

## **KNOWLEDGE MANAGEMENT AND HUMAN CAPITAL STATE UNIVERSITY**

**Mironescu Roxana, Feraru Andreea**

"Vasile Alecsandri" University of Bacau

[roxy\\_mironescu58@yahoo.com](mailto:roxy_mironescu58@yahoo.com), [andreea\\_feraru26@yahoo.com](mailto:andreea_feraru26@yahoo.com)

**Keywords:** intellectual capital, knowledge, skills, investment in human factors, organizational culture

**Abstract:** The human capital of a modern organization, as a part of the intellectual capital, contains the professional knowledge, skills, abilities and health, all these can determine any creative person to increase his capacity and, thus, to obtain the expected income in the future. Also, it can be interpreted as the people's capacity to effectively produce goods and services. In the knowledge economy, learning is the successful key factor. The today's companies rely on the accumulation and transformation of data into primary information and then the information into knowledge.

### **1. INTRODUCTION**

In the economic processes, the physical assets are subordinated to the intangibles ones, which are ranked on the first places, so that the most significant assets are the intangible ones (knowledge, ability to handle information, organizational culture). The essence of an organizational ability to produce wealth is not the machinery and other inputs or possessions, but it is the specific knowledge, the ability to solve complex problems and to create correct solutions for them.

Referring to this change of role of the modern business assets, A. Toffler's opinion refers to the situation where as long as investors from the delayed industrial sectors still consider the traditional tangible assets - factories, equipment, stocks, as being critical, they must face another kind of investors in the most advanced and fastest growing sectors, which are based on totally different factors. Those investors are willing to support investments in some more quick and efficient ways. Nobody buys a part of Apple Computer or IBM shares because of these companies material heritages. What is important are not the buildings or the equipments of these companies, but contacts, power marketing and sales forces, the management and its organizational capacity, because of the ideas generated from the employees' heads.

The human capital is the component that integrates the intellectual capital resources associated to the intangible human resources inside an organization. The formal definition of the human capital can be found in the Dictionary of Economics, rendered as, "the stock of professional knowledge, skills, abilities and health that can determine a person to enhance its creative capabilities, and, thus, the expected future revenues; it means, also, the ability to get people to the effective production of the goods and services".

Drucker [Drucker, P., (1999) The capitalist society, Bucharest, Image Editors, page 18]. believes that radical changes in the meaning of the concept of knowledge (from their application on "to be" transferred to "to do it"), held on the European continent in the early eighteenth century, was the cornerstone of the transformation of capitalist practices and technological advances into a global pandemic.

Knowledge is, in his view, highly mobile, it can be quickly and cheaply created anywhere in the world. By definition, knowledge is changing. Therefore, change management must be one of the current concerns of any organization.

The concept of human capital match with a person's skills and knowledge and it improves one's growth and change in action and economic development [Coleman, 1988]. The

human capital can be developed through formal training and education, aimed to update and renew the person's capabilities. We must make the distinction between different types of human capital.

In turn, the human capital can be divided into individual capital, which includes knowledge, skills, personal skills and the social capital, aiming the human relationships at the workplaces. Several studies show that in the U.S. companies, the value of human capital exceeds the capital structure and the value of the relational capital.

The specific human capital in a company contains skills and knowledge that are relevant to the specific activities. For example, some researchers have examined the impact of a business know-how inside a founding team on the rate of growth in a company being at the start-up stage.

In a systemic approach, the human capital forms of appearance inside the organizations, may be as follows, from the next table:

**Table 1. Ways of expression of the human capital inside the organizations.**

<b>Competences</b>	<b>Employees' behavior</b>	<b>Intellectual abilities</b>
<ul style="list-style-type: none"> <li>✓ knowledge gained through education,</li> <li>✓ Training /coaching</li> <li>✓ Talent</li> <li>✓ The practical experience.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Motivation / altruism,</li> <li>✓ Communication, / collaboration between employees,</li> <li>✓ ethical behavior face to the social values</li> </ul>	<ul style="list-style-type: none"> <li>✓ observation and learning the innovations from other areas of activity,</li> <li>✓ individual innovation and personal renewal;</li> <li>✓ Adapting to the new conditions of the competition,</li> <li>✓ Ability to transform the ideas into innovative products / services / methods.</li> </ul>

At a company level, the human capital component is regarded as an intellectual capital part [Edvinsson, 1997] in the structural capital, defined as the "body and supportive infrastructure of the human capital", i.e. all those things that support human capital within a company and which is left out when employees leave home at the end of the day.

Another specialists see the human capital as a stock of professional knowledge and skills coming from the educational process and enhanced and enriched the work. The education is valuable for the future income or for the earning potential. The same with the result of the physical capital investments, the human capital also is resulting from the specific investments, made in order to generate the future income. The expected benefit of the initial costs is a higher cash income or a more important and more rewarding future job, compared to the previous one because the carrier and the manager himself of such a wealth is quite the employee, he will manage to maximize the income (wages) he will get. In this view, the unequal wagea, the inequality derived from the human capital formation and use, i.e. the differences in the employees' training, their capacity to adapt to existing work processes and technology in business or the geographical mobility are important sources of insatisfaction and low productivity. At the same time, differences in wages affect the factor named labor allocation in the economy, triggering the mobility of the employees to acquire the most requested qualifications or for growing businesses.

#### **4. CONCLUSION**

In short, we can say that the human capital represents all the employees in a company with the meaning of knowledge, skills, experience, skills and their individual talent, regardless of way all that summ of characteristics were obtained, such as:

education, study, continuous learning at work . They are aiming to create personal, economic and social wealth.

The organizations, as employers, must especially reconsider those employees' work who value knowledge because they are free to choose how, and especially where they are inclined to invest their own energy, skills and time, and they can be treated as freelancers or as some little entrepreneurs .

Concluding, the human capabilities, regardless of how they are acquired (through education, in the family, in formal or informal ways) are the roots of the future benefits. They involve costs and long term payers, but those costs are investments in personal or general welfare

The first purpose of this research is to identify the reasons why the organizations are seeking to measure the intellectual capital. Through the systematic literature review, we were able to identify five main reasons. These are, as follows:

- ✓ to help organizations in order to establish their strategy;
- ✓ the assess proper identification and for the strategy execution;
- ✓ to assist in diversification and expansion decisions;
- ✓ use these special assets as a basis for compensation;

Measuring the intellectual capital can be used to help in formulating a business strategy. Researchers define corporate strategy as the pattern of decision making in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, it define also the range of business the company is to achieve, the kind of economic and human organization it is or intends to be.

Organizations understand that when formulating a corporate strategy it is not enough to identify only the competitive forces, the opportunities, and threats of the environmental, as suggested by Porter, in the PEST model. In addition, organizations have to identify their corporate competences and resources in order to evaluate opportunities. The intellectual capital of a company should be one of the central cornerstones in formulating a strategy and one of the primary reason depending on which a company can establish its identity and frame its strategy, as well as one of the primary sources of profitability .Therefore, the companies need to strategically identify and develop their intellectual capital, in order to gain a competitive advantage and to increase their performance

Most researches in this field seems exploratory in nature and not empirical. There is little empirical evidence of strategy formulations based on the intellectual capital. About twenty years ago ,Richard Hall [1992] conducted a survey of 95 UK chief executives to determine the relative contribution each intangible resource makes to the success of the business. Across all sectors the perception was that company reputation, product reputation and employee know-how were the most important intangible contributors for the overall strategic success.

Knowledge is not only a resource but also a necessity of the social existence. Last decades of the twentieth century have devoted the first studies on the economic behavior of knowledge. Knowledge is validated or not by the results obtained in their practical application. Today, the capitalist society needs, perhaps, more than ever, educated individuals, especially since she entered in the digital age. The new company is built from a knowledge-based economy, so-called "digieconomy."

Managers see the current knowledge of the company as a key asset, which must be exploited for competitive purposes For them:

1. knowledge is a sources of productivity and growth and should be disseminated as soon as possible inside the company;

2. creative ideas and innovative thinking are essential to achieve success in changing markets;

3. learning organizations are easy to imagine, but hard to create and maintain.

Many specialists in management and intellectual capital rightly appreciate that today's companies are in the midst of some massive changes that require growth and innovation, which is why many of them have adopted long term learning strategies and correct evaluation and use of the human resources policies.

### **Bibliography:**

1. Adumitrăcesei, I.D. & Niculescu, N.G, (2003), *Economia reală la o răscruce istorică.Premise. Imperative. Posibilități*, Editura Junimea, Iași, ISBN (10) 973-594-847-8;
2. Albanna, S., (2000), *Knowledge Management and Strategies for Development in a Rapidly Changing Global Environment*, Falls Church, VA USA, ISBN 9780849398209;
3. Berry, Thomas H., (1991), *Managing the total quality transformation*, New York, McGraw- Hill Inc, ISBN 10: 0070050716;
4. Brătianu, C., (2003), *Managementul strategic*, Ediția a 3-a, Editura Universitaria, Craiova, ISBN(10) 973-742-445-x;
5. Debowski, S., (2006) *Knowledge management*, John Wiley & Sons, Milton, ISBN 0470805382 ;|
6. Drăgănescu, M., (2003), *De la societatea informațională la societatea cunoașterii*, Editura Tehnică, București, ISBN: 973-31-2198-3;
7. Dzinkowski, R. (2000), *The value of intellectual capital*, *The Journal of Business Strategy*, ISBN (10) 973-594-847-8;
8. Edvinsson, L., (2000), *Some perspectives on intangibles and intellectual capital*, *Journal of Intellectual Capital*, ISSN 1675-1930;
9. Garvin, D., (1993), *Building a Learning Organization*, *Harvard Business Review*, July- August, ISSN: 0969-6474;
10. Giju, G.C., (2009), *The new values of the knowledge economy*, *The annals of Valahia University of Targoviste*, ISSN 1453-7516;
11. Guthrie, J., (2001), *The management, measurement and the reporting of intellectual capital*, *Journal of Intellectual Capital*, ISSN 1469-1930;
12. Herremans, I., Isaac, R., (2004), *The intellectual capital realization process: an application of the resourcebased view of the firm*, *Journal of Managerial Issues*, ISSN 2222-1905;
13. Manolescu, A.,(2003), *Managementul resurselor umane*, Ediția a patra, Editura Economică, București, ISBN 973-570;
14. Murmann, J., (2003), *Knowledge and Competitive Advantage. The Coevolution of Firms, Technology, and National Institutions*, Cambridge University Press, ISBN 9780521813297;
15. Wenger, E., (1998), *Communities of practice: Learning, meaning, and identity* . Cambridge, UK Cambridge University Press, ISBN 978-0-521-66363-2.