THE MANAGEMENT OF KNOWLEDGE WORKERS – KEY FACTOR OF SUCCES

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Abstract:
The traditional companies are built on familiar bedrock of buildings, plants, and inventories. Competitive advantage is viewed in terms of scale and volume stemming from high-capacity use of machine-based factories. Such an approach fails to recognize how the leverage of knowledge is becoming a key to long-term success. Nowadays, organizations must recognize that power resides in the minds of their best people, who are diffused throughout the business and the organizations are becoming more dependent on people than ever before. The recruitment and the employment of knowledge workers are becoming very important issues from Romanian managers. The competitiveness is the only chance to deal with a very challenging market, especially after European integration. In this paper we present the results of a survey of the opinions of Romanian managers about the most effective strategies for recruitment, motivation and retention the knowledge workers. The study investigated two groups of managers: the first group included the managers who never were involved in activities related to human resources, and the second, the managers who have been involved. The managers from the first group chose theoretical the strategies they considered most effective; the managers for the second group indicated the strategies they applied.

Keywords: knowledge management, human resources management

The definition of managing knowledge

"In the information age, a company's survival depends on its ability to capture intelligence, transform it into usable knowledge, embed it as organizational learning, and diffuse it rapidly throughout the company. In short, information can no longer be abstracted and stored at the corporate level; it must be distributed and exploited as a source of competitive advantage." [7]

Knowledge management has been described as "making the most effective use of the intellectual capital of a business. It involves *wiring together* the brains of appropriate people so that sharing, reasoning, and collaboration become almost instinctive and a part of everyday work." [7] Looking at an organization as being knowledge-based represents one of the fundamental shifts to actually thinking. Making this shift, however, means a complete overhaul in traditional management approaches (such as the recruitment, employment, and management of knowledge workers) and performance measurement (challenging such notions as return on capital and budgetary control).

The new language of the knowledge-based company, intelligent enterprise, and learning organization can be somewhat confusing. Terms such as "intellectual assets (or capital)" are frequently used interchangeably with "knowledge-based assets", "information-based assets", and "intangible assets".

The traditional companies are built on familiar bedrock of buildings, plants, and inventories. Competitive advantage is viewed in terms of scale and volume stemming from high-capacity use of machine-based factories. Service firms have similarly looked to large branch networks to display their power. Such an approach fails to recognize the importance of the switch from tangible to intangible assets and how the leverage of knowledge is becoming key to long-term success.

The 3rd millennium organizations must recognize that power now resides in the minds of their best people, who are diffused throughout the business. Utilization of this knowledge, which is embedded in systems, databases, and core competencies, is the new source of competitive advantage [10].

It is rather ironic that as the information age finally closes in around us, organizations are becoming more dependent on *people* than ever before. Even today's most powerful computers can't match the intelligence of a worm. Their increasing ability to capture, process, and distribute highly structured information is a wonder of the age, but businesses still require the intelligence and experience of human beings to turn that information into useful knowledge and good decisions. As Peter Drucker noted, "knowing how a typewriter works does not make you a writer. Now that knowledge is taking the place of capital as the driving force in organizations worldwide, it is all too easy to confuse data with knowledge and information technology with information." [3] Knowledge-based competitive advantage can occur in many ways. For example, hotels can now create personal profiles of guests and ensure that their special needs are looked after across their global network. The knowledge-based organization will also be able to monitor the performance of its key processes. For example, it will track how much value-adding work is being performed by its business units, teams, and employees.

Sources of knowledge

Organizations can acquire and improve their collective knowledge in various ways including learning by experimentation, from experience (especially from past mistakes), from the experience of others, and by the acquisition of top individuals or even whole businesses. The advantage of knowledge is such that a few exceptional people can make an organization successful. Conversely, the loss of those people can cause it to decline. It is therefore not surprising that high-profile knowledge-based companies spend large sums of money and considerable amounts of time attempting to recruit the best brains available. Moreover, once the brains have joined the company, they are given intensive training, often under the guidance of mentors. This development is not confined to technical knowledge or laboratory experience. These organizations drive their top knowledge worker to solve real operational problems. Constant evaluation takes place. Knowledge-based businesses are devoted meritocracies [10]. Human resource managers will find themselves increasingly important members of the team as rivalry between firms will focus on acquiring the best potential "knowledge-stars" in the business.

The most known sources of knowledge are: creative problem solving (to produce current products); implementing and integrating new methodologies and tools (to enhance internal operations); and formal and informal experimentation (to build capabilities for the future). All these activities are internal focused. The final activity involves importing expertise from outside, particularly suppliers, partners, customers, and other (often-unconnected) organizations. The activity of looking at “best practices” within companies well known for excellence in carrying out particular processes is known as benchmarking. Customers are invaluable sources of information about competitive products and services, and suppliers can provide useful feedback on the strength of company’s internal processes. However, learning will take place only if feedback is documented as it is received and not doctored to reflect personal views or biases.

Knowledge can also be shared between companies, particularly in joint ventures. By pooling investments and sharing risks, each partner gains access to a wider group of knowledge workers, and by achieving critical mass in research may well achieve break-through that on their own would be unlikely.

The research results

The knowledge worker has individual and personal knowledge, and organisations are increasingly seeking ways of transforming this into shared social knowledge deployed for organisational goals [6]. Our reasearch investigated human ressources strategies and practices for attracting, motivating, and retaining knowledge workers in Romanian firms. The reserach followed in some extent the models of Frank M. Horwitz, Chan Teng Heng and Hesan Ahmed Quazi (2003) [8].

Our work considers local firms and has one key aims: to determine the best or the most effective HR practices for managing knowledge workers, for proposing a schema for attracting, motivating and retaining these workers.

Baron and Hannan (2002) [2] provide an instructive conceptual framework with three dimensions of employment blueprints for success in high-tech start-up firms. First, a basis of attachment and retention includes compensation, quality of work and work group as a community. This is a key basis for creating the second dimension for attachment – criteria for selection – which includes skills, exceptional talent/potential and fit with a team or organisation. Thirdly, means of control and co-ordination include direct monitoring or peer or cultural control, reliance on professional standards, and formal processes and procedures. These dimensions were then placed into an organisational typology with the following models:

- the ‘star’ organisation which recruits top talent, pays very high wages and provides resources and autonomy to perform;
- the commitment-based organisation where people want to work in the long run;
- the bureaucracy where roles and functions are clearly prescribed with rigid project management techniques;
- the engineering model with a ‘skunk-works’ mentality and with high binding energy;
- the autocracy with a traditional instrumental and contractual basis for work.

Starting from this point of view, we investigated two groups of managers: the first group included the managers who never were involved in activities related to human resources, and the second, the managers who have been involved. The managers from the first group chose theoretically the strategies they considered most effective; the managers for the second group indicated the strategies they have already applied. A structured questionnaire was designed for gathering data, with three major sections. The first covered organisational profile, including industry sector, firm ownership, number of employees and the structure analyze of employees. In the second section, the deployment of knowledge workers as full-time employees or as non-core employees (such as sub-contractor, consultant, part-time, fixed-term contract and others) was specified. In the three and main section were listed strategies for attracting, motivating and retaining knowledge workers. In the each section there were 5 alternatives of choice and they had to indicate three, in the order of importance for them.

The respondents are managers included in a MBA program at the Academy of Economic Studies. Their number is 42, divided in two groups: managers who never were involved in human strategies design (19), and managers who participated at the elaboration of this kind of strategies (23).

The managers from the first group choose the answers in a theoretical way, based on the literature information. The managers from the second group indicated, in fact, the decisions they made during their jobs. All of them considered that they always choose correctly. After the responses analysis, there was an interesting discussion.

Related to the first objective, the answers of the first group are the following:

Attraction strategies: 1. Advertised jobs; 2. Internal talent development; 3. Used head hunters.

Motivation strategies: 1. Freedom to work independently; 2. Contact with top management; 3. Incentive bonuses.

Retention strategies: 1. Competitive pay package; 2. Challenging work; 3. Top management support.

It appears that the most popular strategies are the above mentioned strategies. During the discussions, the respondents said they choose the answers under the influence of professional reviews, books and MBA courses.

The second group indicated the following answers: Attraction strategies: 1. Very competitive total package on the labour market; 2. Internal talent development; 3. Reputation of employer.

Motivation strategies: 1. Freedom to plan work; 2. Challenging work; 3. Access to leading-edge technology/products.

Retention strategies: 1. Challenging work; 2. Highly competitive pay package; 3. Opportunities to develop in a specialist field.

Conforming to these answers, the most effective strategies for attraction is related to a highly competitive pay package and for the motivation is the freedom to work independently, followed by the challenging work. Both of these strategies are related to the content of work, an important intrinsic motivation. Concerning the retention strategies, the challenging work is the most important (an intrinsic motivator, too). This conclusion confirm the Herzberg bi-factorial theory [5]: the extrinsic motivators are responsible for the leaving, and the intrinsic motivators explain the remaining.

There are some differences between industries and in a further research we intend to develop this idea.

The conclusion is that the most popular strategies are not necessarily the most effective. Organisations need to give more importance of what does and does not work. Romanian managers are not so preoccupied to separate knowledge workers from the non-knowledge ones, elaborating special strategies. This could be a serious hindrance to compete with European companies with more effective practices and strategies in human field.

Leveraging knowledge for competitive advantage

Making knowledge-based investments cannot be just an act of faith; such investments must ultimately bring financial rewards. Several firms have been pleased with their investment in knowledge-based approaches, notwithstanding the problems with definitions and measures. Most documented successes so far have been in deploying structural capital (especially knowledge-based systems) to improve customer service and relationships.

Many firms make large capital investments to support knowledge workers but fail to reap the rewards of higher productivity. Managers cannot force knowledge workers to be more productive. In fact, more often than not, knowledge is locked away inside remote departments, business units, and especially communities of practice. In many cases this knowledge is fiercely protected not only from competitors, but also from colleagues in other parts of the business. In this way many islands of knowledge are created, resulting in the proverbial wheel being reinvented many times over.

Knowledge management is not another competitive weapon to be extracted from the consultant's toolbox. It is a long-term program, involving cultural change that goes to the heart of organizational management. The research into organizational learning is lighting the way. Understanding the nuances of communities of practice and how to harness and spread their strengths is the key issue. The approach to IT investment must also adapt. Instead of proliferating knowledge-based networks concerned with the capture and distribution of information, organizations must now understand that knowledge sharing is as much a social activity as a technical one and that computer network that facilitate this kind of dialogue are likely to be (and seen to be) more effective [9].

Chris Argyris notes that "twenty-first century corporations will find it hard to survive, let alone flourish, unless they get better work from their employees…employees who've learned to take active responsibility for their own behavior, develop and share first-rate information about their jobs and make good use of genuine empowerment to shape lasting solutions to fundamental problems. People and their attitude remain at the center of the 3rd millennium company. This journey into knowledge management begins with technology and leads inexorably to trust. In other words, to maximize the productivity of knowledge, bond of trust need to be created between all constituents – between shareholders and managers, between managers and workers, between workers and customers, and between business partners. These are the alien to the culture of nowadays economy, and represents one of the biggest challenges for aspirating the third millennium organizations" (Argyris, 1994) [1].

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