

INKING HUMAN RESOURCES STRATEGY WITH KNOWLEDGE MANAGEMENT STRATEGY TO DRIVE MEASURABLE RESULTS

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Abstract:

Today the human resources are seen as a very valuable asset to achieve long-term performance. Today we understand that every employee is required to learn throughout life, so to acquire new knowledge, to process such knowledge and possibly disseminate expertise with other members of the organization. The theory on human resources in various organizations has changed over time; recommendations have become more numerous, but there is no consensus on the subject. In other words, the permanent change which defines the competitive environment of business remains a type of constant when analysing the efficiency of human resources within companies; inter-individual relations (formal and informal) and the values to which each employee relates remains crucial for any theoretical construction in this area. Principles and strategies applied by organizations yesterday could prove their inefficiency today; human resource strategies in organizations today should include a separate subcomponent, we believe, i.e. knowledge management (KM) strategy. This is because the competitive advantage obtained or maintained by the company depends today, in large proportion, on the type, quality and value of knowledge possessed by the organization. Therefore, organizational strategy and thus the strategy of acquisition, developing and rewarding of human resources (HR) should take into account this reality from the global environment. Moreover, in the current knowledge-driven economy, organizations must know how to develop and implement knowledge-based strategies to drive measurable business results. The goal of this paper is to describe a potential relation between the overall company strategy, HR strategy and KM strategy.

Key words: human resources, human resources management, knowledge management, knowledge economy, strategy

JEL classification: M10, M12.

1. INTRODUCTION

In the current economy there is a new approach to human resource management, so as to be able to cope with many types of challenges.

The most relevant resources within the knowledge economies are: knowledge, intellectual capital and time (Totterdill, 2002). Being the only source that has the ability to think and implement new ideas, *people* occupies the central position within organisations. People are considered the only true source of sustainable competitive advantage. Since knowledge belong to the employees, any activity of the employees will affect the knowledge management. HRM could lead the development of well-rounded KM strategies to add value. HRM face new challenges: to recruit and retain top talent, and to embrace a new skill set to add more value. The HR department has a very crucial and vital role to play in not just its formation but also in giving KM its shape. The new type of human resource management (HRM), evidenced in knowledge-based firms has several characteristics that differ from classic human resource management (Todoruț et al, 2011). First, the focus in addressing human resources is related to amplification and efficient treatment of knowledge. There is also a need of intensive differentiation of approaches, decisions, actions and behaviour of specialists in human resources management, to be able to effectively consider the heterogeneity of human resources involved in the organization, their characteristics, motivations and expectations. HR activities must be designed and implemented in a flexible way, constantly changing content and functions, in accordance with endogenous and exogenous evolutions of the

organization; finally, all human resource activities must be coordinated in accordance with performance objectives of the company, to ensure its sustainability.

Because knowledge management is a fundamental business enabler, it will help organisations to protect their intellectual capital, to focus on their most important assets: their human capital, to link people to people by setting up collaborative methods and re-orient their culture by developing an optimal knowledge sharing strategy.

2. HUMAN RESOURCES FROM THE STRATEGIC VISION OF TOP MANAGEMENT

Analysing the human resources in organizational context, implicitly the strategic vision of the top management upon them, we identify two diametrically opposed situations, models based on different assumptions on the motivation of human resources (the McGregor optics - the theory of X and Y); we understand that the motivating factor on the employee was and remains one crucial in trying to explain the performance obtained. Most often, the management theory and the business administration theory discusses about a *positive motivation* regarding the employee (salary, bonuses, promotion, negotiation, shared objectives, etc.) and a *negative motivation* regarding the organization members (sanctions, removal of the group, layoffs, etc.). The motivation in the organizational context regarding the "n" employees that an entity dispose, depends to a certain extent on the management styles practiced by various executives, on the daily relationship between bosses and subordinates, on the type of leadership which is required by the senior management and depends on the values that give the content to the organizational culture. In other words, intuitively we notice certain connections between the theoretical developments concerning the motivation in management and theory of human capital and / or intellectual capital from the business organizations.

The first perspective concerning motivation, considers that organizations exist only as a sum of "n" individuals (seen as "parts") who work together in order to achieve certain objectives. This perspective is based on a worst-case scenario, enshrined by the traditional optics upon the individual against work, optics that was valid in the industrial enterprise from the beginning of the nineteenth century; basically, this traditional conception considers that (McGregor, 1967):

- the usual individual is evil by its nature and manifests "an inconvenience inherent to work and will avoid it whether he can"; it comes to the typical employee encountered in the classic enterprise, that behaves as a rational person, person belonging to a certain cultural matrix (McGregor, 1960, p. 32);

- due to this characteristic, most people / employees should be obliged, controlled, punished etc. in order to target their efforts toward the "achievement of the organizational objectives" (McGregor, 1960, p. 32);

The second perspective, aiming to motivate the employee, diametrically opposed, considers that human beings cannot exist without a certain social context such as the organization; this assumption starts from another extreme hypothesis, consecrated by "the idealistic optics" towards the individual in the labour process; basically, this view suggests that:

- the ordinary man "does not dislike working" and spending the physical or mental effort can become, *under certain created circumstances*, a pleasure or a source of satisfaction (McGregor, 1960, p. 47);

- applying the external control is not the only solution for directing the effort toward the organizational objectives, because the individual may self-control / self-drive in order to achieve "the objectives for which he has committed";

- commitment to company goals is a function of an associated reward, therefore, the employee expects a reward when obtaining the performance etc..

Table no. 1. Different perspectives on human resources in the organizational context

	Autocratic	Paternalist	Supportive	Collegially	Motivational
<i>The basic model</i>	Power	Economic resources	Leadership	Partnership	Alignment
<i>Orientation / managerial vision</i>	Authority	Money	Support	Team	Coaching (Mentoring)
<i>Orientation / vision on employees</i>	Obedience	Security and benefits	Performance at work	Responsible behaviour	Competence and accomplishment / achievement
<i>The psychological consequences of the employees</i>	Dependence on the chief	Dependence on the organization	Participation	Self-discipline	Fluency / flow
<i>Fulfilling the needs of employees</i>	Subsistence	Security	Respect	Esteem / consideration	Self-realization
<i>The guaranteed performance</i>	Minimal	Passive cooperation	Supporting units	Moderate enthusiasm	Dedication

Source: Processing after Newstrom, John W. & Davis, Keith (1993), Organizational Behavior: Human Behavior at Work. New York: McGraw-Hill, Timmers J. S., Mennes M. A. (1998), Fundamentals on Design of Satisfaction Questionnaires, The European Foundation for Quality Management, Brussel

We will not emphasize the issues related to employee motivation in the organizational context as they are relatively well individualized in the management theory and the optics of the decision-makers from the performing companies has changed greatly over the past three decades. After the appearance of the paper "In search of excellence" (1982), the human resources, including their motivation, have somehow definitively entered in the attention of the "top" management from various companies. The arguments brought by theorists, various people who have held positions of CEO, opinion leaders, extremely tough global competition etc. have required important changes regarding the theoretical hypostasis of the human resource position in the modern company (Toffler, 2006). Synthetic, in the table no. 1, we present some guidelines on human resources at the level of business organizations.

3. LINKING HR STRATEGY WITH KM STRATEGY

Today the resources are seen as a very valuable asset for achieving the long term performance (various models / guidelines discuss about cooperation, participation, respect, enthusiasm, self-realization, dedication, etc.); Today we understand that every employee is required to lifelong learn, therefore, to acquire new knowledge, such knowledge to process and eventually *to disseminate his/her expertise to other members of the organization*.

The theoretical/pragmatic optics on human resources in various organizations has changed a lot over time; the approaches and the theoretical recommendations have become more numerous, but there is no consensus on the subject. In other words, the permanent change which defines the competitive business environment remains a type of constant when analysing the efficiency of human resources within companies; inter-individual relations (formal and informal) as well as the values to which each employee reports, are, nonetheless essential assets for any theoretical construction in this area. As implied by Ducker, the principles or the strategies implemented yesterday by organizations, might prove their inefficiency today (Drucker, 2004); the human resources strategies in organizations today should include a separate subcomponent, we believe, that is KM strategy. This is because the competitive advantage obtained/maintained by the company depends today, overwhelmingly by the type, quality and the value of the knowledge that the organization possess.

Therefore, the organizational strategy and thus the acquisition strategy, development and reward human resources (HR) strategy should take into account this reality globally encountered. It is difficult to say as a theoretical description, what is the most appropriate relationship between the

overall company strategy, the HRM strategy and the KM strategy; the experience and the imagination of the decision maker from a particular company must find the right answer to the question raised. From the perspective of our research, in Figure 1 we suggest only the essential components from which one can start to build an effective strategy which can favour the acquisition of knowledge, satisfaction and self-realization of employees and the annual performance of the organization.



Figure no. 1. Directions of HRM in business field

Therefore currently the human resources management concerns in our optics, three basic directions (Figure no. 1. and 2.): Human resources activities (A); values and organizational/corporate identity (B) and human development (C), directions that fundamentally aim to improve the organizational performance. Moreover, the overall strategy of the organization should harmonize certain interests that are apparently contradictory; in the fact, the objectives aimed by the organization and by the employees can be fully convergent if there is a coherent framework of manifestation. The overall strategy should take into account the type of organizational culture (the importance was also underlined by (Staniewski, 2008)), values of each employee (Nicolescu, Nicolescu, 2005), existing practices in the other organizations and the realities from different markets. In fact, the idea of building a "framework" (i.e. a model, a pragmatic working mechanism etc.) that would harmonize the organizational goals with the goals of each employee is an old idea in the management theory. This idea was argued by Drucker in 1954 (Drucker, 1954); subsequently, it has known dozens of reconceptualization and opinions more or less unitary in the management theory, but there is still no consensus optics on this topic. In addition, it is an obvious truth that any employee within an organization today cannot be efficient (not for himself nor for organization) if he/she fails to constantly acquire/process new knowledge, more selective and sophisticated in the area he/she operates.

The two broad categories of knowledge (tacit-explicit) are mixed; they process and permanently transform from one type to another in various organizations; they offer the vector that can ensure the maintenance of the competitive advantage on markets. Even if today we have some explanations and models concerning the knowledge conversion from one type to, actually this mechanism is less known, as it is essentially dependent on the mechanism of human thinking.

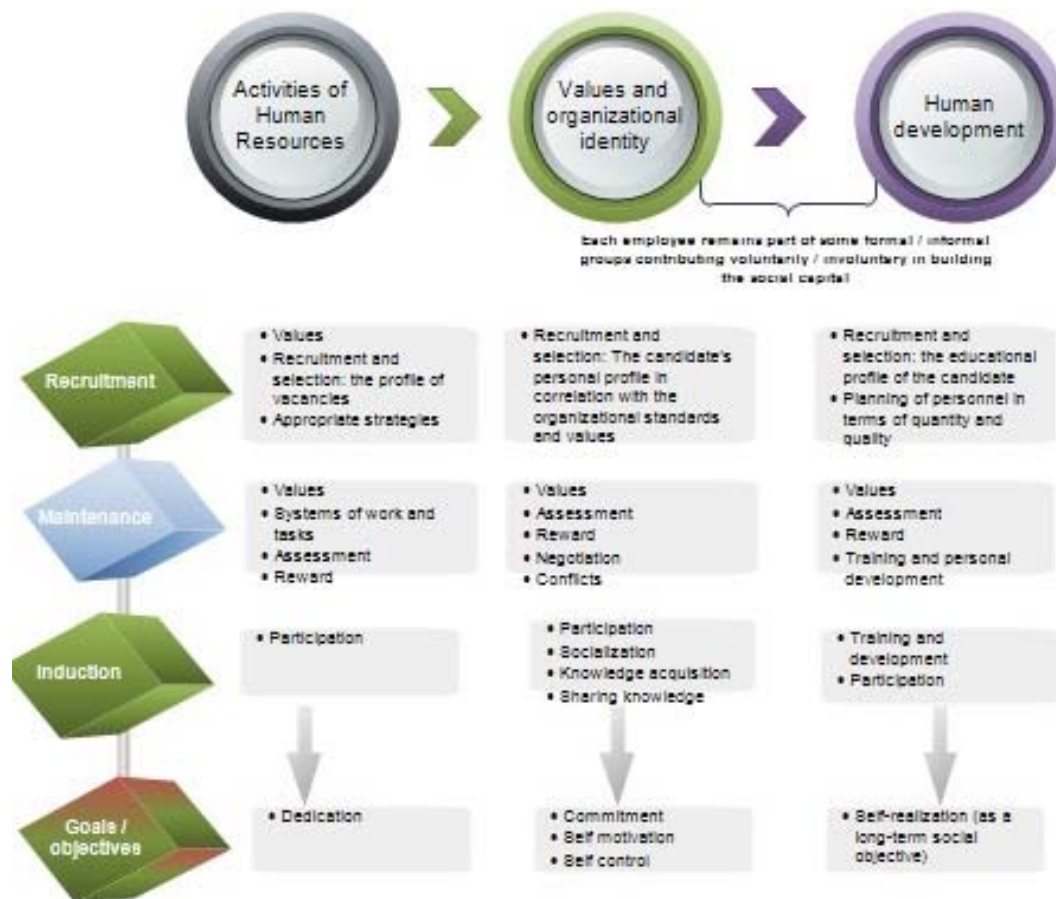


Figure no. 2. Current conditionings of HRM as part of the overall strategy of the organization

In figure no. 2, we suggest some current conditionings to be considered by the top management of companies in a bid to build a strategic vision that would harmonize/integrate the individual wishes and the organizational objectives. As shown in the graphic suggested, which is enshrined in the management theory under the name of "values" (as part of the organizational culture) is found as a vector type both in various directions of action of the decision maker and in the various stages in the evolution of the organization. In our opinion, the employee self-perfection as hypothetical ideal on long term will remain permanently under the influence of several factors (part dependent on person, part dependent on organization).

Finally, from what we have suggested in figure no. 2, a series of conclusions can be drawn, directly/indirectly related to the theme of our research. Among these conclusions, we selectively mention the following:

- The component called "values" has been and remains a major vector in the management theory both for the individual and for every organization. In fact, every employee of a company relates to certain values in which he/she believes (as being a member of society) and by which he/she will define certain objectives regarding the work done by him/her in the interest of the organization. So, from the perspective of the employee, this component will play a special role starting in the recruitment stage of the organization, following the maintenance and up to the point where he/she will be asked whether or not to agree particular objectives through negotiation with the company's top management (goals / objectives);
- The issues mentioned regarding the employees and the values in which he/she believes, remain equally valid when analysing the organizational behaviour and strategies conceived by the top management (company mission, corporate objectives, the type of organizational culture, etc.) are reported in a greatly proportion to the value component;
- Thirdly, what we have assigned as "organizational values and identity" (figure no.2) has always had, we believe, a special significance in the superior decision maker attempt to build a working environment which can favour human participation, therefore, to highlight the contribution of each

employee in obtain the "common good". Moreover, in the organizational contexts in which the acquisition and the processing of knowledge require extremely well educated employees, this conditioning and / or direction of HRM management analysis should occupy a central position in top management concern. Today it is extremely difficult (perhaps impossible), we say, for the top management of a company to succeed in building an effective overall strategy that ignores or leaves a subsidiary position for the HRM strategy and for the KM strategy;

➤ What we have typified by "motivation" and "self-control" constituted a big concern for the greater analysts in the theory of business administration; MBO system proposed by Drucker is intended to be a pragmatic working instrument precisely for the purposes raised (Drucker, 1954). However, the issue of self-motivation and self-control of the employee within an organization has remained open and susceptible, we believe, to other recommendations made by theorists. This is because this requirement is extremely difficult to achieve/to fulfil and should constitute a major concern for long-term for the superior decision maker. In other words, depending on the specificity existing in a company (stated mission, organizational culture type, line of work, competitors practice etc.) *the organization should permanently respect certain pre-defined values and to build an organizational identity, best possible public individualized*. Moreover, it would be ideal if *each member of the organization would feel that he/she is a "part" of this construction that strengthens over time, meaning that he/she finds certain values (as being common with those in which he/she believes) and identifies their own contribution to the organization's identity*;

➤ Finally, we understand that what we have defined as "human development" can be found in sociology as a normal course of action for each individual, as each seeks a certain ideal (but this ideal appears as a result of what is happening in the organization, society, family and various social micro-groups). In terms of organization, it promotes/supports certain values that tries to induce in the employees behaviour through motivational mechanisms, training programs and personal development; the concrete results which every employee will obtain in the organization's daily life however will be significantly different. Particularly, the manner in which an employee acquires explicit/tacit knowledge transforms them into own tacit knowledge and agrees to transmit them to others (from the same group or to the next generation of employees) remains substantially different from one case to another even in favourable organizational contexts. In other words, self-perfecting (in the sense of self-realization according to Maslow's optics) of each member of the organization can be reflected in completely different plans; some may target some spiritual self-realization, others can predominantly envisage the personal/family self-realization, while others can considered themselves as self-realized, when they obtain a balance in the religious plan.

4. CONCLUSION

The literature review has suggested that effective KM should be a balanced focus on people, process and technology which features at the core of the firm's strategy. Certainly, implementing any strategy requires, first, a strong commitment of senior managers in this process, as they trigger the whole mechanism of change. Since that reshaping organizational culture means changes at the level of each employee, these depend heavily on the commitment and demonstrated competence of the managers who lead them directly. Active participation of top management levels is necessary for successful change, and learning organizations and creating the right environment for learning and knowledge transfer cannot be built only from the training department / training.

A culture that encourages change is an essential feature of organizational learning. The new organizational culture based on knowledge is an essential component of knowledge supportive environment to which contributes all the components of the organization management and which ultimately condition sustainability and performance decisively.

HRM has to be the catalyst for culture change— connecting the traditional to the new methods, to leverage the collective knowledge in an atmosphere of "openness" with a competitive advantage. Thus, the HRM role can shift into a new value delivery model and can be seen as a more value added, becoming a strategic resource.

Knowledge and knowledge-sharing have become most important factors of organisational potential in this environment of rapid change, since it increases competitiveness. The transition to knowledge management/organization should start with building a new culture, which itself is an intangible management resource of the organization. The values promoted by each organization have a significant impact on the conduct of the employee through the process of internalization. The organisations must create and promote a climate of honesty, productivity and safety orientation. Not the last, the *values* reflect the harmonization of each person values with organizational values.

The paper demonstrates the importance of building a KM strategy linked to HR strategy, giving important directions for organisations facing a very complex environment.

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