what they know;
- influencing knowledge creation and sharing (Evans, 2003);
- extending the system of selection of professionals with a package of additional benefits, which aim to encourage employees who possess unique knowledge to work in an organization;
- flattening the structure of an organization, reducing the formalization, delegation of decision-making, the introduction of large-scale teamwork;
- allowing employees to participate in knowledge management;
- implementation of coaching and mentoring;
- defining the principles of co-operation with consultants, experts, translators, etc.;
- assess the involvement of individual employees in management and knowledge sharing in the organization;
- developing a system that allows for firing workers whose knowledge does not correspond to current needs of the organization and those who do not want to grow in a non-conflicting way (Mikuła, Pietruszka-Ortyl, 2008).

### **Supporting innovativeness of knowledge workers by HRM activities**

In the authors' opinion, innovativeness is the key attribute of knowledge workers, and it should be supported by HRM activities. Innovativeness is the ability to generate and implement different types of innovations, notably: product, process, organizational and marketing innovations. Several HRM activities, which must be adapted to the specificity of knowledge workers – innovators can be identified, which contribute to increasing the innovativeness of an organization.

The first area of HRM which should be adapted to the needs of knowledge workers – innovators refers to the process of recruitment and selection. In this process it appears appropriate to use “assessment centers” that help to check the innovative skills of future workers in the conditions that are similar to those of a given organization, and check how they cope with working in a team. Also, the tests that examine candidates' predispositions to creating innovations can be used. Within the scope of the recruitment process, it is also important to use internal recruitment. In search of the potential innovators among employees of an

organization, the system of collecting and rewarding workers' innovative ideas can be helpful. This system formalizes the procedure of submitting innovative solutions and the amount of remuneration for useful innovations. In order to recruit experts, it is also appropriate to establish cooperation with universities and research centers. It is equally important to organize internships and contests for innovative ideas, which could result in acquiring young and creative workers, who will be able to generate and implement innovations.

To create a workplace promoting creative thinking for innovators, the "personalization of place and organization of work" should be made, which should include the items of equipment, ergonomics, lighting, colours of the workplace. It is also reasonable to permit free organization of working time by innovators, taking into account their different areas of activity, as well as the time of the day in which they are most creative. The innovators should also be allowed to carry out a large part of the work at home or in other places outside the company where they work best. They should also be able to work within the interdisciplinary teams that foster the creation of unconventional solutions and knowledge-sharing.

Another area involves the development of innovators. They should be able to decide about what kind of knowledge they need, and acquire it in the form of specialized trainings. They should be given the opportunity to participate in the creativity trainings to learn new techniques to generate ideas and solve problems. They could also be allowed to solve case studies which support creative problem solving. In order to prevent professional burn-out and routine, workstations of innovators can be periodically changed, innovators could visit foreign affiliates of the company, be able to go on scientific conferences, trade fairs, created the opportunity to operate in the quality circles and communities of practitioners.

As part of the activities of motivating innovators the HR department should, if possible, introduce competition between them, such as through the competition of two teams whose aim is to develop some innovative solution. It is also reasonable to establish individually the form of prizes for their achievements – for some a foreign trip will be more motivating, and for others, an additional package of medical care. It is also worth to consider the possibility and the extent of the participation of innovators in enterprise management.

In turn, in the question of the evaluation of innovators, it is important that this process was designed to diagnose the areas with which the innovators have problems, and to provide support in these areas. Innovators should be acquainted with the results of the assessment. It is important that these results were expressed in a descriptive form. It is also reasonable to introduce the right to make a mistake by an innovator – for the development of innovations involves high risk of making mistakes that cannot limit the creativity of innovators. Evaluation cannot destroy the mutual trust between the innovators and their superiors.

Innovators looking for new solutions work under time pressure and expectations of their employers, so they must deal with stress. The actions of HRM can help them, by for instance organizing and financing sports and recreational activities, offering psychological support, listening to relaxation music at work, longer breaks, and even such unconventional solutions as the possibility to nap at work. In authors' opinion, the discussed activities of the human resources department can significantly support knowledge workers who are innovators in their work.

## Conclusion

Effective human resources management is a challenge for knowledge-based organizations. Indeed, they must adapt HR activities to the requirements of knowledge management. The key areas of HRM, which must be adapted to the concept of knowledge management include: recruitment and selection, trainings, development and internal career opportunities, performance appraisal and compensation. Employees of an organization are the main means of conveying knowledge, and they should continually improve their qualifications mainly through learning, trainings, coaching and mentoring. Discussed in the article basic adaptation of HRM system, only indicates the direction of the required changes in the effective management of knowledge. An important aspect is to enhance human resources department to perform additional tasks in the scope of knowledge management. The strategic tasks should include, among others: adaptation of working conditions to the needs of talents and knowledge workers, creating teams to achieve organizational objectives, supporting organizational learning. It is also important to hire a Chief Knowledge Officer and Information Officers in an organization. In addition, it is the priority to connect the human resource management strategy with the KM strategy, and the skillful creating and implementing the right organizational culture supporting knowledge management. Moreover, it is necessary to support innovativeness of knowledge workers by HRM activities to achieve market success by organization.

## Acknowledgment

The article prepared by the project co-financed by the European Union under the European Social Fund.

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