



## ECONOMIC AND ORGANIZATIONAL CONSIDERATIONS OF KNOWLEDGE MANAGEMENT

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### Abstract

Physical labor is gradually being replaced by mental work. These changes in the work environment have resulted in a knowledge-based economy, also called an information economy with knowledge workers. In modern times, which are characterized by turbulence and unpredictability, possession of knowledge workers will probably determine the success or failure in an increasingly aggressive competitive rivalry. This article attempts to answer the question of what role knowledge workers play or could play, and what are the possible benefits and potential problems associated with the existence of this group of employees in the company. The problem is so important and timely, since it is estimated that in the future, knowledge workers will constitute an increasing proportion of employees, which has important implications for the approach to human resource management in today's organizations.

### Introduction

In the current market reality, economic activity requires a continuous search for areas in which one can gain a competitive advantage, while consistently improving operations, allowing the company to demonstrate superiority over the competition. The condition for improving operations include hiring competent employees who know how to perform the tasks they are given. This is particularly important when the improvements concern complex issues that determine how the business is run. This includes shaping the work environment, especially when it is characterized by quality requirements.

Currently, an important issue is human capital with relevant quality parameters. It turns out that the market value of companies often exceeds the value indicated in financial statements. This is related to the company's possession of hidden intangible assets in the form of intellectual capital with high quality parameters.

Companies with human capital can utilize the knowledge and skills of employees, by influencing their:

- competence (in the form of practical skills and theoretical knowledge),
- intellectual agility (characterized by innovation, affecting the ability to make changes)
- motivation (describing the desire to act and be involved in business processes, taking into account ethical behavior).

### Research methodology

The management of knowledge and the knowledge and talent of workers is described in the literature to a small extent, but existing studies are only concerned with part of the problem. There is currently little research and analysis focused on the issues of the management of workers with special abilities, skills and talents.

In view of this gap in research and analysis, the author of this publication has set a target to fill at least part of this gap. The subject of discussion in this article is the analysis of knowledge management mechanisms in the field of economy and business. Moreover, the aim of this study is to show new organizational solutions for the management of the knowledge and talent of workers in the company. As part of the study, the author presents the concept of human resource management in the context of gaining competitive advantage in the market. In addition, a model of talent management in the organization is featured.

The study method used is descriptive analysis based on extensive literature review. The theoretical output includes Polish and foreign, mostly English-language, literature on knowledge management mechanisms in the economy and in business, in the context of achieving competitive advantage.

### The concept of human capital management and the mechanism of achieving competitive advantage

Skillful management of knowledge provides the company with a great opportunity to achieve competitive advantage in the market. The concept of competitive advantage was built around the implementation of the strategy of using an organization's resources in a creative way as a response to the opportunities existing in the environment (Porter, 1980). Thus, competitive advantage can be achieved and maintained through various applications, and one approach to achieving competitive advantage is to focus on human resources.

Resource dependence theory is the basis of analysis in studies concerned with competitive advantage (Brush, Greene & Hart, 2001). According to resource dependence theory, an organization's competitive advantage is achieved and maintained through its resources with specific skills. Among the abilities (resources) of the organization, the most important role is played by key abilities that are distinguished by: high value, rarity, degree of substitutability and the impossibility of imitation (Barney, 1991).



According to Barney, key competencies are the result of heterogeneity and immobility of resources. According to this view, human resources can be treated as a key competence of the company, because they can be characterized by the description listed about (they have the ability to create high-value, are rare, and are difficult to replace and imitate) (Colbert, 2004).

On the basis of human resources management theory, a concept was created on how to manage what the company describes as its key employees and talent (Michaels, Hadfield-Jones, & Axelrod, 2001). It is a response to the need for organizational strategies and techniques to build competitive advantage based on what the organization considers its most valuable resource - people. The concept of talent management also appeared in response to the inconclusive results of studies on the relationship between human resource management and efficiency of the organization. Through the skillful use of the competences of the "the strongest players in the organization", this concept has been designed as a remedy for the difficulties in translating varied efficiency of companies which are characterized by their high quality of human resources management.

Assuming that there are talented people in the organization, the task of managers (including those dealing with the traditionally understood function of HR - implementing human resource management in practice) is to develop methods for the use of the potential of talented employees. This set of methods is referred to as talent management. However, a review of the literature (presented at other national and international conferences) show that neither the theory nor the practice of talent management has been able to find a way to distinguish a significant method or way of treating talent in organizations.

It should be noted that the literature also presented concerns regarding the ability to create and maintain a competitive advantage based on the assumptions of the resource dependence theory and talent management in the organization (Lado, Boyd, Wright & Kroll, 2006). They result mainly from a series of paradoxes underlying talent management. The basic contradictions are logical, and concern, among others:

1. The assumption that unobservable (difficult to measure and identify) abilities can provide a basis for competitive advantage- if the resource is unobservable, it is difficult to adequately measure and empirically verify (Godfrey & Hill, 1995);
2. The assumption that talent management leads to an endless and aimless search for the perfect set of resources (e.g. if the organization considers learning as a key competence, it launches the process of learning how to learn);
3. The belief that the casual ambiguity between the organization's resources and performance is difficult to imitate and provides a competitive advantage, wherein the ambiguity should be large enough so that no one, including representatives of the organization, was able to understand it- at the same time casual ambiguity allows and limits the creation of competitive advantage (Mosakowski, 1997);
4. Contradictions in the area of imitation of innovative solutions. On the one hand, organizations protect their innovative products against imitation, on the other, the degree to which products are imitated indicate a higher degree of innovation, which can also lead to the creation and maintenance of competitive advantage (Rogers, 1995).

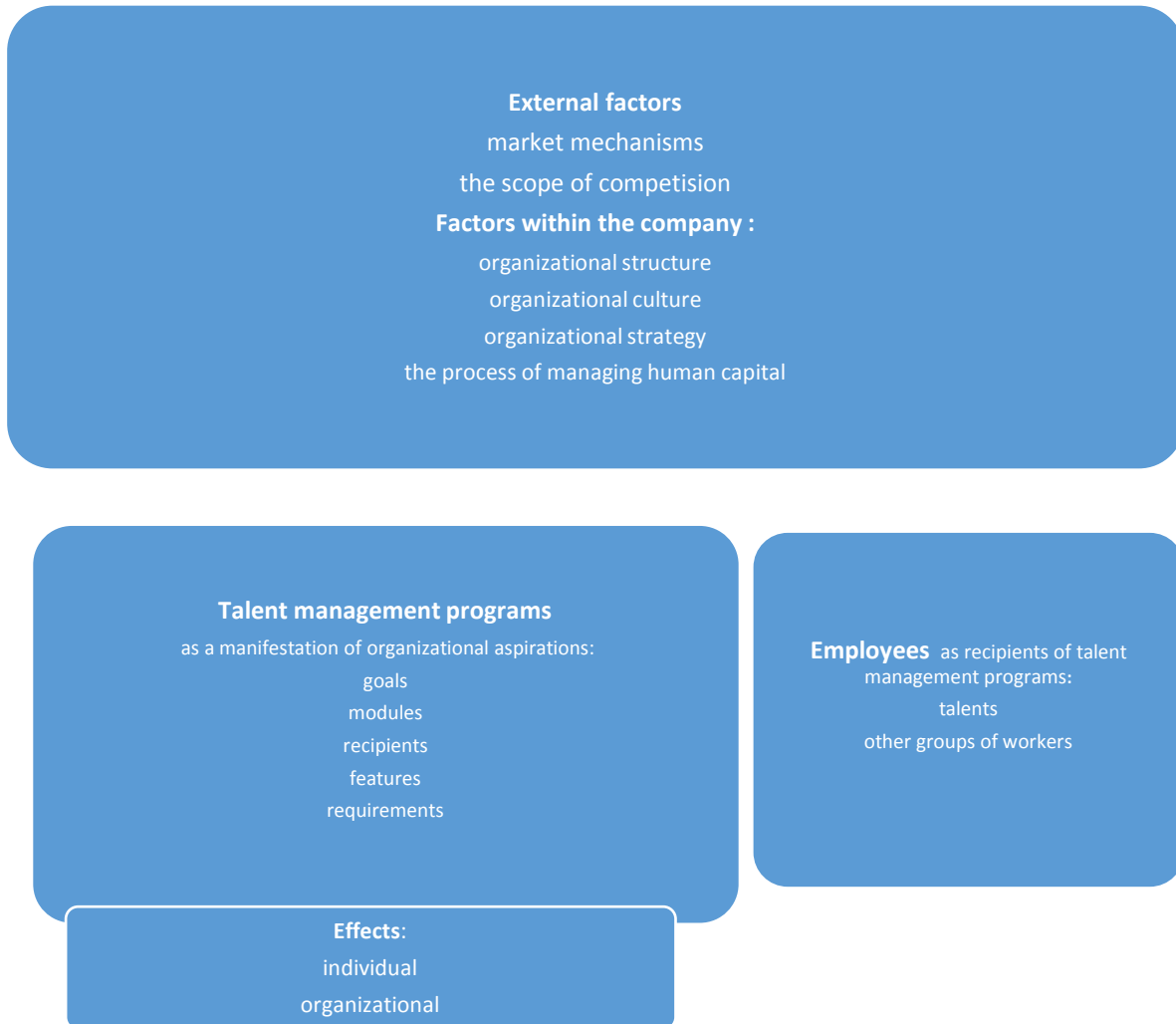
Talented employees, through their skills, are not only able to recognize the important relationship between resources and outcomes, but also are able to describe the relationship to a certain level of generality, which seems to be, at least partially, solving the causal ambiguity paradox. Practical examples of innovation show how innovation is combined with the inability to imitate it. Exceptional employees of a given organization can create organizational conditions for developing highly innovative solutions, and the tendency to imitate these solutions by others confirms the high level of its innovative nature and represents only a limited threat.

Talent in the organization can be a source of creating and maintaining a competitive advantage, and talent management, through a practical -theoretical design of the concept, can help the organization to achieve success (especially with the use of the theory of strategic conflict reconciliation).

Figure 1 shows a simplified form of the talent management model, with a particular emphasis on organizational conditions of talent management.



*Figure 1 Talent Management Model*



*Source: own research.*

Among the key determinants of talent management programs in organizations is the emphasis put on the definition of talent, culture, structure and strategy of the organization; its history, specifically how long it has existed and the experience of its workers; the duties, responsibilities and processes of human capital management – especially in recruitment, career paths, and potential influential groups (e.g. trade unions), and the broader economic condition of the organization. Analysis of the determinants of talent management listed above leads to the conclusion that these occurrences are mutually related. Furthermore, they are located at different levels of the organization.

There are more and more areas where knowledge workers (including talents) are employed. Biotechnology, nanotechnology and electronic banking are areas that a few decades ago were of marginal importance, and are now rapidly expanding and will be an important area of employment for people with narrow, specialized skills - including knowledge workers.

The rapid development and spread of information technology, increase in the number of better-educated workers, and focus on improving skills, are the most important factors influencing how humans work. The new working conditions in many areas are combined with an increase in the requirements for the qualification and competence of staff. Without a doubt, the most important factors that contributed to these higher requirements should include the dissemination of information and communication devices, the internationalization of business, decentralization of management and a focus on flat organizational structures.



## The specificity of managing knowledge workers in an organization

For current and future HR departments, there is no doubt that the biggest challenge will be to manage this new type of employee. This means that it will be more and more difficult to acquire, retain, motivate and develop such workers. This problem does not only concern a specific group of workers, such as high-class professionals, talents or knowledge workers, but almost all employees, both white and blue-collar.

Considering the possible difficulties arising as a result of employment of knowledge workers, it could be inferred that they are much more "trouble" for the organization, than a new quality and valuable resource. However, such a conclusion would be a too far-reaching simplification, because it is quite easy to define the potential benefits that knowledge workers can bring to the organization. They are undoubtedly an important source of innovation in the organization. Moreover, they often have specialized (unique) knowledge. They also create new knowledge in the organization (Czarniewski, 2014, pp. 1-8).

Difficulties in retaining knowledge workers stems from their sense of independence and a strong need for autonomy. Firms do not quite know how to manage this group of workers to keep them with the organization, or how to take full advantage of their potential and ensure further satisfaction of both parties. It is clear, however, that losing this type of worker may result in a reduction in the rate of development of the company in the long run (Filipowicz, 2008, pp. 165-166).

An important issue is the work efficiency of knowledge workers. Their work is based on knowledge, as opposed to routine work, requiring high-level skills, and is not easy to measure. The difficulty is that it is mainly qualitative in nature, and cannot be easily quantified. In this case, the quality of the work itself and its effects are both equally important. Unfortunately, in many organizations, the main criterion for assessing the performance of employees is based on quantitative indicators.

Proper management of employees often boils down to effective motivation strategies. Knowledge workers are often interested in addressing the needs of a higher order, such as self-realization, respect and recognition. Financial incentives are certainly important, but in this case, particularly important are non-financial incentives, such as the atmosphere at work, opportunities for development and prestige.

Potential conflicts with superiors result from a strong need for autonomy. One of the main characteristics of knowledge workers is the reluctance to execute the commands (orders), especially if the time for their execution is too short. People earning a living through thinking, receiving pay for education, expertise and experience, can think for themselves. Knowledge workers believe autonomy is a premium they ought to receive as a result of their education and experience (Czarniewski, 2014, pp. 88-94).

Problems with acquiring knowledge and talent employees are mainly due to the rising cost of recruiting these workers, and the difficulty of assessing them. In some publications devoted to the problems of managing knowledge workers, it is noted that the main reason companies feel there is a talent shortage, is the lack of or low efficiency of talent identification systems in the internal market, among workers who are already employed (Miś, 2008, pp. 34 -35). The first challenge that a manager of a knowledge or talent driven institution must face, is the identification of knowledgeable and particularly talented employees within the organization; the second is to understand that without the supply of properly skilled people, such institutions do not have a future, regardless of the state of their financial reserves, the value of assets or income to cost ratio.

Through the innovation of employees, the company has a chance not only to survive in the market, but to win, achieving competitive advantage. Today, the knowledge worker is presented with a whole list of expectations, which once was only required from managers. Expectations include: creativity, the ability to independently determine and perform various tasks, the ability to solve problems in situations deriving from the operation of the business under uncertainty (Makowski, 2008, pp. 459-460).

Knowledge workers, due to their specialized skills and desire for independence, often take full responsibility for the tasks performed. Their work is also characterized by a large degree of autonomy, which in turn enables them to acquire the opinion of being a professional, which is something that they are constantly striving for.

## Conclusion

1. Inevitably, every organization has to face the challenges brought by the emergence of a new group of workers and must adapt to changes in the environment. The statement that talent and knowledge workers are a response to the turbulent environment in which modern enterprises function, seems to be completely legitimate. Knowledge workers represent a new quality of employees which are particularly valuable for the organization.
2. Talent and knowledge workers are an important asset to the organization because of the specialist knowledge they possess. Usually they know more than anyone else in the company, are treated as experts in their field, and cannot be easily replaced. Thus, it should be a priority for enterprises to properly motivate this group of employees to work creatively and stay with the company as long as possible.
3. Knowledge management is extremely important for enterprises competing in today's markets, due to the high dynamics of change in the environment. Changes relate to technology, customers, competitors, as well as the business environment. The process of organizing knowledge management can effectively support the enterprise in its rivalry with competitors both in the domestic market and foreign markets.



4. Intensive development of information technology, increased awareness of corporations, products and services saturated with knowledge, the enormous and constantly increasing pace of change, as well as other factors, has caused knowledge management to be an extremely important issue for enterprises. In the resource approach to knowledge management, the emphasized problem is making use existing knowledge and creating new knowledge.

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