

HUMAN RESOURCES AND KNOWLEDGE MANAGEMENT

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Abstract:

The terms ‘human resource management’ (HRM) and ‘human resources’ (HR) have largely replaced the term ‘personnel management’ as a description of the processes involved in managing people in organizations. Human Resource (HR) management deals with the design of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish organizational goals. In an organization, the management of human resources means that they must be recruited, compensated, trained, and developed. In recent years, the meaning of the term knowledge management has been debated, defined, and redefined repeatedly. In general knowledge management can be taken as the tools, techniques, and strategies to retain, analyze, organize, improve, and share business expertise. Human resource management can make an important contribution to knowledge management simply because knowledge is shared between people; it is not just a matter of capturing explicit knowledge through the use of information technology. From this point of view the role of human resource management is to ensure that the organization has the intellectual capital it needs. This paper looks at some of the ways in which HR can revise its own systems and practices to ensure that they have a knowledge focus and reinforce the organisation’s overall knowledge management goals.

Keywords: human resources, knowledge management

1. HUMAN RESOURCES AND HUMAN RESOURCE MANAGEMENT

Human resources and human resource management are generally considered to be one of the most important issues in managing nowadays business organizations. Even though human resources are one of the most studied in contemporary management literature, still giving a holistic definition on human resource management that would indicate their importance remains a difficult task. Specially having in mind that the debate in the relation “personnel management”-“human resource management” has still not been brought to a final end. In many cases, academicians as well as business people, fail to make a differentiation between “personnel” and “human resources”. Many managers and companies, in the Republic of Macedonia and the surrounding area, remain persistent in analyzing and understanding human resource management as a modern way to “rebrand” personnel. In such cases the differences are considered to be more of a semantic than a practical nature and therefore the general attitude towards employee management remains unchanged.

Table 1 summarizes the main difference between “personnel management” and “human resource management” as determined by Torrington, Hall and Taylor. (Torrington et al, 2005,p.11).

Table 1: Differences between “personnel management” and “human resource management” (Torrington et al, 2005, p.11).

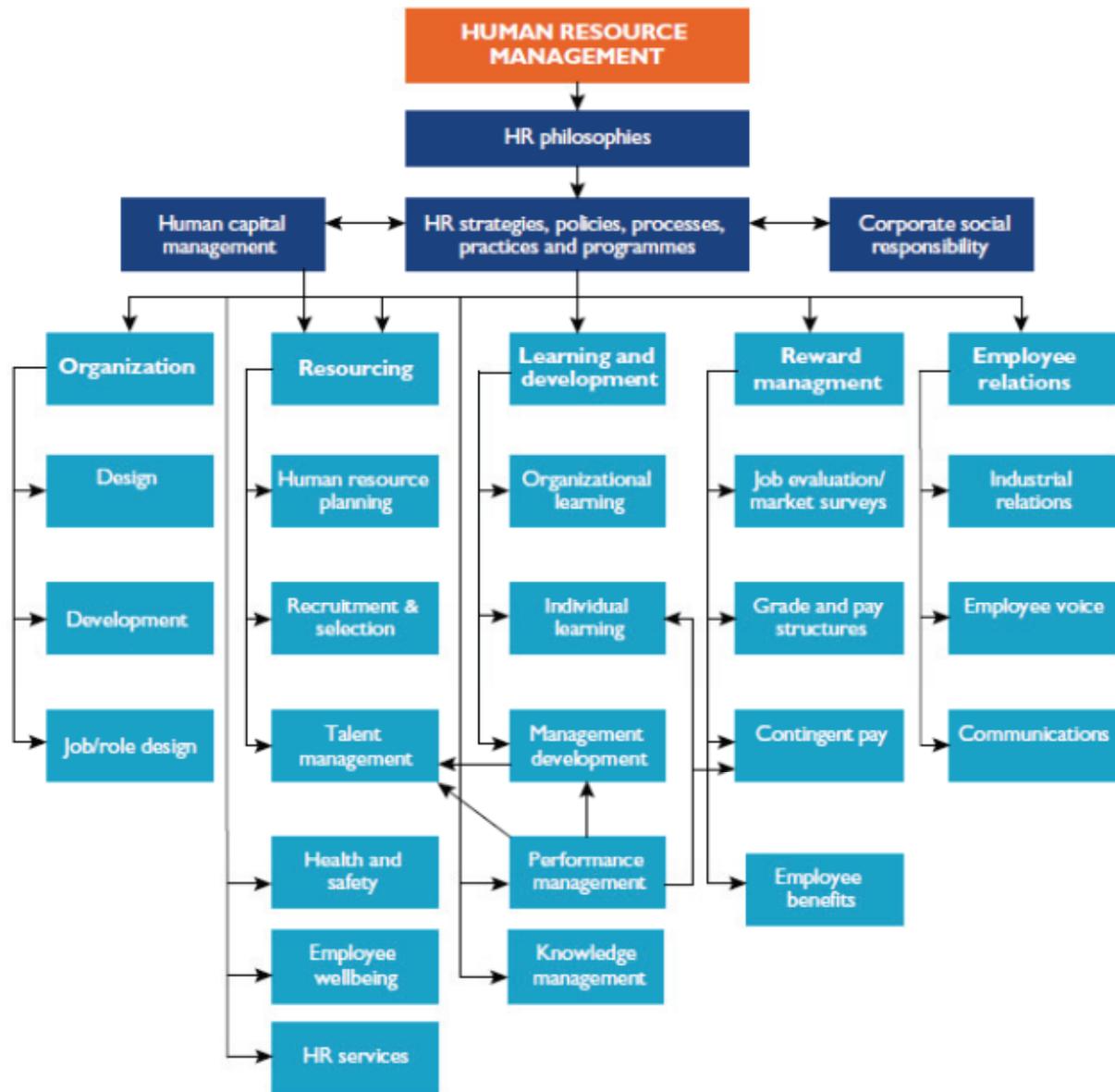
	Personnel management	Human resource management
Time and planning perspective	Short term, reactive, ad hoc, marginal	Long term, proactive, strategic, integrated
Psychological contract	Compliance	Commitment
Control systems	External controls	Self-control
Employee relations perspective	Pluralist, collective, low trust	Unitarist, individual, high trust
Preferred structures/systems	Bureaucratic/mechanistic, centralized, formal defined roles	Organic, devolved, flexible roles
Roles	Specialist/professional	Largely integrated into line management
Evaluation criteria	Cost minimization	Maximum utilization (human asset accounting)

One might conclude that human resource management in fact integrates the main focus areas of personnel management and much more. Human resource management, among other things, includes a tendency of explain decisions to the employees and justifying them to the employees, a tendency for permanent increase of the level of employee satisfaction through providing them help in support in conducting their tasks, and in some cases even a tendency to modify managerial decisions that are not well accepted by the employees. Weather the above mentioned can be seen as fact or fiction depends on the company being analyzed.

A few main areas of human resource management functions are usually identified such as: human resource planning, job design, information systems, employee recruitment, performance management, employee development and employee remuneration.

Some of the most usually discussed human resource management activities are mentioned in picture 1.

Picture 1: Human resource management system (Armstrong, 2009, p. 12).



According to Pilbeam and Corbridge (Pilbeam, Corbridge, 2006, p.10) contemporary HRM practice tends to exhibit philosophical characteristics which may include:

- the belief that investment in people is good business, because *people* make the difference to organizational performance;
- an emphasis on the alignment of the objectives of the individual employee with those of the organization;
- the right to manage is legitimized by the need for organizations to survive in competitive environments;
- a unitary or neo-unitary employment relations frame of reference consisting of harmony, consensus, commitment and shared employer and employee interests;
- the alignment of the HR function firmly with managerial interests requiring the HR practitioner to enact a 'business partner' role.

Human resource management although a science, it can be also seen as the art of finding the proper balance. Contemporary managers are on a daily basis faced with the need to find the proper balance between the employees needs and wants on one hand and the needs and financial opportunities of the company on the other. On a daily basis they are faced with the need to keep their employees as an cohesive element that keeps the company together, happy and satisfied. Each The employees on the other hand are not static. They are on a permanent pursuit to find the "optimal company", the

company that would not only enable their financial needs, but rather a company that would also create opportunities for them to utilize their skills, creativity and knowledge.

2. KNOWLEDGE MANAGEMENT

Knowledge management has without any drought become one of the most interesting research topics in the last couple of years. Although much has been researched and published in knowledge management, still many questions remain unanswered. Perhaps a good foundation, a good starting point, in studying knowledge management would be to determine if “knowledge management” has to do with managing knowledge or perhaps it is something more, to determine if knowledge can be managed at all and definitely it would be nice to determine if knowledge management has to do more with knowledge or with management.

Knowledge management is the way an organization identifies and leverages knowledge in order to be competitive. It is the art of creating value by using organizational intellectual capital, which is what the organization (or, more exactly, the people in the organization) knows. Knowledge management is a conscious effort to get the right knowledge to the right people at the right time so that it can be shared and put into action. (Mathis and Jackson, 2010, p.254).

The Holy Grail of Knowledge Management is the ability to selectively capture, archive, and access the best practices of work-related knowledge and decision making from employees and managers for both individual and group behaviors. For example, a manager may have knowledge of how to quickly procure parts from a supplier (individual behavior) as well as how to work with other managers in getting policies pushed through the corporate hierarchy (group behavior). (Bergeron, 2003, p.7).

It has been argued that *knowledge management* is a poor term because knowledge cannot be managed. This is because knowledge lives primarily in the mind. *Information management* doesn't prove to be much of an improvement in terminology because it carries with it decades of baggage and preconceptions that focus solely on technology. Effective management of your infinite assets requires a much broader focus that includes the philosophies, techniques, and infrastructure components necessary to drive collaboration, innovation, and business agility. KM focuses on utilizing new ways to channel raw data into meaningful information—and hopefully knowledge. (Groff and Jones, 2003, p.2). People who claim to know something about KM must decide whether the field is more about *knowledge* or *management*. The dark secret of this field is that its name is an oxymoron, for as soon as business enters the picture, the interests of knowledge and management trade off against each other. After all, why spend valuable resources generating new knowledge, if one can simply try to do what one has always done, only more efficiently? To be sure, rising to the level of efficiency demanded of the market can take different forms. It may take the Taylorist route of increasing the level of surveillance on one's own workers, so that more of the fruits of their labors are reaped by their corporate employers. Alternatively, it may involve acquiring a better understanding of the market itself. In short: What do consumers want? Who, if anyone, is currently providing it? Or, more ambitiously: What can consumers *be made* to want? (Fuller, 2002, p.2).

As can be noticed from picture 1, knowledge management plays a significant role in human resource management. Knowledge management can be analyzed from different aspects. From doing business point of view knowledge management has two main meanings (Dalkir, 2005, p.4).

- Treating the knowledge component of business activities as an explicit concern of business reflected in strategy, policy, and practice at all levels of the organization; and, making a direct connection between an organization's intellectual assets—both explicit (recorded) and tacit (personal know-how)—and positive business results.
- Knowledge management is a collaborative and integrated approach to the creation, capture, organization, access and use of an enterprise's intellectual assets.

Rapid changes in business and technology are forcing organizations to learn at an unprecedented rate. Many are realizing that unless knowledge collection and transfer occurs at an equally rapid rate, their competitiveness is affected, leading them to focus more intently on their knowledge assets. Though the full specification of the set of these assets is evolving, there seems to be a consensus that they include the organization's employees, structure, culture and processes. Of these, the Knowledge Management (KM) literature has tended to emphasize employee knowledge, particularly tacit knowledge, on the grounds that this is where the interesting knowledge resides. While this viewpoint is

probably valid and useful, process knowledge is also an essential part of organizational knowledge and has tremendous significance from a knowledge management perspective. To begin with, organizations have a sizeable intellectual investment in the form of formalizations of processes. Descriptions of manufacturing processes, for instance, include the raw material and equipment used, the appropriate environmental conditions to be realized, the treatment times etc. These descriptions are essential to training employees, establishing standards and communicating best practices within the organization. But they are by no means static. (Mahapatro, 2010, p.275).

3. HUMAN RESOURCES AND KNOWLEDGE MANAGEMENT

In the contemporary business environment, the competitive position of companies among others is influenced by its capability to create new knowledge which in return results in the creation of a competitive advantage. Organizational learning is an integrative characteristic of most companies although not all of them are able to utilize it for the creation of an improved performance. Organizational knowledge and knowledge management are interconnected and both are widely dependent on human resources.

It is claimed that successful learning organizations create an organizational environment that combines organizational learning with knowledge management. Moreover, whereas organizational learning is primarily concerned with the continuous generation of new knowledge, knowledge management is primarily centered on the formalization, storage, sharing and distribution and co-ordination of existing knowledge assets throughout the organization. An inherent feature of both is the sharing of ideas to create and develop new knowledge, enhanced by conducive organizational structures and culture and supported by effective knowledge management systems. (Pilbeam and Corbridge, 2006, 340).

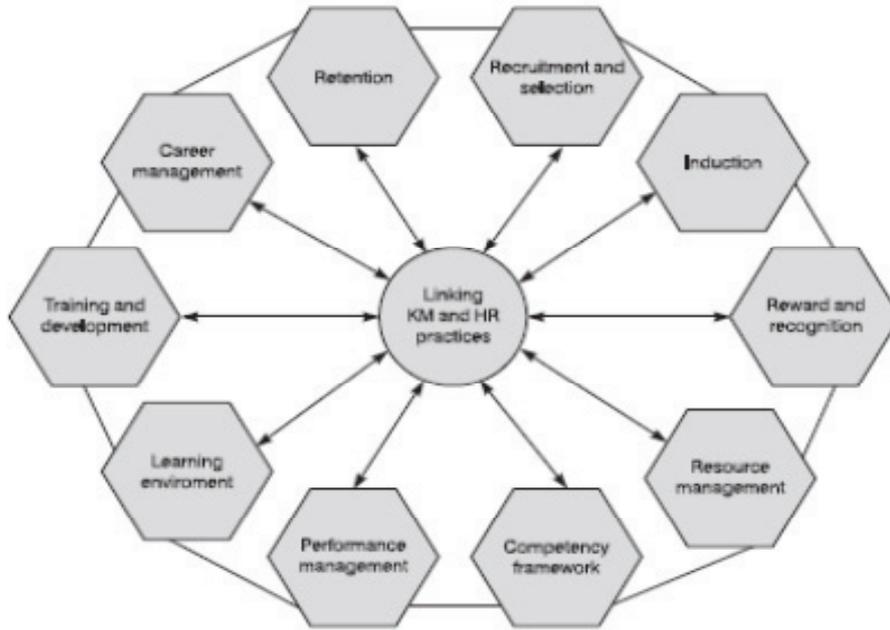
Although human resource management can be approached in different aspects, the fact remains that it has to do with the employees. On the other hand the role and importance of human resources in knowledge management is undeniable.

A few ways for human resource management to influence knowledge management are usually mentioned (Armstrong, 2006, 181);

- Help to develop an open culture in which the values and norms emphasize the importance of sharing knowledge.
- Promote a climate of commitment and trust.
- Advise on the design and development of organizations which facilitate knowledge sharing through networks and communities of practice (groups of people who share common concerns about aspects of their work), and teamwork.
- Advise on resourcing policies and provide resourcing services which ensure that valued employees who can contribute to knowledge creation and sharing are attracted and retained.
- Advise on methods of motivating people to share knowledge and rewarding those who do so.
- Help in the development of performance management processes which focus on the development and sharing of knowledge.
- Develop processes of organizational and individual learning which will generate and assist in disseminating knowledge.
- Set up and organize workshops, conferences, seminars and symposia which enable knowledge to be shared on a person-to-person basis.
- In conjunction with IT, develop systems for capturing and, as far as possible, codifying explicit and tacit knowledge.
- Generally, promote the cause of knowledge management with senior managers to encourage them to exert leadership and support knowledge management initiatives.

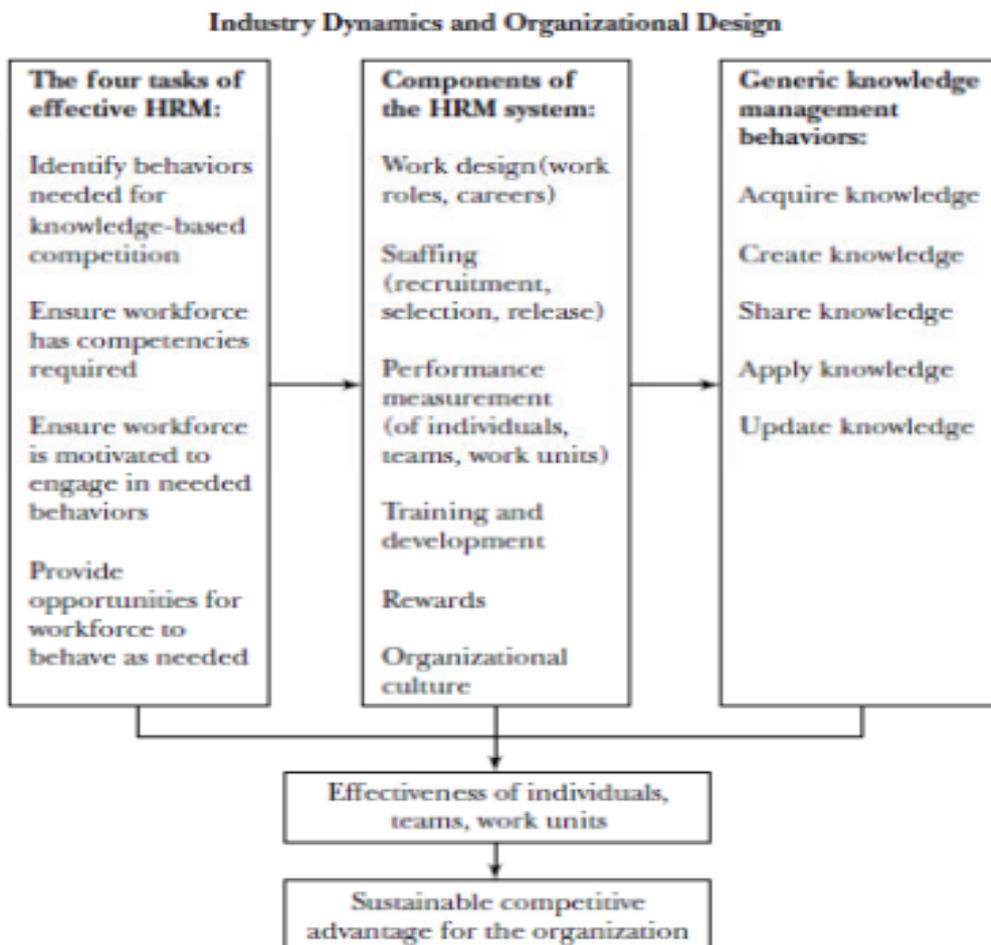
According to Evans (Evans, 2003) in order to maximize the opportunities for an improved knowledge management the Human resource practitioners need to ensure that each of the practices shown in picture 2 are aligned with the organizations knowledge goals.

Picture 2: Linking knowledge management and human resource practices (Evans, 2003, p.166).



One of the issues when it comes to the role of human resources in knowledge management is how can human resource management contribute in order for the company to be able to utilize its knowledge as a competitive advantage. The answer to this question can be found in picture 3.

Picture 3: Human resource management and knowledge management (Jackson et al, 2003, p.401)
Knowledge-Based Competition



As can be noticed all components of the human resource management system have an influence on knowledge and knowledge management. Combined with the increased efficiency of the individuals, teams and working groups contribute to the creation of a sustainable competitive advantage of the business organizations.

4. CONCLUSIONS

As can be noticed from the text above, based on a extensive literature review a strong correlation between human resource management and knowledge management can be found.

Although knowledge management has grown to become one of the most studied areas in business in the developed countries, on fortunately it still remains understudied in the Republic of Macedonia. Hopefully this will change in the future because there is a strong chance that in the near future only knowledge based companies will be able to create and sustain competitive advantage.

Besides this, companies in the Republic of Macedonia, first of all must become aware of the importance of human resources and human resource management and start following the world trends of investing in human capacities.

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