

Using Human Resource Management and Knowledge Management to Drive Competitive Advantage

A Requisite Complementary Relationship to Drive Competitive Advantage for Organizations

Abdoul K. Conde

Student, Siam University, Bangkok, Thailand

Abstract: Managing people is not, has not, and will not be an easy thing to do because people are dynamic (ie. they change their actions, and emotions based on a huge spectrum of factors that beset them), and originate from different cultures, races, religions, and ideologies; all of which, to a certain extent, are unique, and approached differently in different environments or geographical locations. Most often, Human Resource papers address those issues, in addition to recruiting, training, compensating, and developing people as a way of achieving the goals of a firm.

Knowledge management, on the flip side, focuses on the tools or techniques used to improve people's knowledge within an organization, how to, and why it is vital to employ/create, distribute, implement, and retain said knowledge for the competitive edge it potentially renders an entity. This paper looks at the relationship between human resource management and knowledge management, and how organizations use or should use them in a complementary fashion in order to gain competitive advantage. It seeks to show knowledge gaps in organizations as a result of their failure to implement KM practices, potential other reasons why those gaps exist, and how they can be remedied while at the same time using HRM concepts to help the process.

The observations arrived at in this paper are a result of interviews, research, surveys, and questionnaires from a wide range of sources across variant biographical characters (ie. different age groups, spousal statuses, races, religions, etc).

Keywords: Knowledge Management (KM); Competitive Advantage; Human Resource Management (HRM).

1. INTRODUCTION

As information, and communications abound more than ever before in this information age, as humans, we are beset from all angles, and in virtually every aspect of life as we know it, and must, therefore, be information conscious; something only achievable if we consistently endeavor to improve what we know, seek new knowledge, and share it because we are either willing or unwilling participants of the information galaxy. Being fixtures in organizations, social groups, communities, etc., we thrive on information availability, processing, dissemination, and implementation with others in our proximities, as well those in distant geographical locations.

Additionally, because we hail from variant races, religions, cultures, etc., the effective management of people becomes a necessity in order to establish a friendly platform that can potentially enhance the smooth, and effective management of knowledge on an individual, and organizational level in our bids to attain organizational goals. However, most organizations focus primarily on profitability; thereby glossing over the intricate details that contribute immensely to said profits, and as well, possess delicate potential to catalyze a chain reaction that may avoid such profits being realized.

This paper digs into how human resource management and knowledge management complement, or should complement each other in helping organizations attain their objectives, and therefore, more competitive. It looks at human resource practices in organizations, and tries to see how, if at all, those practices aid the process of identifying, creating, attaining, distributing, implementing, retaining, and developing knowledge within organizations.

The paper also looks at key knowledge management concepts themselves, and seeks to ascertain if organizations use them effectively, and efficiently to their competitive advantage, while ameliorating their intellectual core competencies. It is in this light that the paper addresses four major components/elements of knowledge management in the form of Accountability, Processes, Technology, and Governance; without anyone being accountable, the job is not done; without a defined and workable process, people will not have the ‘know-how’; without the technology, the tools are missing, and without governance, the bottom-line for the argument is not clear for understanding.

Objective of Study:

The purpose of this study is to grasp an understanding of how human resource management within organizations, as a complementary tool, helps improve knowledge management, thereby helping the organization realize its overall goals; goals that may either be short-term or long-term, and making it more competitive, effective, and efficient.

It seeks to find answers to the ensuing research questions, and recommend possible measures that may potentially enhance the process in hopefully making it a reality.

Research Questions:

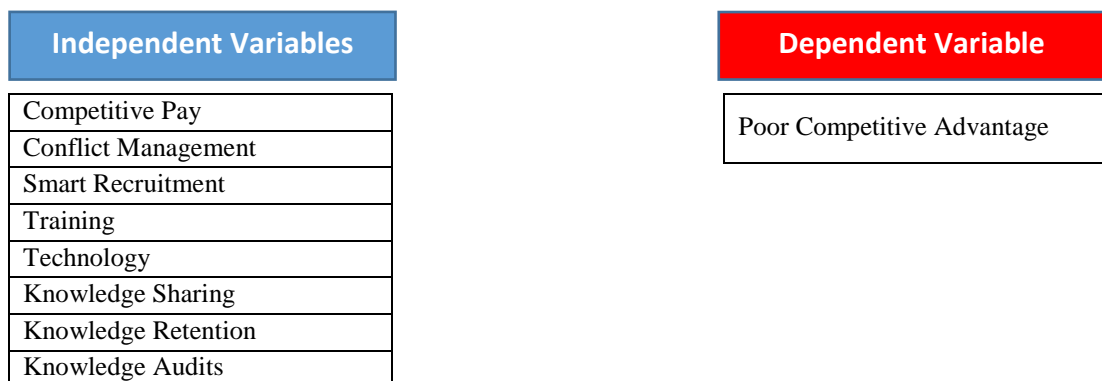
This research is designed such that it seeks to:

1. Knowing if companies or organizations really know about knowledge management
2. Understanding what strategy (codification or Tacit to Tacit) those organizations are pursuing to enhance their organizational learning process which includes knowledge sharing and how they retain knowledge.
3. Knowing how HRM and KM it has helped, helps, or may help organizations achieve their goals, thereby giving them competitive advantage.

CONCEPTUAL FRAMEWORK:

In order to fully understand all of the above, we need to look at the summarized concepts contained in the paper by looking at the dependent and independent variables relative to the problem statement.

Problem Statement: Ineffective HRM and KM practices lead to poor competitive advantage.



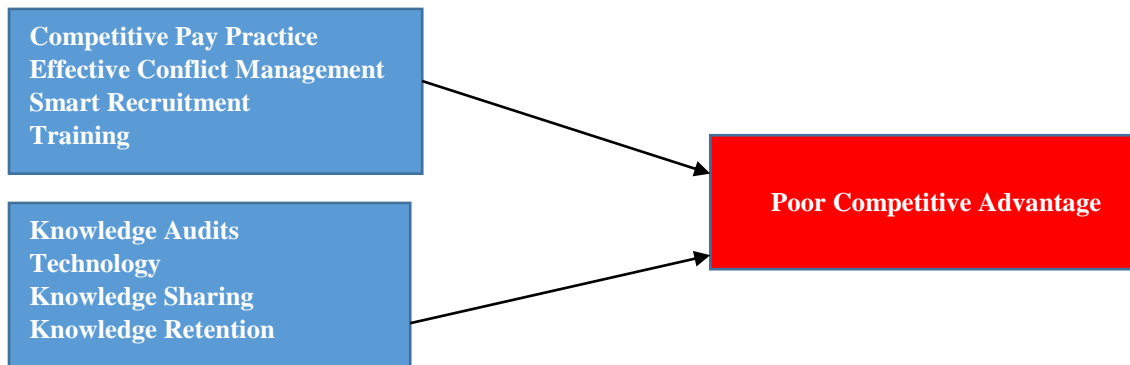
Dependent Variable:

Poor Competitive Advantage: Ineffective HRM, and KM practices make a company a weak competitor. In other words, it takes away a company’s competitive advantage.

Independent Variables:

Human Resource Management Practices (Training, Pay, Conflict Management etc., to name a few), and KM practices help make knowledge management a success story within an organization. The better the human resource functions, especially in terms of ensuring happy working relationships internally, the easier it becomes to realize those goals.

Please refer to the conceptual framework below for a diagrammatical or visual understanding.



The above framework seeks to explain how effective human resource management, and knowledge management processes help organizations achieve a competitive edge in a vastly, and rapidly growing competitive business world. It looks at how HR practices such as competitive salary or pay practices, effective conflict management, smart recruitment, proper training, among many others, and Knowledge management practices such as knowledge creation, technology, knowledge sharing and implementation, knowledge audits, and knowledge retention etc., complement each other in order to make organizations more competitive, and better competitors. The research also seeks to investigate the following hypothesis:

Research Hypothesis:

Hypothesis 1:

H0: Competitive pay does not give a company competitive advantage

H1: Competitive pay does give a company competitive advantage

Hypothesis 2:

H0: Effective conflict management does not give a company competitive advantage

H1: Effective conflict management does give a company competitive advantage

Hypothesis 3:

H0: Effective recruitment does not give a company competitive advantage

H1: Effective recruitment does give a company competitive advantage

Hypothesis 4:

H0: Effective training does not give a company competitive advantage

H1: Effective training does give a company competitive advantage

Hypothesis 5:

H0: Knowledge audits do not give a company competitive advantage

H1: Knowledge audits do give a company competitive advantage

Hypothesis 6:

H0: Technology does not give a company competitive advantage

H1: Technology does give a company competitive advantage

Hypothesis 7:

H0: Knowledge sharing does not give a company competitive advantage

H1: Knowledge sharing does give a company competitive advantage

Hypothesis 8:

H0: Knowledge retention does not give a company competitive advantage

H1: Knowledge retention does give a company competitive advantage

RELATED TERMINOLOGIES

HRM	Human Resource Management
KM	Knowledge Management
SECI	Socialization, Externalization, Combination, Internalization
SWOT	Strengths, Weaknesses, Opportunities, Threats
IC	Intellectual Capital

2. THEORY AND RELATED RESEARCH

Here, we look at the theories and key concepts of HRM and KM, make reference to some existing research works that relate to them, and seek to understand how KM is supported by HRM processes, and or vice versa, in helping organizations realize their goals, and gain competitive advantage as previously mentioned in the framework.

HRM and Competitive Advantage:

From several existing studies, we find that HRM practices do help companies or organizations gain competitive advantage if effectively applied. Some of those practices may include hiring or recruiting personnel with the desired experience, motivation of employees by offering them competitive salaries, rewards as well as recognizing their achievements, effective training, etc.



Additionally, by observing and recording the organizational capabilities in terms of employees strengths and weaknesses, and the environmental conditions in terms of the opportunities and threats to the organization, effective human resource management may help organizations become more competitive by addressing those strengths and weaknesses, and or opportunities and threats; in other words, by doing a SWOT analysis, human resource management can lead to competitive advantage.

<http://smallbusiness.chron.com/can-hr-become-competitive-advantage-organization-50913.html>

Additionally, owing to how rapidly environments are becoming more dynamic, “a strategically minded HR department may craft jobs, form networks among people, and provide training to make everyone in the organization become part of its innovation engine”- Harvard Business Review (<https://hbr.org/2008/06/connecting-hr-with-competitive>)

Knowledge Management (KM) and Competitive Advantage:

As most assets are bedrocks that lead to the revenue generating capacity of firms, and are treated carefully and attentively, the knowledge within a firm should be treated likewise; if not better. It is increasingly becoming evident that the intellectual capital an or knowledge in the heads of employees make them extremely valuable such that firms fear losing them; losing them means losing knowledge and said knowledge may be hired by a potential competitor.

As stated by the authors Erickson, G.S. & Rothberg, H.N. (2000) in their journal “*INTELLECTUAL CAPITAL AND COMPETITIVENESS: GUIDELINES FOR POLICY*”, *Competitiveness Review: An International Business Journal*, Vol. 10 Iss: 2, pp.192 - 198”, “Whether termed intellectual capital, knowledge management, or something else, the practice of managing an institution's knowledge base has received increasing attention in recent years. After some of the highly publicized downsizings of the late eighties and early nineties, a number of organizations discovered that an enormous amount of institutional memory and unique knowledge was walking out the door with exiting employees. Further, the nineties have seen tremendous growth in firms with few assets besides what is between the ears of some of their key people. Both trends have focused managers on knowledge as an asset of the firm, to be developed and managed in the same manner as more traditional assets.”

3. METHODOLOGY

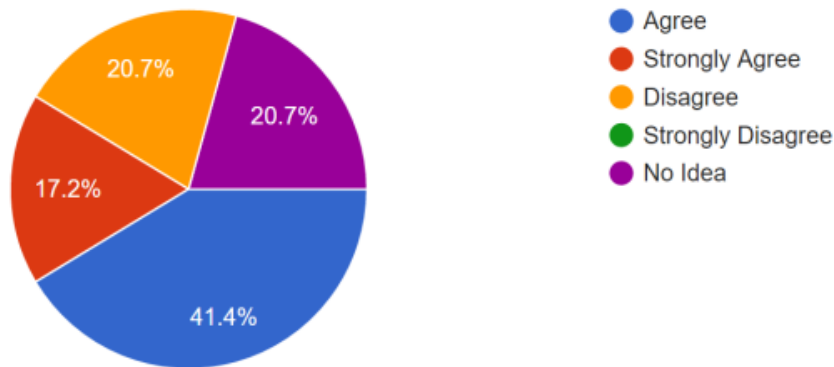
The research method used here is quantitative; meaning we make use of questionnaires (ie. manual and online), ethnographic interviews, emails, etc., which targeted managers, and company/business employees alike. This method, I believe, is effective because it confronts experienced managers, supervisors, department heads, and employees who have a good experience working within organizations. It deals with, and analyzes statistical, and numeric data gathered using those questionnaires, interviews, emails, etc. all of which draw on facts and related theories.

The conclusion and recommendation comes about as a result of the facts and findings from of the data analysis which provides answers to the research questions, and how companies or businesses handle relate to them.

4. FACTS AND FINDINGS

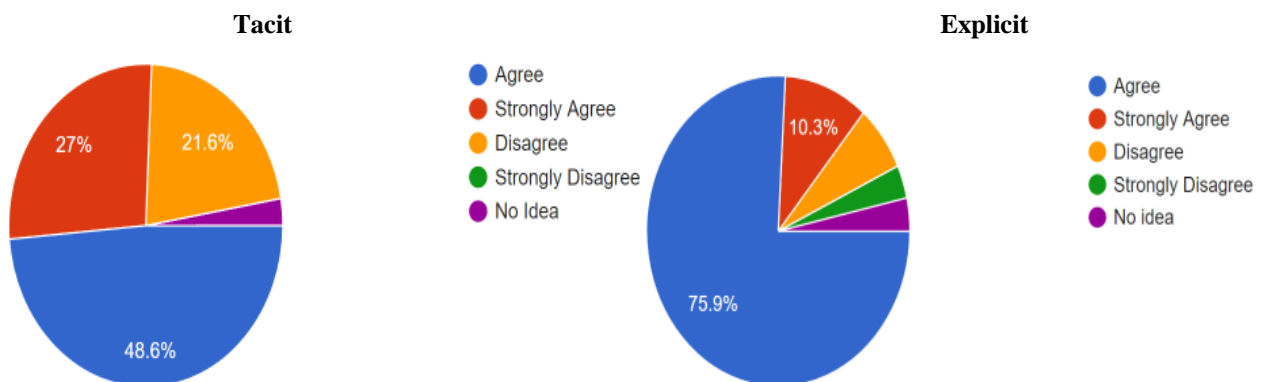
From the data amassed from respondents, the following hold true:

Findings on the competitive advantage strategy

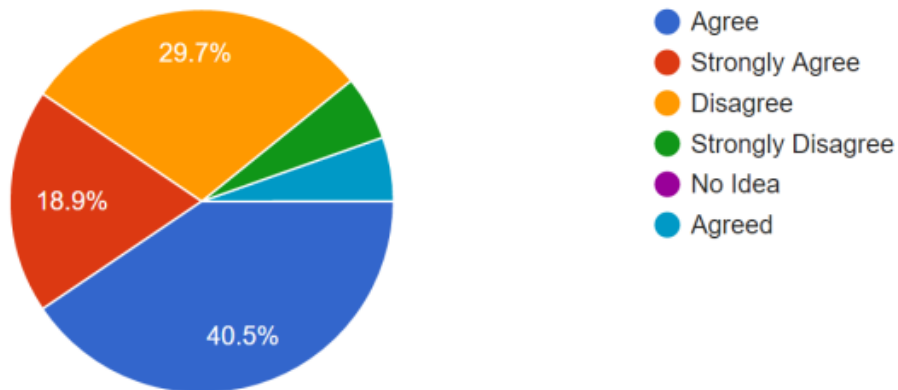


- That a combined total of **58%** (17.2% strongly agreeing and 41.4% agreeing) of the companies surveyed, have a competitive advantage strategy that is product based; not knowledge based.

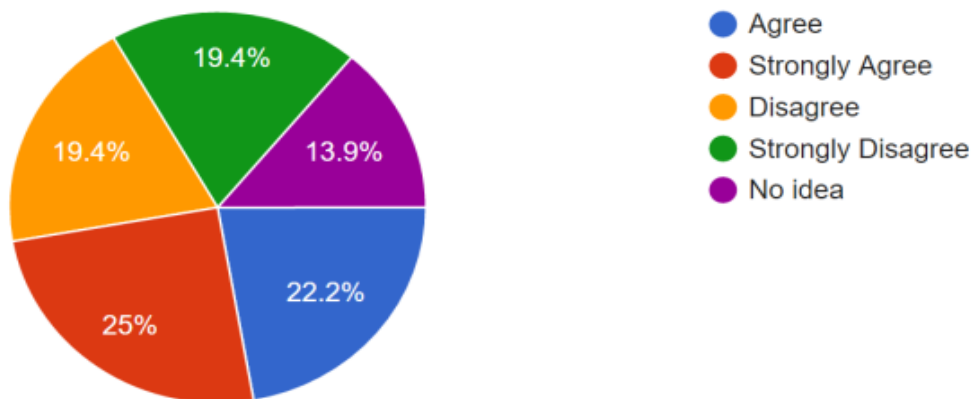
Findings on knowledge sharing strategy



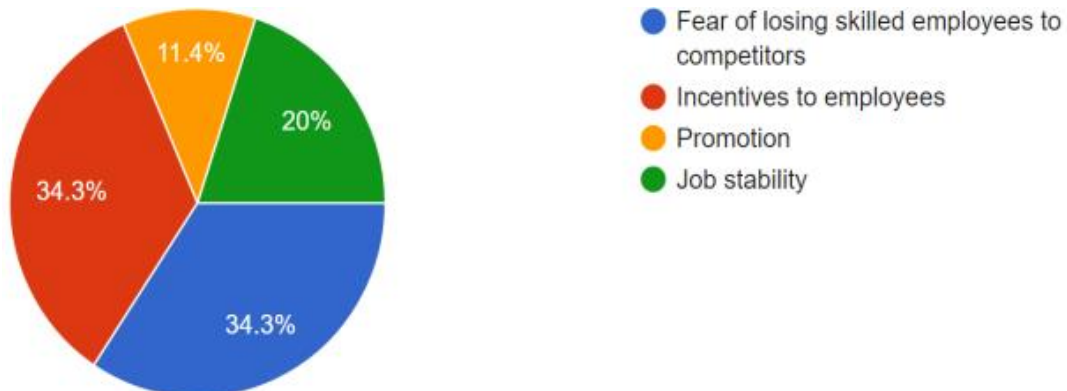
Findings on using technology to help the knowledge management process



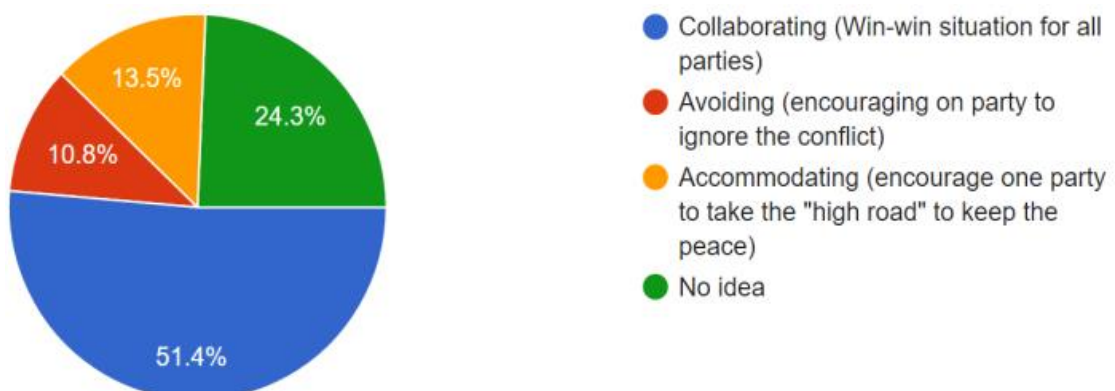
Findings on Performing Knowledge Audits



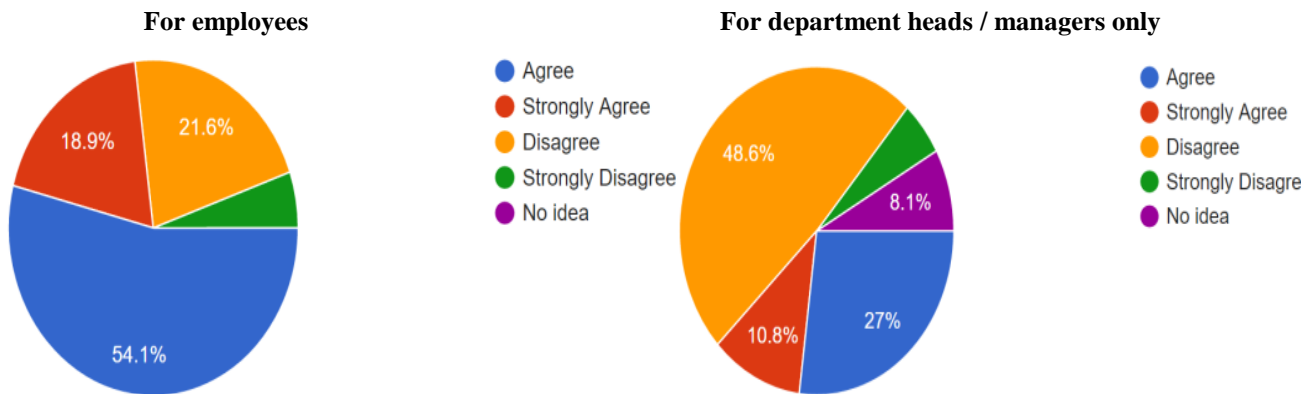
Findings on knowledge retention



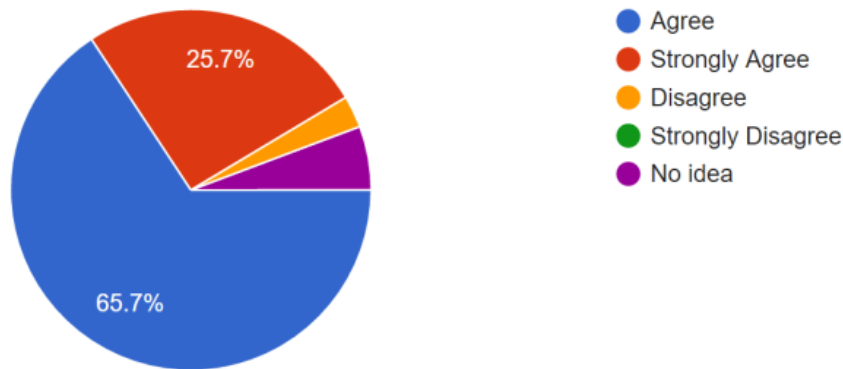
Findings on conflict management strategy used



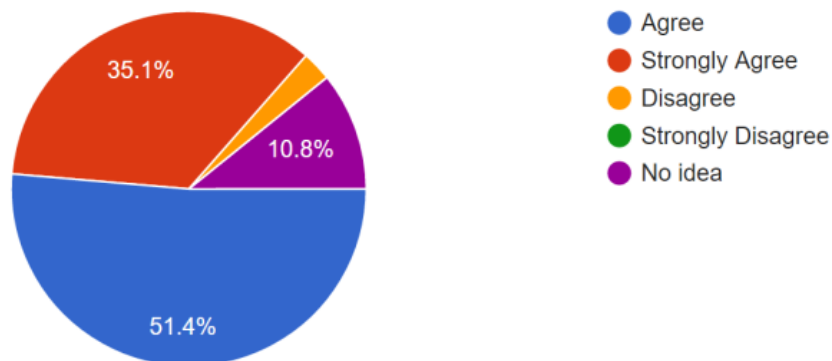
Findings on the provision of training



Findings on having a working recruitment strategy



Findings on performance based on competitive salary



5. CONCLUSION

Presented in this paper, is a conceptual framework of how knowledge management and human resource management helps organizations or business gain competitive advantage by complementing each other. Given all of the aforementioned details and statistical data, it is safe to conclude that, indeed, the application of effective HRM and KM strategies and or practices, does help a company boost its competitive advantage. Given the results extracted of this research data analysis, there is strong correlation between the independent variables like training and competitive advantage, knowledge audit and competitive advantage. In other words, the alternate hypothesis hold true that the dependent variable is affected by the independent variables such that companies become more competitive when they positively apply the independent variables; meaning that they should do more knowledge audits, share knowledge more, acquire and utilize the best applicable technology, retain knowledge, provide competitive pay, and manage workplace conflicts better and as much as may be feasible. If companies apply effective to the independent variables, they will become more competitive than they currently are.

6. RECOMMENDATION

The world, being as ever progressively competitive as it increasingly is, behooves businesses to owe it to themselves to prepare for the competition that will always confront them. In this light, and given the product of this research, I recommend that companies today seek to learn more about knowledge management, provide adequate training for their employees in the field of knowledge management, seek to answer the basic four knowledge management questions, and merge their HRM and KM strategies in ways that will enable them to compete better than ever.

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