

HUMAN RESOURCE MANAGEMENT PRACTICES AND INDIVIDUAL PERFORMANCE

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ABSTRACT

The purpose of this research is to investigate the link between knowledge process, Human resource management practices and individual performance. This research paper proposes the framework of knowledge process (acquisition, conversion, application and protection), human resource management practices and individual performance (ability, motivation and opportunity) we develop hypothesis and design questionnaire to test these hypothesis. The findings of this study show a significant positive relationship among four variables and employees job satisfaction. The relationships among job security & job satisfaction, achievement & job satisfaction, job responsibility & job satisfaction and work itself and job satisfaction are significant and positive. This paper help the manager to identify the human resource management practices whose providing the help to improve the knowledge through knowledge process and increase individual performance.

KEYWORDS: Individual Performance, KM Practices, Knowledge Process, Contemporary Management Theory

INTRODUCTION

In the fast paced global environment many organizations going to establish their business across the boundaries. In such environment more competition requires more performance which leads to become learning organizations to maintain and achieved their strategic goals. Senge (1990) defines the “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”. Spender (1996), Nonaka and Takeuchi (1995), Kogut and Zander (1992), and Duncan & wises (1978) said that learning is procedure in which knowledge is created.

Contemporary management theory implies that to create and sustain competitive advantage in post-industrial economy, knowledge is considered as a key source (Grant, 1996; Teece, 2004 Kogut and Zander 1992). Knowledge and experience in organization is owned by individual rather than organization itself (Tsoukas and Vladimirou 2001, Grant 1996). Knowledge management comprises methods and practices that giving the help for the movement of knowledge within the organization (birkinshaw 2001). Last two decades the concept of knowledge management increase and it became a common function in many organizations to gain the sustainable competitive advantage with the help of human intellectual capital (Michael2009).The success and failure of KM process is depend on firm km infrastructure which allow a firm to identify, generate, convert and distributes the knowledge(Sangjae et al 2012).

Despite there is a huge km contributions to organizational performance but there are certain areas which are not been fully addressed in literature. First literature suggested that there is number of studies which define and shows the link between km facets and organizational outcomes (Carneiro, 2000, Chapman and Manusson, 2006, Adams and Lamont,

2003). And literature also shows that there are only few studies which shows the relationship between km process and individual outcomes (linda et al 2003).

Second, there are number of researches in which researcher are focus on knowledge process instead of km practices. Moreover, the researches that entirely focus on knowledge process will not be in the position to clarify and suggest solution to managers that enhance their firm performance. The studies that only describe the knowledge process cannot inform the managers about the explanations what managers do to increase the firm's performance through individual performance (Tatiana 2012). And most of studies mix both of these facets (knowledge process and KM practices) in their variables (e.g. Zack et al., 2009, Darroch, 2005). This research trying to fulfill this gap and investigates how km practices and knowledge process effect on individual performance. The purpose of this study is investigating the relationship among Knowledge management human resource practices, knowledge management process and individual performance.

The managerial implication of this paper is that it provides the help to manager to identify which are the best km practices that facilitate the knowledge process. All these practices increase the individual performance. Individual performance directly affects the organizational performance.

The structure of this research paper is as follow in section 2 we describe the literature in detailed. In section 3, we describe the research methodology and the experimental material that was used in our work, whilst in section 4 we describe the how HRM practices on individual performance. Research findings are presented in section 5, with conclusions being drawn in section 6.

LITERATURE REVIEW

Individual Performance

The particular knowledge and experience of employees in organization is not owned by organization them self but this is owned by employees. And the employees who are more knowledgeable and experienced they received more acknowledgment in the last 30 years (Grant, 1996; Tsoukas and Vladimirou, 2001). The performance of an individual is depending on individual ability, motivation and opportunities to perform and the success of KM is also depending on these factors.

Ability

Ability is basically the quality of being able to something in term of physical, mental, financial or legal and the nature of skills or talent. Individual ability is significant portion of the knowledge management process. Mostly the abilities are inborn but it can be generated through training (Nadler et al. 2003).Experienced of an individual can also affect its ability. Individual must having the capacity to recognize the knowledge areas in which he is also experienced because he easily learns and transfer the knowledge already know (Cohen and Levinthal 1990).

Motivation

Rewards and incentives are playing a vital part in KM process. Pfeffer and Menon (2003) investigate that the individual who are not rewarded on transfer of internal knowledge than he may be refused to share it in the organization. Stott and Walker (1995) and Tampoe (1996) propose that Maslow theory shows that motivation for work is came through three highest levels of hierarchy.(Stott and Walker,1995) propose the process theory the aim of this theory is who

individual identify the motivational factor and achieve the goals link with those factors.

Opportunity

In the affective KM system the organization must providing the opportunities to individuals to develop, keep in mind, and share the knowledge. So the opportunities are the result of experience and experience provide opportunities of knowledge share (Zellmer-Bruhn 2003). KM outcome are influenced by providing the opportunity to individual to learn from each other (linda et al 2003). The success of KM process is also depends on individual ability, motivation and opportunity. Knowledge management process effect an individual's ability to develop, keep in mind or share knowledge. Individual must be providing the reward to participate in KM process and individual must providing the opportunities to create keep in mind and share the knowledge (linda et al 2003). KM practices also effect on individual performance. Foss and Minbaeva, (2009) proposed that intra organizational knowledge is influenced by the management practices such as HRM practices. HRM practices mostly deal with the employee's related issues and these practices directly affect the individual performance.

KNOWLEDGE PROCESS AND INDIVIDUAL PERFORMANCE

Over the last several decades, more of our knowledge has shifted to soft knowledge. Knowledge management may be defined in various perspectives such as capture, share, and use; obtain, cooperate, participate, experiment (Leonard-Barton, 1995); create, share, collect, mix, and achievement (Teece, 1998); create, share, use (Skyrme and Amidon, 1998, Spender, 1996), create, process (Ivers, 1998); create, store; share and use (Leidner and Alavi, 2001); obtain, change, apply, protect (Gold et al., 2001) but Claver-Corte's et al. (2007, p. 46) defined KM "as the set of business policies and actions undertaken for the purpose of favoring the creation of knowledge, its transfer to all firm members and its subsequent application, all of it with a view to achieving distinctive competencies which can give the company a long-term". Gold et al (2001) proposed that knowledge management process consist of four broad dimensions are "acquiring knowledge, converting it into useful form, applying or using it, and protecting it".

Knowledge acquisition. The term "acquisition" refers to a firm's capability to identify, obtain and accumulate knowledge (whether internal or external) that is important to its functions (Zahra and George, 2002, Gold et al., 2001). Knowledge acquisition involves many aspects including creation, distribution and dissemination. The knowledge acquisition reproduces a "potential capacity" that reflects an organization and individual ability how the individual and firms use its knowledge to create competitive advantage, but this capacity does not give the assurance that knowledge will be used efficiently and effectively (Cohen and Levinthal, 1990).

Knowledge conversion. Knowledge can be collected from many sources (internal and external) but the organization is need to convert this knowledge so that their employees utilize it and increase the performance (Lee and Suh, 2003). The conversion of knowledge is start from data, data convert into information and information convert into knowledge to increase the employees' performance (Bhatt, 2001).

Knowledge application. Bhatt (2001) proposed that knowledge application is when knowledge is active and relevant when it is used to create value. For creating value through knowledge organization used different tools such as training and motivating to increase innovation, understanding firm process. Droge et al. (2003) stated that the firm in long term which create knowledge at lower cost as compare to its competitors and then apply this knowledge affectively efficiently than the firm will be successful in creating competitive advantage (M Mills 2011).

Knowledge protection. Knowledge protection is essential for effective working and control inside groups. Organization used different tools to for knowledge protection such as copyright, patent and information technology system (Yang and Lee, 2000). Knowledge protection is important for organization to create and retain the competitive advantage (Liebeskind, 1996). Moreover knowledge is essential for competitive advantage and creates value for the organization (Lee and Sukoco, 2007). Penrose (1959) stated that knowledge viewed as organizational resource in term of employees skills and experience and organization competitive advantage is determined how they managed and used. So on the basis on the literature we proposed that

H1: knowledge process is directly related to the individual performance

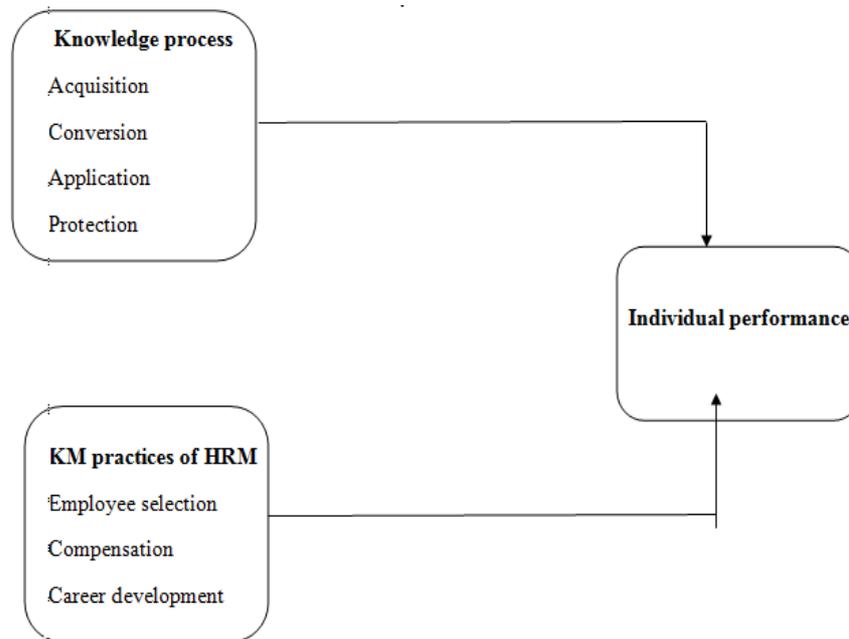
HRM Knowledge Management Practices and Individual Performance

HRM is typically defined as the management of the organization's employees (Foot and Hook, 2008). The tasks of HRM are staffing, compensation, performance appraisal, training & development. But the final objective of HRM is to find out best employee on acceptable compensation and give them training to increase the performance of employees. HRM is related to manage employees which are the important source of knowledge so HRM and KM are much interconnected. HRM practices play an important role in KM and with the help of these practices aligns the employee's performance with the knowledge strategy of firm (Wong, 2005; Hansen et al., 1999; Scarbrough, 2003; Hislop, 2003). Scarbrough (2003) stated out three practices of HRM which are very helpful in the knowledge flow in employees. These are employee selection, compensation strategy and career development. First is the employee selection it is very important & difficult step in which firm select a right person on right job at right time and place to increase the firm competencies. Second is compensation strategy it would be helpful for KM because the firm offer the short term and long term incentive to motivate their employees for knowledge creation and sharing. Third is the career development system this system is concerned about the training and education of employees and focus on which retention strategies are used to retain their competent employees and their knowledge (Scarbrough, 2003; Wong, 2005).

Tatiana (2012) stated that mostly organization used HRM practices (development & rewards) to motivate and increase capabilities of employees to perform effectively and efficiently. To conclude organization used HRM practices as a powerful tool stimulate the desired knowledge behavior among employees and when this desired behavior is achieved then the organization performance will increased and it may be get the competitive advantage (Tatiana 2012). So on the basis on the literature we proposed that

H2: The KM practices of HR are directly related to the individual performance

Theoretical Framework



METHODOLOGY

Sample

The respondents of this study are the employees of the city of Islamabad, which is capital of Pakistan and familiar as intense and culturally dissimilar city (population of Islamabad is having a different background because they belong to all over the Pakistan). We don't debate that the employees of that city totally characterize the sample of Pakistan, but we just describe a universal picture that how different factors effect on the employees satisfaction on the job. We used the convenience sampling technique for collecting the data. The survey questionnaire was filled by respondent for the period of November to December 2012. About 136 questionnaires were floated among respondents, out of which 117 were received and 107 were usable. So the response rate was 78%.

Variable Measurement

Dependent variable is individual performance and independents variables are knowledge management process and knowledge management HR practices. Dependent variable is consist of three parts individual motivation was measured (Størseth, F. 2006) such as "Is your work motivating?" Individual ability was measured by (Juan V. et all 2005) such as "I consider myself a person who is good at controlling positive and negative emotions". HR practices were measured by (Tatiana, Kianto, 2012) such as "Our organization specifically rewards knowledge creation with monetary incentives" and knowledge management process was measured by (gold et al 2001) such as "The KM processes in our company facilitates the acquisition of new knowledge about competitors in industry". We measure these variables by using the lickert scale (1 = strongly disagree and 5 = strongly agree) scales have good reliability and these scales are best to get the information about people. The reliability of KM process (.974), KM HR practices (.78) and individual performance (.964).

Table 1 describe Demographic data of respondents, most of respondents were male 78 percent and 22 percent female. Most of the respondents are below 45 years (85%) of age, 67 percent between the respondents are studied in MS

Table 1: Sample of Demographics

Percent	
Age	
18-25	55
26-35	22
36-45	12
46 and above	11
Gender	
Male	78
Female	22
Qualification	
Graduation	11
Master	22
MS or above	67

RESULT ANALYSIS

The results of the data are discussed in details in this section, firstly we discuss the correlation between individual performance, KM process and HRM practices and secondly we describe the regression analysis to describe the of independent variables on dependent variables

Correlation Analysis

Table 2: Correlation

	Mean SD	IND	KMP	HRM
IND	3.35 0.72	(0.964)		
KMP	3.35 0.68	0.944**	(0.974)	
HRM	3.5 0.67	0.884**	0.860**	(0.785)
This table shows the correlation between all the variables of the study. Correlation is significant at the level of** .01 (2-tailed) N=107 IND= individual performance, KMP = knowledge management process HRM= knowledge management HR practices				

In table two we calculate the mean, standard deviation and correlation of all variables which are used in hypothesis test. And we show the standard deviation, mean, reliability and correlation of each variable in table 2. To test the reliability of variables we used the Cronbach alpha technique. The values of cronbach alpha for all the variables individual performance (.964>.70), knowledge management process (.974>.70), knowledge management HR practices (.785>.70) we was studied significant at 0.70 level and this level was recommended by (Nunnally, 1978) and this level was also recommended by (Ndubisi, 2006). When we analyze the table 2, than we see the correlation among individual performance and knowledge management process, individual performance and knowledge management HR practices are positive correlate at 0.01 levels. In my analysis the value of multicollinearity within all the independent variables are less than 0.80, so there is no multicollinearity exists between the independent variables. We found the support of Goldsmith et al., (1999) study related to the multicollinearity.

Regression Analysis

Table: 3 Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	R ²
		B	Std. Error	Beta			
1	(Constant)	-0.206	0.114		-1.801	0.075	0.911
	KMP	0.299	0.062	0.275	4.804	.000	
	HRM	0.748	0.061	0.707	12.333	.000	
Dependent Variable: individual performance							

Table 3 describes the regression analysis among knowledge management process & human resource management practices as the independent variable and individual performance as a dependent variable.

The end result of regression table shows that the connection among knowledge management process and individual performance is positive and significant ($\beta=0.275$, $\rho<0.01$). The beta value of knowledge management process describe that if one unit increases or decreased in knowledge management process then individual performance will increased or decreased by 27 percent. The value is significant because it is lower than 0.05 that's why (H1, knowledge management process is positively affects individual performance) is accepted. This study confirms the finding of Penrose (1959).

The relationship between knowledge management HR practices and individual performance is significant ($\beta=0.707$, $\rho<0.01$) it describe that one unit increase in knowledge management HR than individual performance will be increased by 70.7 percent. These findings support (H2, which was proposed that knowledge management HR has positive effect on individual performance). This study confirms the findings of Tatiana (2012).

The value of R² value is (R²=0.911) it shows fitness of good of model. And the explanatory power of our model means that 91.1 percent of the model is explained.

DISCUSSIONS AND CONCLUSIONS

Our research contributes in the literature on knowledge and analyzing organization in knowledge management perspective. In this study we have to analyze how the organizations acquire, manage, disseminate and protect knowledge. We identify a knowledge management process by examining the organizational human resource knowledge management practices to increase the individual performance in the organization.

The significant effect of KM process and KM HR practices on individual performance indicates that when organization used the knowledge management process (Knowledge acquisition, Knowledge conversion, Knowledge application, Knowledge protection) than the knowledge of the individual increase related to their task activities. When the knowledge increased than the individual ability and skill will be increased. So the knowledge management directly will increase the performance of individual. Top management has a strong effect on KM process and these things indicate that top management has a strong influence on employee's performance (Schein, 1985). Penrose (1959) stated that knowledge viewed as organizational resource in term of employees skills and experience and organization competitive advantage is

determined how they managed and used.

This research paper investigates the impact of knowledge management practices (HRM) on individual performance. It was investigated that HRM practices having strong correlation and significant impact on individual performance. Tatiana (2012) stated that mostly organization used HRM practices (development & rewards) to motivate and increase capabilities of employees to perform effectively and efficiently. To conclude organization used HRM practices as a powerful tool stimulate the desired knowledge behavior among employees and when this desired behavior is achieved then the organization performance will increase and it may be get the competitive advantage (Tatiana 2012).

MANAGERIAL IMPLICATIONS AND THEORETICAL CONTRIBUTION

This research has highlighted a number of important theoretical and practical implications. Theoretically, this study makes valuable contribution in existing literature by examining key predictors of employee performance. It also identifies the importance of each predictor in predicting employee performance.

The study result also suggests several managerial implications for managers

- It will enable the firms operating in Pakistan to understand which type of KM process and HRM practices is significant in achieving organizational strategic objective and increase the performance
- Manager should give monetary and non-monetary rewards to their employees about how to get, absorb, share and protect the knowledge the organization.

LIMITATIONS AND FUTURE DIRECTIONS

The findings of current study constrained by a number of limitations that are relevant to the future research directions that concern on individual performance. First, this study was conducted at one point in time, to increase the external validity of results, longitudinal designs could be incorporated. Second, Current study relied solely on the response from a self administered questionnaire. So the problem related with this is the issue of participants responding in a socially desirable fashion. Future research may use multiple data gathering instruments. It may consider some form of an interview for data collection. This will enable the researcher to get more in-depth answers to questions.

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