

Chapter 10

Developing a Framework of Human Resource Management, Organizational Learning, Knowledge Management Capability, and Organizational Performance

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ABSTRACT

This chapter introduces the framework and the practical concepts of Human Resource Management (HRM), organizational learning, Knowledge Management Capability (KMC), and organizational performance. This chapter also explains the role of HRM, organizational learning, and KMC on organizational performance. The developed framework presents the relationship among the constructs (i.e., HRM, organizational learning, KMC, and organizational performance) and contributes toward a better understanding of the specific mechanisms through which HRM, organizational learning, and KMC positively influence organizational performance. HRM effectively acts as a trigger toward effective organizational learning and KMC processes, thus creating a valuable organizational performance. Organizational performance that can usually help to perform a task in an integrated manner is a source of sustainable competitive advantage. Understanding the role of HRM, organizational learning, KMC, and organizational performance through the framework will significantly enhance the organizational performance and achieve business goals in the modern business world.

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INTRODUCTION

As environments become more complex and dynamic, firms must become more innovative in order to identify more opportunities for sustained superior performance (Shalley, Zhou, & Oldham, 2004). Organizational performance is commonly used as a dependent variable for business research and is considered to be one of the most important constructs in the field of management (Pagell & Gobeli, 2009; Richard, Devinney, Yip, & Johnson, 2009). Measuring and analyzing organizational performance has an important role in turning goals into reality, which in today's competitive environment is paramount to the success and survival of an organization (Popova & Sharpanskykh, 2010). HRM can be defined as all activities associated with the management of people in firms (Boxall & Purcell, 2008). HRM activities are commonly referred to as HR practices (i.e., recruitment and selection, employee training, and employee involvement) and are designed to create added value for the organization (Marescaux, De Winne, & Sels, 2013). Organizational knowledge from the learning process will help organizational members understand competitive opportunities (Tuan, 2013). KM is a set of interdependent activities aimed at developing and properly managing an organization's knowledge (Liao, 2011). KM is expected to improve and create competitive advantages for business enterprises (Shih & Chiang, 2005). Managing knowledge is a key element in the achievement and sustainability of a competitive advantage (Liao, 2011). Knowledge processes are positively related to organizational performance (Lin & Kuo, 2007; Ho, 2008; Zack, McKeen, & Singh, 2009). The role of knowledge has been studied from the managerial perspective in several streams of academic literature, and no common title for the wide knowledge-related research field exists (Lonnqvist & Laihonon, 2013). KM has become one of the most important trends in modern businesses across the globe (Pandey & Dutta, 2013). KM is crucial for maintaining and

gaining competitive advantage (Fugate, Stank, & Mentzer, 2009; Kiessling, Richey, Meng, & Dabic, 2009; Massa & Testa, 2009; Huang & Lai, 2012), as it supports more effective knowledge acquisition and transfer (McKinlay, 2005). KM will be the key to organizational success in this millennium (Davenport & Prusak, 2000; Desouza & Awazu, 2006). KM is aimed at getting people to efficiently innovate, collaborate, and make correct decision focusing on high-quality knowledge (Plessis, 2005). Knowledge is considered the most important resource in organizations (Choe, 2004). KM has been shown to be a powerful ingredient in the success of organizations (Davenport & Prusak, 2000; Desouza & Awazu, 2006). KM is a systematic and integrative process of coordinating organization-wide activities of acquiring, creating, storing, sharing, diffusing, developing, and deploying knowledge by individuals and groups in the pursuit of major organizational goals (Rastogi, 2000). This chapter introduces the framework and the practical concepts of HRM, organizational learning, KMC, and organizational performance. This chapter also explains the role of HRM, organizational learning, and KMC on organizational performance in order to develop the human resource architecture and to gain competitive advantage in the global business environments.

BACKGROUND

HR practices have been recognized by many scholars as a crucial function in enhancing organizational productivity and performance (Petrescu & Simmons, 2008). HRM can be described as a body of management activities, such as recruitment, selection, learning and development, reward, communication, teamwork, and performance management (Beardwell & Claydon, 2010). According to Thierauf and Hctor (2006) and Handzic (2009), the fundamental purpose of KM is to collect, organize, and process knowledge into a form that is useful to all employees. A general

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