

Human Capital in the Knowledge Based Management

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Abstract

All over the world, the problem of human capital acknowledge, it's ways and means of shaping in order to improve it's creative potential, tends to occupy a suitable place in the ensemble of all the organization's management science and practice concerns.

This study aims that, according to the theoretical and pragmatism acquisitions, to present conceptual boundaries about the human capital involvement in the knowledge based management. It starts with presenting the relations balance and philosophy, and then there are being analysed the main growing factors of the human capital role in the knowledge based management. In the final part, there are being mentioned the human capital and it's management, together with conclusions and recommendations.

Keywords: *human capital, knowledge based management, labour content, the control over the human capital, changing the labour organization forms*

JEL classification: D83, O33

1. The human capital involvement in the knowledge based management development

The knowledge based management philosophy has obliged the authors of the study „The economy, the organization and the knowledge based management” to penetrate the essence of the knowledge based management, starting with the apparition, the connections with other sciences and directions of the managerial science, while explaining the the ideas, the purposes on which this branch of management is based on.

On starting it's chapter on „knowledge based management” with „the factors which stimulate the development of the knowledge based management” the authors show that „there exist multiple points of view, some being sustained and attractive over the factors that make it necessary knowledge based management”.¹ Among these, there has been selected, presented and commented the study about the certain necessity in the market's vision, starting with the idea that such a point of view validates the value of the economic action by following the demand-offer path.

¹ Nicolescu, O., Nicolescu, L., *Economia, firma și managementul bazate pe cunoștințe*, Editura Economică, București, 2004, p. 197

The presented relation ballance in a graphic shape, shows on one hand, the necessity factors (where there are being comprised the demand factors for the knowledge based management), and on other hand, it's possibility factors (placed in the field of the informational technologies) with precise references to the Mre Law (about the evolution of the computers processing capacity) and the Metcalf Law (regarding the computers network costs and value).

We agree with the mentioned authors which observe and reproach the fact that there is not being considered, especially on the offer part of the human capital which has the fundamental role in shaping the knowledge based management, as well as the knowledge based company and economy. That is why they felt the need of treating in a subchapter „human resources management” some of the essential aspects regarding the implementing manners of the knowledge based management from the human resources management.¹

2. The main factors of increasing the human capital role in the knowledge based management

In the last decades of the past century, the knowledge based management, as well as the entire managerial system, has suffered profound quality changes. Mainly, the process must be connected to the integration in the post industrialization stage stage of some western countries with the action of a long line of economical, political and social-cultural factors.

2.1 Labour content

In our clasification, we place in the first row of the increasement factors for the human capital in the contemporary production, the main changes in the labour content, which are being generated by using in the production activity the new techniques, technologies and methods. In the middle of the XX-th century, there is being felt, the presence of the automatization process of the production, which separates the workers from the working object and which includes a complexe system of machinery and equipments. This way, the human factor is being fried by most of the mechanical functions, and will concentrate their attention on signals and informations which are being provided by machines. Also, the automatization has diminished and eliminated, the direct connection between the labour intensity and it's productivity, making it useless the taylorist pattern of the personnel management. There have been promoted the ensurance functions of the activity continuity for the agregate system, serving and mantaining the machinery. All these have amplified the intellectual content of labour, the personnel responsibility and selfcontroll signification.

¹ Nicolescu, O., Nicolescu, L., Op. cit., pp. 271-290

A special influence on the labour content has been the one of the production computers in the 80's of the past century, about the process of creating smaller and cheaper computers. The attachment to the computers and other instruments contribute to liberate the personnel from the repeating and boring operations of controlling the machines. There have been taken by technology, not only the physical operations, also the intellectual ones, complicated ones throughout their nature, leaving to the personnel the ones which are not standard, the creative actions.

The computerization increases the role of the human capital in the production process and it generates some problems in the knowledge based management field. Using the computer systems and networks leads to increasing the home labour and labour individualization in general, and in an important measure, it replaces the communication and the co-work with the electronic connection. This weakens the sense of belonging to an organization and the interest to the activity of the entire organization. From here, the apparition of a new mission of the human capital management of neutralising the computers negative factors.

The present level of the science-technical progress contradicts the fundamental theory of the taylorist managerial pattern which sustains that "the maximum income is being obtained on the path of maximum simplification of the working functions". In the new historical conditions, the simplification of the personnel functions often stops the production efficiency, not being according to using some new technologies and methods, which demand from the human capital not only the serious fulfillment of own duties, but also taking collective responsibilities, for a more precise labour organization, in general.

The system of computer organization of the production allows in a practical manner, to obtain in time informations about any sector of the organization, it accelerates the control and the process of making decisions and modifying them. This way, it comes to process armonization for the decisions making regarding the human capital, the necessary information circulation for the units economy. For this it is being demanded to the human capital and especially the managers a high professional capacity, a high communication culture level, collectivity sense, concern for the entire organization interests. Increasing the exigence towards the human capital means, at the same time, increasing its role in the production, at the same time with complicating the functions in the knowledge based management.

2.2 The control over the human capital

The second increasement factor for the human capital role in the knowledge based management relies in changing the control possibilities on the human capital and increasing the signification of selfcontrol and selfdiscipline. The control represents one of the main functions of the human capital management. As we have shown, the taylorist pattern sustained a severe autoritary control of the

leader over the subordinates and a severe penalties regime. The technique, technology and modern administration methods decrease the possibilities and the necessity of such control, mainly regarding the direct control on the labour process, a situation which is being generated by complicating the work, increasing the knowledges and skills role in the labour process.

Verry difficil is beingachieved the current control on the not standardized labour workers, which is being represented by creativity and innovations. Here, there is being needed most of everting, the selfcontrol, based on a superior degree of high seriosity and responsibility, selfdiscipline and also, the control on the final results.

The increasing need of knowledges and creativity, of innovational thinking, with a current control puts conditions to the individual and groupliberty extinctions, the authonomy of idependent decision making. Using these new possibilities in order to achieve the organizational purposes, requires the presence on the human capital of some proper qualities and motivations. In some countries, there has been adopted the principal of offering to the human capital the possibility of registering indepentely the work results, and so to determine the amount of the deserved sallary. The increasement of the selfcontrol and selfdiscipline role in the working process changes the raport of different motivation methods for the human capital, it increases the the signification of the forming functions, but it makes them more complicated, comparing to the method „reward-penalty” of the framework „stimulation – reaction” of motivation in the human capital management.

2.3 Macroeconomic factors

In the third group of causes which condition the increasement of the human capital role in the production and in the knowledge based management there are being included, the macroeconomic factors, especially the orrientation and dynamics change of the demand and production, which is being orriented towards satisfying it, the increasement of the world competition and of the production quality.

Starting with the years '60 – '70 of the last century, under the influence of the economic growth, of the population wellbeing, there takes place a reorientation of the mass production, at a large scale, to the small scale production. “The diverse serie” and the elastic adaptation of the production to it has become the production paradigm of the XXI century. The rapid adaptation to a continous changing demand requires increasing the general and professional training, of learning process and the development ofthe permanent creation and innovation capacity.

The presence of such qualities to the human capital is being demanded by the sharpen and intensification of the world competition, a general situation which is being influenced by using some similar techniques and by different countries. In such conditions the human capital conditions becomes more and more a decisive factor for the competition success.

In the competition, an important place comes to the production quality, and tight to that, there is being increased the role of the human capital in the modern production. We must observe that, these days, the quality refers not only to the production safety but also to its capacity of satisfying the human needs. Such total quality is being ensured in all the stages of the production process, starting with the production project, to its achievement. For this it is being necessary a production culture of the human capital, which is being doubled by seriosity in transposing it to the productive practice.

2.4 Changing the forms of labour organization

The fourth factor of increasing the role of the human capital in the contemporary production and its management lies in changing the organization forms of labour in the organization. Among such changes, we observe in the first place, the wide use of collective forms of labour organization in a company and its units. Certain organizations experience and the empirical researches, emphasize the need that the multifunctionality imposed by the contemporary production and high responsibility must be shaped in the working group.

The human capital management ensures independently the control regarding the total quality of production which represents in essence, something new, compared to the leader's role of subordinates supervisor, which is specific to the traditional factory.

2.5 The increasement of the training and cultural level of the human capital

The fourth factor of increasing the role of the human capital in the production lies in *the increasement of the training and cultural level of the worker*, the increasement of the personal demands towards its activity. Starting with the '90's of the last century, there takes place, the shaping of the workers personality which is no longer satisfied with the obedience, but is struggling to find in its activity, the meaning of life, to become an active participant.

Such worker is no longer satisfied by the taylorist system of organising the labour, which gives him a role of mechanical doer of the leader's dispositions. The situation has changed in the process of transition to the small scale production and as a consequence of cheapen of some machinery. Due to some quality changes, in the labour content in the years '80 – '90 from the last century, we can observe a coverage on one hand of the production possibilities, and, on other hand, a satisfaction of the personnel demands regarding the labour organization and the management type. In general, the increasement of the training level and culture of the personnel, has contributed to the increasement of its role in the contemporary production and in the society and to the decrease of the efficiency of traditional authority methods.

2.6 Democracy development

All these have found their reflection in the sixth factor of increasing the role of the human capital in the contemporary production - the democracy development in the production and in the society. *The democracy influence* in the state limits, on the human capital and its management, unfurls on two different directions:

❖ *Troughout the culture* which is being formed under the influence of the democracy and other elements means the acknowledgement of personal value, the respect of the persons rights, among which the right to work and social rights, the manifestation of the democratic leading style and participation to the organization activities;

❖ *Troughout adopting the laws* which defend the rights of the human capital and cover the production relations.

The direct influence on the human capital situation and management can be ensured only by the production democracy. In our days in most countries, there exists in certain forms the production democracy: production councils, professional organizations, price conventions and others. Many organization belong to the workers, which have the right to make managerial decisions.

Many rights in the production belong to the unions. Setting the inner relations with the unions and other democratic-productive organisms represent a major direction of the specific actions for the current human capital management. Though the production democracy does not extend on the technological progress, still, with its help, the human capital can participate to solving many important problems, especially of social nature. The managers rights are limited in many directions. For exemple, in case of detaching an individual working contract, the organization manager is being obliged to prove, in case of need in court, the reasons of dismissing that person from the unit. Obviously, in such conditions, one of the human capital management conditions - detaching an individual working contract – becomes very complicated and expensive.

2.7 The increasement of the labour force price

The democracy development in the society and in production is highly connected to the seventh factor of increasing the role of the human capital in the contemporary production – the increasement of the labour force price. At the present time, in the western democracies, the labour force price is high. In the last years, the highest expences were in Germany and Swizerland , although they are being situated under the USA.

Next to the sallaries, in the personnel expences, a significant part is the one with the social protection, vacation and organization social services payement (medical service, psichological and juridical consultation).

As a conclusion, the significance of the human capital in the contemporary production is being emphasized by the fact that the worker is expensive, is hard to be dismissed and more expensive to be offered with a proper job, the working content requires a superior qualification, responsibility and initiative.

3. Reconsidering the human capital and its management by considering their signification in the knowledge society

The human capital depends on the individual quality and this way, we can explain why a worker is more productive than other, while working with the same equipment.

The companies or countries competitiveness is being determined by their human capital. The employment policy offers better and more jobs. Both demand that the workers have advanced training levels, because many jobs are being paid with big salaries.

The wide spread of the informational and communicational technologies involves the personnel ability to work with it¹. That is why the knowledge society requires a large number of technologies experts, which have the ability of developing hardware and software according to the company's objectives and needs.

The essential signification of the informational and communicational technologies is tight up not only on the personnel working on the production sector for the certain technologies, but also the entire company personnel. At the present time, over 50 % of the European Union personnel use computers in their jobs and there are less jobs which do not require digital basic knowledges. The digital skill have become today selection criteria in hiring the personnel.

In reconsidering the capital and its management, there must be considered that the problem approach, the knowledge society requires not only skills of using the informational and knowledge technologies, but also the ability of adapting to new improvements. That is why the learning continues, along the life time and becomes more essential. It is important and necessary that the schools and universities offer basic knowledges for their graduates. The companies, being preoccupied by own personnel development, must use most of their resources to ensure that the employees face the new technologies and organizational development. It is being considered, that these investments are being more important than the physical equipment. We must consider a confirmed and proved reality: the increasing rate of the structural changes and the increasing professional mobility bring significant complications, which must be faced by the companies. The knowledge society ensures instruments for the continuous learning enable.

4. Conclusions and recommendations

We live in a period when the knowledges, as nontangible resources becomes more important. The selfknowledge is not efficient if it is not spread, if it does not become a common asset. At the same time, there must be considered also the social problem, meaning the society progress can be assured only on the path of valuing all kind of knowledges on a social plan. With this purpose, the knowledge

¹ Lingemann, H., "Bilanțul cunoștințelor, instrument pentru munca cu personalul", în: FB/IE – *Revista pentru dezvoltarea firmei și inginerie industrială* 50 (2001), 175-177

based management, owns all the means throughout which it can achieve and value the knowledge by involving the human capital.

As recommendation, we mention: the extension and the profound study of the scientific knowledge, throughout using the knowledge management under the form of technological and organizational knowledge; producing new technological knowledge by innovation; spreading the knowledge by all citizens with the internet and electronic book help and by using the electronic procedures learning. Along the action process, there must be considered the fact that the knowledge society is fundamentally necessary in order to ensure a sustainable society from the economical, social and ecological point of view. With the help of the involved human capital in the knowledge based management, we will be able to ensure that the knowledge society represent a new era of the culture, on the first plan being the knowledge culture.

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