‘Influence of HRM Practices on Organizational Learning – The Mediating Role of Organizational Knowledge Management Capabilities’

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Abstract: Today, the role of Human Resource Management (HRM) in building internal capabilities of an organization has become a subject of interest to academicians and practitioners. The purpose of this paper is to explore the influence of HRM practices on organizational learning. It also attempts to explain the mediating role of organizational knowledge management capabilities. The paper attempts to focus on the perspective of integration of HRM, Knowledge Management (KM) and Organizational Learning (OL). A range of relevant literature on KM and OL are explored and a conceptual model is proposed and discussed. However, empirical data is needed to establish the influences of HRM practices on OL. HRM acts as ‘Knowledge Facilitator’ in the organization since it has the competencies and the capabilities to focus on the ‘People’ element of KM. KM integrates HRM directly into the value adding process of a business and enable HRM to justify its role as ‘Strategic HR Business Partner’. The connection between KM and OL is inevitable because knowledge is what has been learned. In this context, this paper proposes an answer to ‘how’ HRM practices can stimulate and support employees to learn continuously as a part of everyday work with the intention of contributing to organizational KM and in turn OL. The study contributes to a relatively less researched area in HRM. This paper is useful for HR practitioners to directly contribute in Organization Development. The proposed conceptual framework is an original and complete model that will hopefully contribute for future work in the area.

Keywords: Human Resource Management, Knowledge Management, Organizational Learning

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I. Introduction:

As Peter F. Drucker (1995) predicted, knowledge has become the key economic resource and the dominant source of sustainable competitive advantage. Many organizations have sought more effective ways to enable their organizations to learn and thereby to acquire the knowledge they need to stay ahead of their competitors. Today, the organization ability to learn faster than its competitor is a significant source of competitive advantage. Environments of uncertainty, ambiguity and change require exploration, invention, experimentation and adaptation, all of which require learning. The organizational response to changes requires better and faster learning by more employees (Hess, 2014). Learning cannot be the objective or end result. Learning is always the means to business results. It must be integrated with work and performance. It must be strategically conceived as part of the long-term strategy and integrally conceived as part of the entire system (Marsick & Watkins, 1999).

‘Learning Organization’ as one where people continuously expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together (Senge, 1990). The phrase ‘learning how to learn’ describes “possessing or acquiring the knowledge and skill to learn effectively in whatever learning situation one encounters” (Smith, 1982).

In a learning organization, employees continually create, acquire and transfer knowledge – helping their company adapt to the unpredictable faster than rivals can (Garvin, 1993). Knowledge is the food of the learning organization; its nutrients enable the organization to grow. Knowledge is broader, deeper and richer than data or information. Knowledge is either embodied in individuals or embedded in organizations as processes or practices. Davenport & Prusak (2000) argued that the ‘Know-how’ of people within an organization is a source of sustainable competitive advantage. Hence, managing knowledge has become paramount importance to become a learning organization. Knowledge Management (KM) is a conscious strategy of getting the right knowledge to the right people at the right time and helping people share and put information into action in ways that strive to improve organizational performance (O’Dell & Grayson, 1998). Individuals may come and go, but if valued knowledge is lost, the company will starve to death (Marquardt, 2002).
Organizational Learning (OL) is the distinctive organizational behaviour that is practiced in a Learning Organization. OL is one aspect of a learning organization. Tsang (1997) clarified the difference between the terms OL and learning organization. OL is a concept used to describe certain types of activity that take place in an organization while the learning organization refers to a particular type of organization in and of itself. Nevertheless, there is a simple relationship between the two. A learning organization is one, which is good at OL. According to Mojab & Gorman (2003), OL is the sum of individual learning within an organization, with emphasis on individuals’ responsibility in learning and the collective outcome, while the learning organization is the outcome of OL. According to Dimitriades (2005), OL is an integral feature of any learning organization that effectively utilises its knowledge resources to generate superior performance. The connection between knowledge and OL is inevitable because knowledge is what has been learned (Kofman & Senge, 1993).

The ability of an organization to learn is embodied in its employees. Employee learning is a necessary prerequisite for OL (Kim, 1993). The learning ability of an organization depends on its capability to accumulate invisible assets such as knowledge (Sinkula et al., 1997). As invisible assets are embodied in people, Human Resource Practices (HRM) practices are critical to OL and the aim is shifting towards ‘facilitating learning’ instead of ‘delivering training’. HRM is about managing the employees whose most important resource is knowledge, which makes HRM, KM and OL very closely interrelated. HRM practices contribute in promoting positive attitudes towards learning (Snell et al., 1996) and make people accustomed with the desired skills and behaviours needed to promote learning.

II. Objectives:

- To identify and discuss various HRM practices that influences on organizational learning.
- To identify and discuss the mediating role of organizational knowledge management capabilities on the relationship between HRM practices and organizational learning.

III. Research Methodology:

This Research paper is based on secondary data from journals. A range of relevant literature on KM and OL are explored and a conceptual model is proposed and discussed. However, empirical data is needed to establish the influence of HRM practices on OL.

IV. Discussions And Findings:

1. Organizational knowledge management capabilities:

Lopez et al. (2006) suggested that some organizational failures could be attributed to lack of appropriate management of organizational learning which is closely related to unsatisfactory management of organizational knowledge. Organizational knowledge exists on the forms of explicit or codified knowledge and tacit or personal knowledge. New knowledge is created through social interaction between tacit and explicit knowledge. Successful organizations are those that consistently creates new knowledge, disseminate it widely throughout the organization and quickly embody it in new technologies and products.

Organizational Learning is generally divided into two schools: one in which learning is seen as a technical process and one in which learning is seen as a social process. Organizations which adopt a technical perspective place the emphasis on identifying, collecting, storing and distributing information and treat knowledge as something people own or possess. Organization which have a stronger social perspective on learning place greater emphasis on human interaction & collaboration and treat knowledge as something people do (Easterby-Smith & Araujo, 1999).

Gold et al. (2001) examined empirically the issues of effective KM from the perspective of organizational capabilities. They found that KM infrastructure capabilities and KM process capabilities are the drivers of organizational effectiveness. KM Infrastructure (organizational culture, organizational structure and technology infrastructure) is the mechanism for the organization to stimulate KM Process(acquisition, conversion, application and protection of Knowledge).

a. KM infrastructure capabilities:
KM infrastructure can be described as the cultural, structural and technical factors that enable maximization of social capital (Gold et al., 2001). Social Capital aims at emphasizing the importance of social contacts between groups and within groups. KM infrastructure are the mechanism for the organization to develop its knowledge and also stimulate the KM processes within the organization.

- **Organizational culture:**
  
  If the organization focuses more on learning, the employees will be expected to create more knowledge (Simon, 1991). So, organizations are required to put more emphasis on both team and individual learning to enhance organizational performance (Huysman & DeWit, 2003). Davenport et al. (1998) asserted that the knowledge-friendly culture, one of the most important factors for a project’s success, is one of the most difficult to create if it does not already exist. They described three components of Culture that influence organizational learning: People have a positive orientation to knowledge; People are not inhibited in sharing knowledge; and the KM project fits with the existing culture.
  
  Organization should create knowledge-friendly culture for creation and sharing of knowledge, to encourage and facilitate KM in an organization. Today, the biggest challenge is changing a prevailing organizational culture from ‘Knowledge is power’ to ‘Knowledge sharing is power’. Such culture can be changed over time, in variety of ways (Skyrme, 2002).

- **Organizational structure:**
  
  It is important that organizational structures are designed for flexibility (as opposed to rigidity) so that they encourage sharing and collaboration across boundaries within the organization (Gold et al., 2001). Blankenship et al. (2007) explored knowledge sharing in six different types of social structures in organizations including work groups, project teams, strategic communities, learning communities, communities of practice and networks. Generally, in any organization unless the organizational structure becomes more informal and decentralized achieving KM will become virtually impossible.
  
  The organizational structure of learning organizations is leaner, flatter with more emphasis on teamwork, to encourage entrepreneurial behaviour, flexibility and adaptability amongst the employees (Senge, 1990). Involved leadership can provide a stimulus for people to learn and generate learning within a company (Dibella & Nevis, 1998).

- **Technology infrastructure:**
  
  An organization’s use of technology to manage knowledge has quickly emerged as the most important discriminator between success and failure in the intensely competitive global economy (Marquardt, 2002). Knowledge Management Systems refer to a class of information systems applied to managing organizational knowledge. That is, they are IT-based systems developed to support and enhance the organizational processes of knowledge creation, storage / retrieval, transfer and application (Alavi, 1997). Technology is valuable tool to manage, develop & support the community of practice. IT support can facilitate KM processes and improve the process of learning and organizational performance (Handzic, 2005).

b. **KM process capabilities:**

  Today, more than ever, an organization’s competitiveness depends on what it knows, how well it uses what it knows, how fast it can adapt what it knows to the rapidly changing environment, and how quickly it can acquire new knowledge. Those organizations; that learn and applying learning more efficiently have the opportunity to reap great rewards in productivity, speed and profitability (Wellman, 2009). KM processes can be defined as the degree to which the organization creates, shares and utilizes knowledge resources across functional boundaries (Chang T. & Chuang S, 2011). The knowledge elements of organizational learning are ongoing and interactive instead of sequential and independent.

- **Knowledge acquisition:**
  
  Knowledge acquisition is the process of accepting knowledge from external sources to improve existing organizational knowledge. Knowledge acquisition is highly influenced by firm’s intention and capacity to learn because it avoids the negative influence of the “Not-Invented-Here” syndrome (Argote, 2013) and facilitates learning.
  
  As Huber (1991) states, an organization learns if any of its units acquires knowledge that it recognizes as potentially useful to the organization. Knowledge acquisition plays a key part in the success of a learning organization; without new knowledge being gained, the organization cannot continuously improve itself nor gain competitive advantage (Senge, 1990). Learning requires a conscious acquisition of knowledge or insight on the part of organization members (Argyris & Schon, 1978).
Knowledge Creation:
Knowledge creation involves developing new knowledge or content from existing knowledge (Taskin et al., 2011). Knowledge can be created from the conversion between tacit and explicit knowledge at the individual, group, organizational and inter-organizational levels (Nonaka, 1994) by four different modes of conversion: (i) Socialisation is the conversion from tacit knowledge of person to tacit knowledge of another person; (ii) Externalisation is the process of articulating tacit knowledge into explicit concepts; (iii) Combination is conversion from explicit knowledge to explicit knowledge. Individuals exchange and combine knowledge through documents, meetings, communication networks; and (iv) Internalisation is the process of embodying explicit knowledge into tacit knowledge. It is closely related to learning by doing.

Knowledge dissemination:
It involves the distribution and sharing of explicit and tacit knowledge among employees throughout the organization (Ganesh D. Bhatt, 2001). It also includes the transfer of knowledge. Creation of new knowledge hardly has any value if it is not shared among all. Thus, knowledge sharing is of utmost importance to the performance of knowledge creation and in leveraging knowledge for greater organizational performance (Von Krogh et al, 2000).

Knowledge storage:
Organizational Memory is the means by which organization store knowledge for future use (Olivera et. al., 2000). If knowledge created for years through KM activities is not retained systematically, it cannot be beneficial for future decision-making needs (Chang Lee at al, 2005). The storage and retrieval mechanisms allow organizations to quickly access to knowledge. There are two primary ways in which organizations can capture & store knowledge – either through codification - organizations separate the knowledge from the employees by storing it in documents and other tangible outlets or personalized - organizations store knowledge in the employees themselves. Mehrerz (2010) pointed out that a basic concept of learning organizations is that good knowledge is required for good learning. This means defective knowledge or incomplete knowledge (i.e., knowledge gaps) could spark a chain of defects (or gaps) throughout the knowledge learning chain.

Knowledge application:
A learning organization is an organization where creating and using knowledge to enhance competitive advantage occurs (Calcantone et al., 2002). Knowledge Application is the process of actual use of knowledge. It means making knowledge more active and relevant for the firm in creating value. For organizations to create value they need to apply knowledge to their products and services by various means such as repackaging available knowledge, training and motivating its people to think creatively and utilizing people’s understanding of the company’s processes, products and services (Mills & Smith, 2011). Firm’s competitive advantages depend not only on knowledge creation but more importantly on knowledge diffusion and application (Grant, 1996), which takes place in social interaction among organizational units (Tsai &Ghosal, 1998).

2. Organizational learning:
   a. Learning organization is a significant movement in organization development. Learning Organization is an organization which adopts specific strategies, mechanisms and practices that encourage its members to learn continuously so that they can adapt to the changing business environment. There are five disciplines to establish a learning organization: (i) Personal Mastery – members’ capability of learning. It does not guarantee formation of the learning organization but there is no learning organization without it; (ii) Sharing Mental Models – learning organization needs to “think collectively” in dialogue and debate so that the diversity of personal and shared constructs of the world are explored. (iii) Building Shared Vision – having a long-term objective, which has the complete and genuine commitment of the organization; (iv) Team Learning – occur every time a group of people is brought together; and (v) System Thinking – a discipline for seeing wholes and employees must refrain from focusing on just one subsystem or one part of the organization (Senge, 1990).
   b. Garvin (1993) defined a learning organization is an organization skilled at creating, acquiring, interpreting, transferring and retaining knowledge and at purposefully modifying its behaviour to reflect new knowledge and insights. Organization should the master the five main activities: systematic problem solving; experimentation; learning from past experience; learning from others; and transferring knowledge.
   c. Marsick&Watkins (1993) identified seven distinct but interrelated dimensions of a learning organization at individual, team and organizational levels. These dimensions are create continuous learning opportunities;
The induction process is the first opportunity for new employees to get a formal introduction into the organizational culture. It can be designed to give employees a sense of what managing knowledge means in the context of the organization, including the behaviors that are most valued. As networking is important for knowledge acquisition and sharing, the induction period can be used to enable new employees to get themselves introduced to different people across the functional boundaries.

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c. Learning & Development:

Organizations learn only through individuals who learn (Senge, 1990). As quoted by Jack Welch, an organization’s ability to learn and translate that learning into action rapidly, is the ultimate competitive
advantage. Organization need people who have open minds; are good collaborators; are willing to question the status quo; are not afraid of change; and welcome opportunities to learn (Russell Sarder, 2016).

Organizations which focus on creating opportunities for employee learning, with the long-term goal of becoming a learning organization are learning oriented organization (Leys et al., 1992). The aim is towards ‘facilitating learning’ instead of ‘delivering training’. In general, without continuous employee learning, new knowledge cannot be created in the organization.

A continuous learning system enables an organization to build new competencies and capacities among its employees, a knowledge management system enables the organization to translate that learning into knowledge that adds value. Knowledge Management, by focusing attention on the processes that create knowledge and which preserve it, enables organizations to grow and renew themselves. This is the essence of the learning organization(Marsick& Watkins, 1999).Professional development schemes prevent skills & knowledge of employees becoming out of date and also engender an attitude of ‘life-time learning’.

d. Career development:
Individual in learning organization see learning as a way of life rather than an occasional event. They recognize that employers cannot guarantee them lifelong employment but will assist them in becoming lifelong employable. The organization and the individual work together toward the employee’s long-term career development (Marquardt, 2002).

- Job Rotations are lateral transfers of employees between jobs in an organization. Job rotation increases the network of contacts and facilitate the transfer of organization culture. Job rotations should be practiced regularly to transfer the critical knowledge among employees.

- Employees are responsible for managing their own learning processes and the learning of their colleagues. Hence, Mentoring is considered to be the oldest form of knowledge transfer and still most efficient when exchanging knowledge between humans (Stephenson, 1998). Higher level of trust in mentoring relationships may facilitate knowledge transfer. Today, Reverse Mentoring has gained significance in the organizations. The purpose is knowledge sharing with the mentee focused on learning from mentor’s updated subject or technological expertise and generational perspective.

- Succession planning can make organizations more competitive, improve the retention of talented employees and lower the risk of losing critical knowledge when people leave. Succession planning in a knowledge environment becomes less about filling posts and more about planning to meet anticipated and predictable future skills & knowledge needs through existing resources. This will not always means through people and will involve integrated planning for the retirement of people, systems and technology (Chris Harman & Sue Brelade, 2000).

e. Rewards & recognition:
If competencies are the wheels for managing knowledge work, rewards (both extrinsic & intrinsic) are the engine (Kochanski&Risher, 1999).People will not share hardly earned knowledge and expertise unless they are rewarded to do so. HRM practices should design the mixture of monetary and non-monetary rewards for motivating the employees and teams for sharing knowledge, developing new ideas & reusing knowledge.

Another aspect of reward system is whether the individual or team knowledge sharing behaviour should be rewarded. According to Lee et al., (2007), both individual-based and group-based reward systems can be applied. Previous studies had examined that the influence of group-based incentives had more positive results compared to those that were based on individual incentives (Wang &Noe, 2010).

Reward systems may also differ due to different types of knowledge that is encouraged to be shared. Zhang et al. (2010) found that when people were encouraged to share explicit knowledge, reward could be an effective strategy. Willing to share tacit knowledge needs intrinsic rewards valued by the individuals, such as enhanced reputation or autonomy.

f. Performance appraisal:
Performance Appraisal is the process of identifying, observing, measuring and developing human performance in organizations (Cardy&Dobbins, 1994).The Performance Appraisal system should incorporate knowledge-oriented performance measures - knowledge sharing; & level of contribution to core knowledge. Cabrera & Cabrera (2005) stressed that the need for incorporating “an assessment of knowledge sharing behaviors, feedback on performing such behavior should enhance knowledge sharing behavior by satisfying norms”, in the performance appraisal.

g. Knowledge – focused Exit Interview:
In the words of Joni Mitchell, ‘you don’t know what you have got till it’s gone’. The loss of employees, especially in large numbers, can represent massive losses of organizational knowledge accumulated
over a long period of time. If such knowledge is lost, an organization operates less effectively and less efficiently until it relearns that knowledge. HRM should see a person leaving as the opportunity to review the requirements for a person to be doing the same kind of work that the person leaving was doing (Pom Holloway, 2006).

V. Conclusions:
A considerable number of experts warn that HRM faces extinction if it does not respond to changes brought about by the shift from a traditional to a knowledge-based economy. Today, the role of HRM in building internal capabilities of an organization has become a subject of interest to academicians and practitioners. It is well acknowledged that HRM not only contributes in building the internal capabilities but also strengthens the organizational efforts in gaining strategic advantage over the competitors. As Reginald Revans (1983), a pioneer of organizational learning, notes, “Learning inside must be equal to or greater than change occurring outside the organization or the organization dies”. Learning is becoming a lifelong challenge as well as a lifelong process (Marquardt, 2002). Dimitriades (2005) argued that effective learning requires developing a strategic learning capability by linking OL and KM in and among organizations.

HRM fulfils its role as a ‘Strategic HR Business Partner’ by adding value in organizational knowledge management capabilities and organizational learning. Simultaneously, both KM and OL enhances the effectiveness of its ‘People’ component by integrating the knowledge-centric HRM practices in the organization. In this context, this study concludes that the knowledge-centric HRM practices stimulate and support the employees to learn continuously as a part of everyday work with the intention of contributing to organizational KM and in turn OL.

References
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