

OPTIMIZATION OF HUMAN RESOURCES FUNCTION THROUGH KNOWLEDGE MANAGEMENT

Associate Prof. PhD. Carmen CHA OVACHI¹
University "Stefan cel Mare" Suceava, Romania
Assistant PhD. Student Ruxandra BEJINARU²
University "Stefan cel Mare" Suceava, Romania
Assistant PhD. Student Otilia BORDEIANU³
University "Stefan cel Mare" Suceava, Romania

¹ carmenc@seap.usv.ro

² ruxandrab@seap.usv.ro

³ otilia@seap.usv.ro

Abstract:

Experts state that a new critical function has emerged for the HR department called as the practice of knowledge sharing. The penetration of KM it's happening either voluntarily or not. The responsible inside the organization must reconsider priorities and align to business trends, employees' necessities or society requirements and expectations. The mission of KM is to give more credit to information, workers and the organization by extracting, using and creating knowledge (the order has also a logic). Both KM and HRM focus on individuals/employees. Using the research undertaken in a regional approach, we identified the perception of KM among HR executives and top managers. We strive, starting from the results of the research to underline some improvements that can be done for both HRM and KM functions within the companies. The mutual goal for HRM and KM is motivating the employees to work their best with the information they have, to be innovative while doing their job and to share knowledge and experiences without giving away the competition spirit. The paper approaches in the first part the perspectives of KM and also its connection to HRM. The main part of the work intends to establish some common directions in order to better integrate the cooperation of KM and HRM within the organization. The concluding remarks are bold and optimistic as there is much more to be done.

Keywords: human resources management, knowledge management, organizational behavior, employees' competencies;

JEL Classification: M1, O15, M12, M14.

INTRODUCTION – PERSPECTIVES OF KNOWLEDGE MANAGEMENT (KM)

Nowadays' issue is that people create new things in a much rapid rhythm than they naturally consume novelty. We are not indulged to get bored by a device, product or a certain activity because we get tempted by other options. This explains why our time diminishes and the jobs we have to do multiply.

The human mind has reached the means of satisfying its restlessness. Entrepreneurship and creativity have always been as fuel for the engine of evolution but now they react even stronger. In order to give consistency to our discussion we have to compare the means/instruments and the effects. In the past, the repercussions of an innovative idea were very strong regarding people's reactions, appreciation and satisfaction. Today the most daring idea may become a reality in no time, as there are various ways, multiple methods and countless instruments to make use of. The perspective changed so much that we no longer expect for great things to happen but for new things either better or not. People have become much more perceptive to novelty than to value. The right way to take the advantage of this is to manage the change or as more and more scientists approach it – the dynamics, of it. In our opinion this is a critical issue both for individual's success and for companies' success.

We recur to the critical action "to manage", whether we deal with the outside world or to the inner side. Nowadays, everything has to be managed: finance, people, time, information, knowledge, etc. KM is used within organizations in order to generate an added value for their intellectual and knowledge-based assets. The procedure consists in primarily codifying what the employees, partners and customers know (consciously and unconsciously) and secondly in sharing that knowledge within the company among employees and even with other companies.

Organizations confront themselves more and more with an overload of information. Managers should seize and help their employees to manage through. It would be helpful to protect the organization from useless information attacks as these could confuse the employees, make them loose time in selecting the necessary or even mislead them in their actions. The responsible managers should provide the organization with a defense system or let's say a filter for inwards and also outwards information. There are several tools that respond this kind of needs but they have to be well chosen and very well customized. We have to highlight from the begging the remark that the implementation of KM is only partially about technology.

The debate over the concept of Knowledge Management (KM) or the Management of Knowledge is made under the aegis of the knowledge economy. [10] The founders of the neo-classic economy Marshall, A. in 1965. Later on the adepts of this current Nonaka and Tkeuchi (1995) have emphasized the importance of knowledge use modality. Since 1993, Peter Drucker stated that „we find ourselves in the knowledge society, where knowledge is the main resource of the economy, and the knowledge workers will play the central part.” The economy based on knowledge is the one where knowledge generation and exploitation has the main role for creating wealth. Knowledge is information processes for the purpose of understanding the phenomena that occur within our environment. [1] –[2]

Presently, we may say that KM has passed through the initial phase, which was characterized by operational confusion between knowledge and information. KM's progress was quite slow related to its significance inside the modern organization. This euphorically stage of KM has ended with not much impressive feedback of practice due to the lack of a categorical and sustainable definition and of an obvious differentiation among information, the management of information and IT applications. Within this context have been many enthusiasts that interpreted “knowledge” as they preferred it and certainly the approaches to the management of knowledge were various. For many, the difference between the management based on knowledge and KM remains fuzzy.

In a broader understanding KM is a set of tools, techniques, methods, approaches, ways of working, behaviors even that are designed and used in order to help an organization to be more effective. KM makes the difference because it focuses on the know-how, the know-who and the way to make these work inside the organization. The critical aspects that KM searches for solving are: how to get people to share information, how to ensure the right contexts, how to design the conversations. The issue is not complex but broad and fuzzy. KM applies a multitude of techniques and approaches. Weather we are talking about tools that support the networks in the organization or the communities of practice or ways of mapping the connections all these are various. Another goal of KM is to optimize connections throughout increasing trust. Sharing can be maximized when people trust each other. [21]

No matter from which side we look, KM has to do with learning and efficient/prolific learning has to do with KM. Doing things right means to learn from experiences, to learn from theories, to learn from mistakes, to learn from shared ideas and practices, to learn from others, to learn from within us in order to learn the best way to. The cornerstone process of KM is “learning”. KM is about managing the dynamics of things.

The management based on knowledge has emerged in the past decade as the most advanced section of management. KM develops within the learning organization, the most advanced type of organization existent at micro and macro social level. [11] Examining the specialty literature proves that KM has an American origin/source, under the name of – Artificial Intelligence, a Japanese origin/source, regarding –the Creation/Innovation through knowledge and a Swedish origin/source part of –the Swedish Measuring Strategy. Sveiby argues that “KM is strangely ambiguous, extremely profound, impenetrable while its rapid expansion – and most important- does not have a single master.” [19] The specific of KM is that links typically and directly to organizational objectives like enhancing performance, innovating the competitive advantage, transferring the know-how, and developing the whole system of collaboration practices. The connection between KM and the Learning Organization (LO) is frequently approached, though

neither of the practices comprises entirely the other. KM focuses more on knowledge's attributes and the channels of use and circulation.

Most frequently KM is defined as a holistic combination of measures for managing people, processes and technology despite the common aspects, the explicit integration of HRM and KM initiatives has seldom been examined.

FOCUS ON HUMAN RESOURCES MANAGEMENT AND KNOWLEDGE SHARING

An important combination to be considered for the very next future is KM and HRM. The HR role in designing a system to share employees' knowledge is very important. The approach of KM and HR is much complex due the fact that HR internal consultants should be leading factor in defining the learning organization through a shared knowledge or through specific policies that have as aim to increase the orientation to discover and share the knowledge.

In order to ensure the functionality of a KM system managers have to primarily understand the advantages and secondly provide the cultural direction needed in the process. A *Barnett's* research concluded that employees will refuse to share knowledge and expertise unless they are accordingly rewarded. One way managers could get an easier access to free sharing of employees' knowledge and expertise is to get them to understand the use of it. Knowledge and experience sharing will certainly provide benefits for them as individuals, not only as they acquire new information but they process it and learn from it. Sharing multiplies the knowledge and expertise of a person by as many times as how many individuals share these. This procedure increases the chances of innovation and thus the organization's benefits. To recognize the theoretical background is not enough: we strive to discover how far these concepts are acknowledged and applied within Romanian companies.

UNDERSTANDING AND USE OF THE KM IN ROMANIAN COMPANIES - A REGIONAL APPROACH

DESCRIPTION OF RESEARCH

The analysis of KM understanding was part of a larger research undertaken within the companies from Suceava County. The goal of the study was to identify the maturity level of Human Resources Management at company level. On a questionnaire basis, were interviewed the human resources managers and the general managers from 120 companies around Suceava County.

The empirical research is founded on a methodology, based on both quantitative and qualitative information, in order to estimate first of all, the status-quo of the Human Resources Management. Secondary, the goal was to identify if the companies (especially HR representatives) are aware about KM content and if they mention the KM characteristics in the SWOT analysis. In a limited area (Bucovina area, Suceava County respectively) the study was made inter alia, to identify the causes for eventual deficiencies, and pertinent ways to contribute for improvement of KM state of art in regional profile.

We will refer here bellow especially on the questions that refereed to KM aspects: Are acknowledged the HR Managers and Top Managers to the Knowledge Management concept? Are aware about KM content? Can describe at least 3 ways in which KM is applied within the company?

The study perspective is rendered visible by the following features:

- Harmoniously twined theoretical and practical issues;
- Emphasis on practical aspects arising in research;
- Highly generalizing conclusions yielded by survey analysis;

→ Originality in organizing selective research, rigor in applying the questionnaires in the field, and scientific insight in data analysis.

STRUCTURE OF RESEARCH

The research was structured in three main stages:

- 1:Diagnostic analysis of HRM at the level of companies from Suceava County;
- 2:Data analysis, obtained after the SWOT analysis (human resources management characteristics at the regional level);
- 3:Identification of KM key factors in HRM policies at companies' level;

The subjects of the research were the companies from the county, with good economic results, starting with the premise that, on the one hand realization and adaptation of an efficient management lead the organization to performance, and, on the other, that the companies with profit and success in activity have also a good administration of human resources. We have studied the guide of companies „Top Bucovina 2010”, realized by the Chamber of Commerce, Industry and Agriculture Suceava, where the companies were classified on profit and turnover criteria.

From a total of 150 companies selected, we received a positive answer from 120, number that assured an accurate result. The distribution of companies on field of activity is presented in figure no.1.

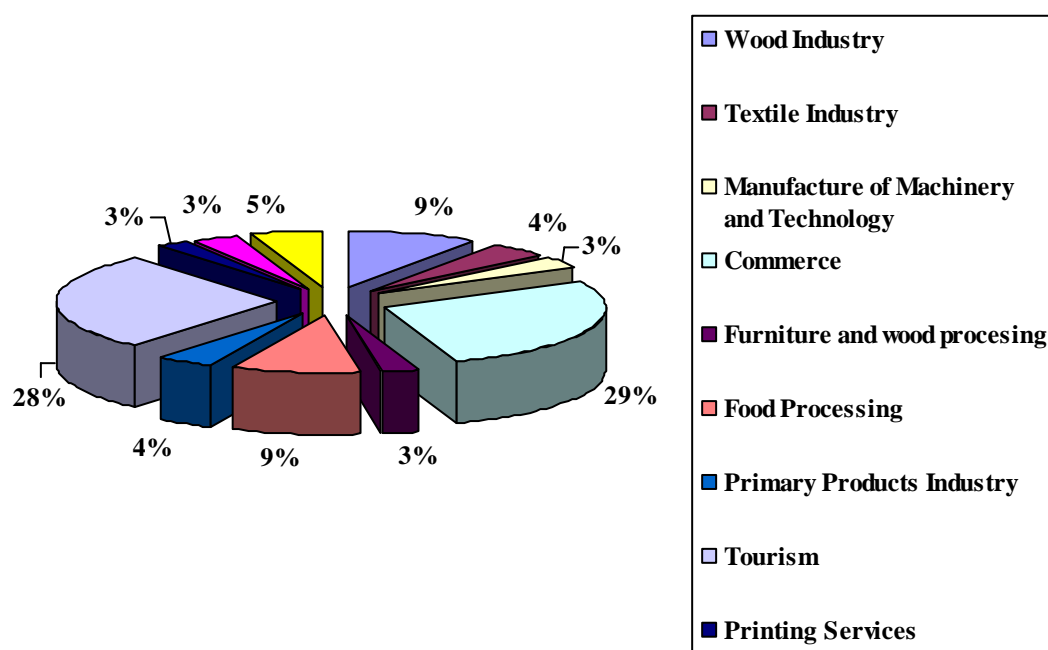


Figure no. 1 – Distribution of interviewed companies, on field of activity

The part for identification of the weak points and strong points contains 49 closed questions with 2 possibilities for answer, having the possibility to make comments/suggestions, and the questions are structured in 6 modules: 1. General policies concerning HRM; 2. Strategic planning of human resources; 3. Recruitment and Selection; 4. Human resources motivation; 5. Human resources development and knowledge management.

The data has been processed and summarized, each question was included at strengths or weaknesses (where appropriate), according to responses of all 120 companies.

PARTICULAR ITEMS CONCERNING THE KNOWLEDGE MANAGEMENT

The main concern regarding KM that we wanted to clarify in the research was, first of all, if the Romanian companies are aware about KM content and characteristics. Also, we supposed that some companies have applied intuitive KM techniques, without being aware that the instruments used can be included in this relative new field.

Among the hypothesis formulated for the maturity of HRM within interviewed companies, 3 were formulated in order to analyze the framework of knowledge management:

Hypothesis 1: The HR Managers and top managers are familiar with KM concept;

Hypothesis 2: The interviewed professionals can mention at least 3 characteristics of KM;

Hypothesis 3: The companies are applying politics that encourage the KM.

Unfortunately, the results were neither very optimistic, in what concerns HRM Maturity, nor in KM field. Thus, it is hard to separate the conclusions, due the fact that HRM good practices are including in most of the cases also good practices of KM.

The most important results are presented here bellow:

Hypothesis 1: The HR Managers and top managers are familiar with KM concept

From total of 120 interviewed companies, 60% have given a positive answer (72 companies). The rest of 40%, representing 48 companies answered that they are not familiar with the concept of knowledge management. For most of respondents KM seems to be a vague notion, which can be hardly placed in the field of economic sciences.

Hypothesis 2: The interviewed professionals can mention at least 3 characteristics of KM

Here the answers were more polarized and the distribution was disarticulated between companies that have mentioned 3 characteristics belonging to KM and the other 40 companies that delivered answers that were not correct. It is interesting to notice that the companies which answers were positive to this question activate in fields that pushed them to improve the knowledge sharing and the updating of knowledge: IT, printing and production (in R&D departments).

Hypothesis 3: The companies are applying politics that encourage the KM

All eight companies that confirm the second hypothesis have answered positive to the question "Do you apply in day-to-day operations KM policies?" Between the examples they offered, we can mention some, in order to have an idea about the way that they understand the KM concept: "It is important to have a vision and to share it with the employees as destination for the company"; "We encourage the use of information and we developed an intranet for a better information sharing"; "For some new projects, we keep the information and we place it in an internal library, in order to be accessed by other project managers or to be completed by volunteers that worked in different projects."; "Encourage people to share informal information about themselves in addition to valuable business information"; "Utilizing focus groups for different tasks, in order to access the knowledge of hole team, not only of task responsible"; "We encourage people to learn, through an open space library, with books ordered by the company"

As conclusions for the research, we can observe that the most examples are referring to communication and inter-relation within the group, achieving tasks by sharing information.

We should also mention that some of these actions are applied also by the non-respondents to the KM specific questions, but they have not identified them to KM field, but the HRM good practices. That means that the content of KM is applied, without a proper identification of the field or of KM methods.

In what concerns the state of the art of HRM in regional approach, we can conclude that the most "gaps" are declined from the following realities:

- The human resources are not appreciated as sources for competitive advantage;

- The human resources managers have no specific studies (academic or vocational training);
- The human resources manager do not contribute to the strategic process of decision making related to general business aspects and the activities of HRM department are most of them administrative;
- Human resources managers don't have the power to influence and to implement their initiatives;
- Top managers are not supporting the recommendations of HR managers, due some other business priorities.

A lot of weaknesses can be connected to the lack of knowledge management approach. The companies' philosophy is not centered on a learning behavior. The motivation is diverse, but, some reasons delivered by the subjects were: other preoccupations and concentration to the business objectives.

CONCLUSIONS. A NEW JOB FOR HUMAN RESOURCES DEPARTMENT – TO TRAIN FOR KM

For the improvement of the debated situation, we think that the HR managers and HR representatives should focus not only in the improvement of HRM Function, but, in the same time they should implement, the KM processes. Both are connected and will improve the company's efficiency. Although, the sight of these advantages won't get things happening unless the employees are provided an assurance that means the official policy establishment and recognition of knowledge sharing by the senior management. Unfortunately this process will still need some additional time, due the crisis context and due the surviving policies that are applied in most companies from Suceava Area, and from Romania too.

One step in order to apply better HR and KM policies should be to establish desired standards and procedures. After this, the next step would be to get employees to practice and make knowledge sharing an employee's daily function. Another key element is the compensation and reward system that shall appreciate and promote the employees who adopt that new behavior. The design of a compensation and reward system should focus on promoting group performance, knowledge sharing, and innovative thinking.

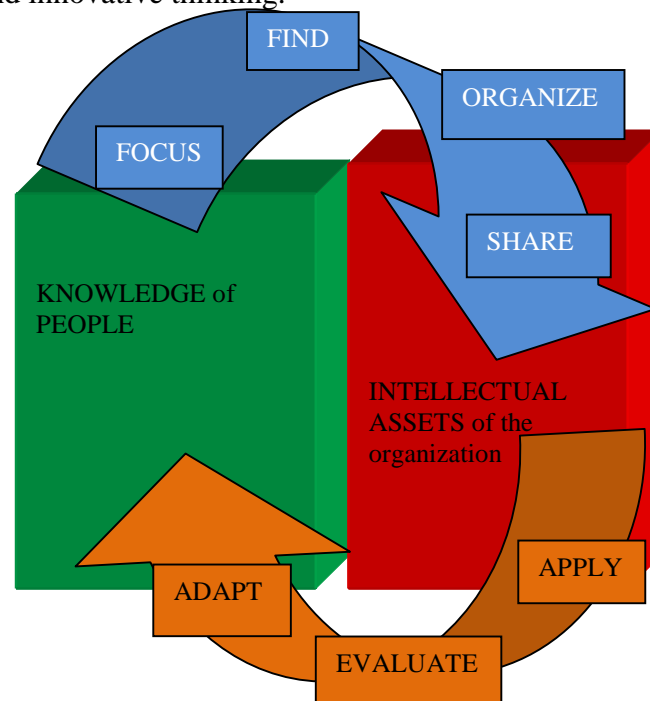


Figure no.2 Interdependency of HRM and KM

Source: adapted after –Buckman Laboratories, March 10th 1999 – “A Roadmap for the Convergence of Human Resource Management & Knowledge Management”

In the new economy, namely the knowledge economy, the intangible assets dominate and receive the greater attention of organizations as they realize that maximizing the value of intellectual assets is more important than maximizing fixed assets. The mission of the HR executive has to upgrade (evolve) in order to create and implement a process to maximize the intellectual assets of an organization.

In the *Knowledge Age*, the Institute for KM identifies and proposes a new set of necessary skills:

- Understand, design and apply the most important KM principles/techniques.
- Leverage the rich KM Body of Knowledge, harvest it and develop new KM strategies.
- Use powerful, proven tools and techniques to create a learning organization that continuously improves at an ever faster rate.
- Be able to create the Knowledge Imperative - ensuring that your KM initiative is actually funded and implemented.
- Know KM methods and methodology to sustain your learning organization.

They sustain the importance of KM inside the organization through the perspective of the following benefits:

- 1) *increase its speed to market* through the reuse of proven resources and methods
- 2) *reduce costly mistakes*; and ensure excellent results
- 3) *enable rapid absorption and diffusion of new ideas*, allowing you to sustain a competitive advantage

“Further, any firm doing effective KM should be known as a "learning organization" one that continuously increases its amount and use of critical knowledge.”[22]

HRM Department should develop, additional to traditional training issues, which classically are organized within the companies, some modules that will address the improvement of Knowledge Management:

- What is Knowledge Management
- The Market for Knowledge Management
- Knowledge Management Roles
- Knowledge Management Technology
- Knowledge Management Within the Industry (customized for each)
- Procedures for sharing of Best Practices.

However, not even the best training program alone shall deliver the optimum results but it represents a first step towards their accomplishment. The other instrument refers to a compensation and reward system. Reviewing the actual policy should clarify and identify any existent barriers for the knowledge sharing process. With respect to this necessary work skill of creating and sharing knowledge there has emerged a new approach of the interviewing process consisting in a more accurate identification of potential employees who will easily adapt and grow inside the organization that aims to continuously improve work collaboration.

KM expansion can't be happening without the support of technology and very recently of media. For KM future's the media plays a star role. This decade the training and development of employees has transformed as the rise of technology enabled opportunities for training meetings and seminars. Podcasts, teleseminars, online learning, screen capture and recording software, and webinars provide employee development opportunities.

Many more knowledge-related topics have to be explored as challenges that are at the top of every HR department's list: employee engagement and retention; creating a motivating work environment; talent management; succession planning and workforce challenges, including the impending retirements of baby boomers and the shortage of high-skilled workers; multi-generational differences; managing strategically/transforming HR into a strategic partner; and competing in the global economy.

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ABBREVIATIONS

KM – knowledge management

LO – learning organization

HRM – human resources management