

## The Context Of Knowledge In Organizations From Resource Based Theory To Knowledge Based Theory: A Conceptual Review

**Muhammad Ihsan Jambak**

Faculty of Computer Science, University of Sriwijaya, Palembang  
e-mail: mihsanjambak@gmail.com

### **Abstract**

Nowadays, organizations in order to increase their competitive advantages, they put more focus on managing the intangible assets rather than the tangible assets including the intellectual capital. Since the value of intellectual capital is resided in the talented human capital, therefore the talent management is commonly used for human resource management. The root of talent management is came from the Resource Based Theory (RBT) that treats the human capital as static assets that only need to be attracted, developed, updated, deployed and retained. In contrast, this paper appreciates the talent as an individual tacit knowledge that more than the said above, it can be created, captured and transferred, which is aligned with the Knowledge Based Theory (KBT).

**Keywords:** Human Resource Management, Human Capital, Knowledge Capital, Talent Management, Knowledge Management

### **Abstrak**

Dewasa ini, dalam rangka meningkatkan keunggulan kompetitif organisasi-organisasi bisnis lebih menempatkan perhatian mereka pada pengelolaan aset tidak berwujud daripada aset berwujud, termasuk di dalamnya modal intelektual. Karena nilai modal intelektual terletak pada modal manusia bertalenta, maka talent management digunakan dalam manajemen sumberdaya manusia. Talent management berakar pada Resource Based Theory (RBT) yang memperlakukan sumberdaya manusia sebagai aset statis yang hanya perlu untuk ditarik, dikembangkan, diperbarui, digunakan, dan dipertahankan. Sebaliknya, tulisan ini mengapresiasi talenta sebagai pengetahuan tacit individu lebih daripada sebagaimana disebut diatas, bahwa pengetahuan tacit individu dapat diciptakan, dapat ditangkap dari tempat lain, dan dapat ditransfer ke tempat lain, yang mana hal ini selaras dengan Knowledge Based Theory (KBT)

**Kata kunci:** Manajemen Sumberdaya Manusia, Modal Manusia, Modal Pengetahuan, Manajemen Talenta, Manajemen Pengetahuan

### **1. Introduction**

Globalization as the result of technological advances has been changed the world. The shifting happen changed extremely from the Industrial Economy to the Knowledge Economy, where commercial products were the main focus changes to service and expertise are the main business outcome. At today's business environment has been a change of views on a variety of resources that are strategic for the company. The change is from the dominance of the resources of physical / tangible assets to the dominance of intangible assets.

Human capital is one of the main components of intellectual capital (intangible assets) that owned by the company.

The vehicle that companies use to compete in the marketplace and achieve competitive advantages is called as competitive strategy. According to Porter [1], Company's competitive strategy can be different in many ways, including the suppression of innovation, quality improvement and cost reduction. Moreover, different types of strategies generally also require different practice of human resources. The point is that human resources represent a competitive advantage that can boost the profit of the operations if they are managed wisely.

It is widely accepted that managing people is essential in a modern organization. As all information systems, programs, policies and strategies are established by the presence of people within it. Therefore, Human Resource Management (HRM) has given big impact and became important in organizations. The ability of human resources is a competitive advantage of companies. Thus, in terms of resources, business strategy is to get the maximum added value can optimize competitive advantage.

To deal with qualified human resources employees should be treated as human capital, which has linked the implementation of human resource management with organizational strategy to improve performance, develop a corporate culture that supports the application of innovation and flexibility. Functions of the company are putting all the resources or ability to deal with the interests of the internal market as the main external factors. Resources as mentioned above, is a strategic human resource that added value as a measure of business success.

Talent Management (TM) look at human talent in organization, focusing on employee at all level who represent key agents of important knowledge for competitive advantage. Talent management is rooted from the Resource Based Theory (RBT) that treats the human capital as static assets that only need to be attracted, developed, updated, deployed and retained, where it focuses on managing the talented peoples, but never mentioned about talent as individual tacit knowledge that could be transfer, create or integrate [2-6]. From this perspective, it can be understood that TM is fails to look at talent from knowledge point of view. The main contribution of this paper is wanted to make sense the TM to be now addressed in Knowledge Based Theory (KBT).

This paper is structured by introduced the organization's influences, and then continued by talent management in HRM which was managing talent as an assets. By appreciating talent as tacit knowledge, afterward we discussed it from perspective of KBT.

## **2. Talent Management in HRM.**

As explained by Debowski [7], to respond the challenges organizations faced it by modifying their management practices and also core business processes. Definitely this strongly affected individual employees. They are experiencing increasing rapid changes in their work context and content. Debowski [7] also mentioned that one of the characteristics of a modern organization is highly complex interactions across the whole organization to

encourage high-quality performance from all employees. Regarding this, the organizational context and expectation will help employee to structure their work roles and contributions, and enables constant adaptation and responses to new demands and trend at work. Working is not only about applied the basic competencies but by over time also refining competencies and knowledge into higher levels of expertise, here this differentiates the experienced worker and the new comers.

Such problems have led to the new HRM practices, and bring a new dimension to the function of human resource works in many companies. The practice of good human resources will lead to an increase in an organization to attract and retain the best people. The availability of talented manpower in order to support business growth plans, the quality of managerial personnel, and the enormous cost control is now understood as the management of a large number of highly talented workforces.

Regarding to K-Economy, Ongkoraharjo et.al [8] expressed the view that the emergence of knowledge as a strategic company resource is based on the fact that knowledge can be used to develop the competitiveness of the company, because valuable, rare, and difficult to imitate by competitors and cannot be replaced by other types of resources. This is supported by Mayo [9], that measures the performance of the company from a financial perspective is very accurate, but actually the basis of the financial value drivers is human capital with all the knowledge, ideas, and innovation that they have.

In addition, human capital is the core of a company, from here we get understand that the most valuables assets of twenty-first-century-Company are its knowledge and knowledge workers. Then, the value of complex products is not rests in the factories and buildings used for fabrication, but in the minds of people who created them. The term Knowledge Capital is used here as away to bridge the differences between, Knowledge is the resource and Capital speaks to generating wealth. Then when an organization develops its ability to build, access, and leverage its knowledge resource it is creating its knowledge advantage. An organization is in the process of becoming a knowledge-based enterprise, able to transform its knowledge into wealth [10].

Like human capital and the more generic human resource management Talent management is grounded RBT of organization as explained by Barney [3], where organizations can gain competitive advantage to the extent that their assets and resources with which they compete and pursue organizational objectives are valuable, rare, and difficult to imitate.

TM manages consistently and effectively to attract, develop and update, deploy, obtain commitment to organization goals, elicit ideas for ongoing improvement, and retain this talent will fare well in long term. Logically as the talent is treated as an asset it is assumed the talent is static and ready-made resource. In contrast, our opinion talent can be improved along the time which is similarly to tacit knowledge (i.e. talented workforces possible to gain knowledge through their service period). Since the talent can be assumed as tacit knowledge, according to KBT then it is possible to be captured, created, and integrated.

### **3. Discussion.**

Contrary to RBT, the Knowledge Based Theory (KBT) as introduced by Grant [11] stands on Knowledge Integration as its key theoretical viewpoint, where the emphasizing is on the firm as an institution for integration of the specialist knowledge of their member become Organizational Knowledge. To define what is knowledge, Grant [11] offer beyond the simple of 'that which is known' which is recognition that there are many types of knowledge relevant to the firm. Grant [11] also explain in detail about characteristics of knowledge that have critical implications for management, as pertinent to the utilization of knowledge within the firm to create value. Those are: Transferability, Capacity of aggregation, Appropriability, Specialization in knowledge acquisition, and the Knowledge Requirement of Production.

Epistemologically, Grant [11] expressed knowledge distinction was between knowing how as subjective or tacit knowledge and knowing about as objective or explicit knowledge. The critical distinction is in transferability of the knowledge and the mechanism or process for transfer the knowledge. Emphasized by Kogut & Zander [12] that tacit knowledge is revealed through its application, and if tacit knowledge cannot be codified then can only be observed through its application and acquired through practice, its transfer between people is slow, costly, and uncertain.

Grant [11] had integrating the literatures on formal and explicit coordination of mechanisms for integrating specialized knowledge, then points out: Rules and directives, Sequencing, Routines, and Group problem solving and decision-making. To sustain the competitive advantage, the organizational knowledge as the result from knowledge integration of the specialist / expertise within organization. The production creation requires the integration of each person's knowledge with that of others even if knowledge acquisition is individualistic.

Since TM is managing ready-made talented peoples, the talented human resources always difficult to be recruited and developed, while there is always a risk to a company in losing their human capital in a state that so called as "Brain Drain". A brain drain happens in a situation that a company loses their human capital in such retirements, resignations, and other occurrences in the absent of human capitals. In fact the most competent employees are often those who resign or get the early retirement. On the other hand, employees who are low achievers seem to never leave the company. If a lot of quantity of the brilliant employee who left the company, then the company needs to look for ways to prevent this trend.

The exit of competent employees could enhance the level of environmental uncertainty faced by the organization. Sometimes a competent replacement is also hard to find. When the employee resigns or early retirement or normal retirement even though, he or she brings a wealth of knowledge about the organizational environment, business contacts, and influence that they establish with the business environment as well go away. The situation that mentioned above is forces organizations to make sure that they will not loss their competitive advantages just because they loss the individuals.

There are two important areas of emphasis in HRM: Talent Management (TM) and Knowledge Management (KM). The combination of the useful concepts of TM and KM formed a powerful conceptual amalgamation contributing to an organization's success in competitive market [13]. The 'knowledge asset' term provides an explicit reference to the essential role of the knowledge management tied to the human factor, building upon the past use of 'human capital' as a strategic tool for competitive advantage.

Vance & Vaiman [13] mentioned that many knowledge management have missed predominantly theoretical perspective where the fact is that effective knowledge management in practice is largely dependent upon human talent management, while talent management is predominantly practitioner-oriented without a strong conceptual foundation that knowledge management provide. They largely fail to recognize adequately human talent as repositories of potential valuable knowledge; they tend to focus directly on major practices in attracting, selecting, engaging, developing and retaining employees.

Many KM models are found from literatures, then SECI Model [14] is used as fundamental theory in this paper because its high level conceptual representation of KM. SECI Model shows KM process as a knowledge creation process, where knowledge is transforming tacit-tacit, tacit-explicit, explicit-explicit, explicit-tacit, namely Socialization, Externalization, Combination, and Internalization. However, in a case of brain drain or the absence of the talented workforce, caused the disappear of the tacit-tacit quadrant. In this case, our suggestion is to focuses on maintaining the availability of talents from talented manpower as representation of a competitive advantage and only after this then is should focus on tacit-explicit process. The tacit knowledge of the experts will be managed by a steady capturing and translating processes that could comprehensively formed into forms that can be understood by others.

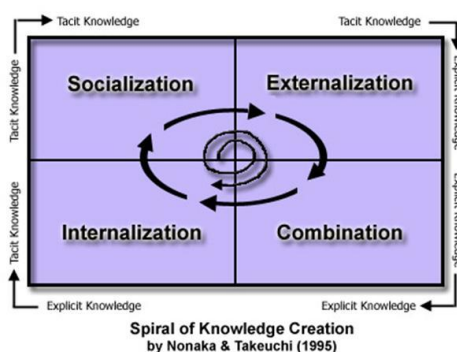


Figure 1 - SECI Model (Nonaka& Takeuchi, 1995)

Furthermore, we are supporting the argument of Grant [11] that the knowledge transfer as proposed by Nonaka & Takeuchi [14] is not an efficient approach to integrating knowledge. In contrast, the efficiency can be achieved by an effective integration through concern individual cross learning. When different types of knowledge vary considerably in their potential for transfer and aggregation, the implications for organizational knowledge and competitive advantage are profound. It can be noticed that the primary role of the



organization nurturing specialist knowledge resident in the individuals while establishing the necessary coordination for this knowledge integration.

## 5. Conclusion

In this paper, we carefully review the Talent Management (TM) as a source of an organizations' competitive advantage. We suggested in this paper that the TM need to be addressed based on Knowledge Based Theory (KBT).

We had appreciated the talent as tacit knowledge, and therefore it could be fitted into Nonaka's KM SECI Model where knowledge could be transferred, captured and created. We explained in this paper that the paradigm shift from the Resource Based Theory to The Knowledge Based Theory, demonstrate that talent not only possible to be managed but also possible to be captured and transferred to support the organization sustainability.

This paper give us the foundation and to see the TM from the KM perspective. From here we can say that by look at talent from knowledge point of view, TM and other areas in Human Resources Management can be concentrated in KM.

## References

- [1] M. E. Porter, *COMPETITIVE STRATEGY - Techniques for Analyzing Industries and Competitors*. New York: The Free Press, A Division of Macmillan Inc., 1980.
- [2] C. Ashton and L. Morton, "Managing talent for competitive advantage: Taking a systemic approach to talent management," *Strategic HR Review*, Vol. 4, pp. 28-31, 2005.
- [3] J. Barney, "Firm resources and sustained competitive advantage," *Journal of Management*, Vol. 17, pp. 99-120, 1991.
- [4] D. G. Collings and K. Mellahi, "Strategic talent management: A review and research agenda," *Human Resource Management Review*, Vol. 19, pp. 304-313, 2009.
- [5] R. E. Lewis and R. J. Heckman, "Talent management: A critical review," *Human Resource Management Review*, Vol. 16, pp. 139-154, 2006.
- [6] I. Tarique and R. S. Schuler, "Global talent management: Literature review, integrative framework, and suggestions for further research," *Journal of World Business*, Vol. 45, pp. 122-133, 2010.
- [7] S. Debowski, *Knowledge Management*. Milton, Queensland: John Wiley & Sons Australia, Ltd, 2006.
- [8] A. S. Ongkoraharjo M.D.P.A., Dyna R. , "Analisis Pengaruh Human Capital Terhadap Kinerja Perusahaan (Studi Empiris pada Kantor Akuntan Publik di Indonesia)," *Jurnal Akuntansi dan Keuangan*, Vol. 10, Mei, 2008.
- [9] A. Mayo, "The role of employee development in the growth of intellectual capital," *Personnel Review*, Vol. 29, 2000.
- [10] J. L. Chatzkel, *Knowledge Capital : how knowledge-based enterprises really get built*. New York: Oxford University Press, Inc., 2003.
- [11] R. M. Grant, "Toward a knowledge-based theory of the firm," *Strategic Management Journal*, Vol. 17, pp. 109-122, 1996.
- [12] B. Kogut and U. Zander, "Knowledge of the firm, combinative capabilities, and the replication of technology," *Organization Science*, Vol. 3, pp. 383-397, 1992.

- [13] C. M. Vance and V. Vaiman, *Smart Talent Management: on the powerful amalgamation of talent management and knowledge management*. Cheltenham, UK: Edward Elgar Publishing Limited, 2008.
- [14] I. Nonaka and H. Takeuchi, *The knowledge-creating company: How Japanese companies create the dynamics of innovation*: Oxford University Press, USA, 1995.