The Relationship between Human Resource Management and Knowledge Management with Corporate Social Responsibility

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ABSTRACT

Nowadays knowledge is the base source of most organizations, so if the human resource management influences managing of the employees and if the most valuable source of the employees is knowledge, then human resource management and the knowledge management are really close to each other. However, in these competitive conditions of the 21th century, the necessities are earning and keeping a competitive advantage which in these past years, organizations could earn by social responsibility strategy. Therefore, in today organizations, corporate social responsibility administrators are knowledge based human resources. The purpose of this article is analyzing the aspect of knowledge management and the organizations social responsibility and developing theme in different models of human resources management. Since the subject of this article is to offer a consolidated model of the relationship between knowledge management and human resources management and it is influence on Organizational Performance (on social responsibility basis) with a strategy approach, it has been tried to examine several models of human resource management and knowledge management is to determine the relationship between Human resource management practices, knowledge management, Factors affecting these choice and Organizational Results. Finally, the comprehensive model with strategic approach was presented that will be offered at the end of the article.

JEL Classification: D23; D83; O15.

Keywords: Human Resource Management; Knowledge; Corporate Social Responsibility; Organizational Performance.

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1. INTRODUCTION

The transition to a knowledge revolution: in the new economy, knowledge is the main source of economic and industrial development and other traditional production factors such as land, labor and capital are located in the next level of importance. Thus in the new economy of the new millennium, knowledge has emerged as a valuable asset that has been developed and managed. Other authors argue that knowledge has become a competitive advantage for companies, or know it as the best resources and only sustainable competitive advantage (Armstrong, 2006; Ulrich, 1998). Knowledge as the ability to maintain assets, and the company's ability to achieve defined goals (Soliman, 2000). However, at present, competitive advantage, create value and ensure long-term growth is increasingly depends on the role of human capital in organizations means sum of knowledge, attitude, behavior, capabilities and human resources experiences (Kulvisaechana, 2005). Accordingly human resources considered as a strategic partner in the 21st century and the most valuable organizational asset. Human capital should be acquired, maintained and utilize it in efficient way to create added value). Therefore, human resources is one of the most important inputs to any enterprise system. How much organization is able to attract qualified workers, maintain and use it more effectively, will be more successful in reaching to its goals and will be more leading than the competitors. So today, competing of organizations is not limited to gain more profit and market share. But all these are effects of more important factor, competent human resources, and this is what organizations today would have realized and compete to absorb these forces and try to protect them and prevent them from leaving their service. This study aims to search for the relationship between human resource management and knowledge management where the role of corporate social responsibility will be also evaluated. The criticisms about this nexus will be also

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provided throughout the paper and model proposal will be made in order to provide opportunities for further researchers in the related areas. Firstly, the next section will present literature review on this nexus as a beginning step.

2. LITERATURE REVIEW

Knowledge management is managing knowledge of the company, which can improve range of organizational performance characteristics by enabling the company to "more intelligent performance". This is not a new movement by itself, because the organizations attempt to inhibit internal processes and resources over the years, leads to various movements such as total quality management, business process re-engineering expert systems, learning organization, core capabilities and strategic focus. In the age of information and knowledge, successful managers are not only seeking access to information. Good managers in organizations by chance use knowledge of experienced and skillful people whom they have hired and also use processes to manage effectively. But it is only a short time that organizations have prone to this issue in a formal and more systematic way. Knowledge is a fundamental factor that its successful application will help organizations provide innovative services and products. In epistemology, social sciences and psychology, a lot of resources on the meaning of "knowledge" and "know" are found. However, the commercial aspect of knowledge is much more practical. There is no definition or consensus about the meaning of knowledge management.

Gloet & Berrell (2003), defines knowledge as "fluid mix of gained experience, values and professional vision that provides a framework for evaluating and gaining professional experience and new information ..." Doctor Kara O'Dell, president of the American Center for efficiency and quality, said: "Knowledge is information that has value ..." =. Companies are moving to new organizational models that emphasize on radical decentralization and by using advanced information technology enables organizations to benefit from their intellectual privileges. Mensanto firm in foundation of knowledge management structure enable the company to inhibit intellectual capital to enjoy the benefits of a large global company with the flexibility of a company. Knowledge management pay attention to important issues such as organizational adaptation, survival and ability to deal with the growing changes in the environment. In fact, knowledge management seek synergistic combination of data processing, information technology and human creative ability (Malhotra, 1997).

Knowledge management is a challenging process, because it was difficult to identify the real value and suitable use of it in a way that make competitive advantage for the organization it more difficult. Now managers are struggling through knowledge management, extract accumulated knowledge in the minds of members and sharing it among all the people. The knowledge stored in the system has become a source of constant use and provide sustainable competitive advantage for the organization (Huysman, 2006). Knowledge management is a set of processes for understanding and applying knowledge strategic resource in organization. Knowledge management is a structured approach that establish procedures to identify, evaluate, organize, store and apply knowledge to meet the needs and goals of the organization. Nonaka et al., (2000) in its integrated model for creating dynamic knowledge, knows knowledge as an internal driving factor. Knowledge encompasses multiple meanings in different and specific times and places. Knowledge which does not have concept in fact will be information. And when information becomes knowledge that has been interpreted by people, mix with their ideas and obligations and give concept to it.

Many of the texts and dictionaries for the past 30 years, in a wrong way define human resources as people in the organization. Instead, human resource should, as the main and inner resources that we have as human beings, and we can understand them by apply in different roles in our lives, both at work and in activities such as childbearing, leisure and social services. Human resource management on organizational needs emphasizes on human resources and management role in the recruitment, motivation and development of people to respond to these needs. However, the debate about how to manage human resources in a sustainable competitive advantage and cooperation, is continuing (Sheehan, 2014). In the eighties of the twentieth century, a new concept, Human Resource Management, in the United States of America by taking into account the principles of total quality management in Japan that knew staff as the human resources as an essential resource, and was introduced by combining scientific management approach, school of human relations and the principles of strategic management (Lapina et al., 2014). Human resources management is defined as identify, select, hire, train and develop human resources in order to achieve the objectives of the organization (French, 1989). From organizational aspects, human resources including people in an organization, its employees and individual potential in business (Price, 2011).



In the modern concept of human resource development, human resource must be equipped by skills and capabilities tailored to the needs of contemporary organizations and with the compassion and commitment and scientific insight, put all abilities, energy, and expertise in order to achieve the mission and goals of organization and constantly produce new quality organizations and intellectual values. According to Thylmann (2005), two important aspects in the organization are human resources and process circuit management. Every man can play the knowledge creation role, however, the same person cannot be innovative.

In fact, knowledge is essential for corporate governance and human resources management, on the other hand creating knowledge by any organization is done by human resources (Taylmana, 2005). The main objective of human resource management is participation of employees to the last class of the partnership and improving the process. Although human resource management cannot become directly involved in the use of other resources in the organization. However, due to the involvement of the human factor in all the scenes, human resource management by designing programs and systems to operate organization resource properly, plays an important role in the survival and efficiency of the organization (Burton, 1981).

According to Tan and Nasurdin (2011) only leaders who have new knowledge can lead changes in organization. They believe that these assumptions are transformed into behavior, the ideas are the result of the performance of employees. The idea comes from the knowledge belonging to the organization knowledge-creators. Knowledge always is important. However, in the present time it becomes more important and vital and it is because of power of knowledge to gain sustainable competitive advantage. Great economic and commercial theorists have considered knowledge as a competitive advantage for new organizations and the key to winning and argue that knowledge is the only resource that is difficult or even impossible to copy and imitate. Obviously, the owner must be protected, improved and managed and use any method that provides better growth and proliferation. Human resource management in today organizations need to provide facilities, training and protection of human resources they will be attained through efficient information management. While future organizations will need more than anything else to knowledge through which they can manage human resources in diverse ways. In the current challenging times, the main assumptions of the organizations benefiting from the knowledge of human resources. The assumption is that knowledge is the key resource of the organization that created and developed by knowledge creation human resources, (Thylmanna, 2005).

Organizations in the twenty-first century is constantly faced with change. To be able to compete effectively in a fully competitive markets, the key point will be how they learn and be able to manage their learning and knowledge which is knowledge management. In one division, there are two orientations for the emergence of the field of knowledge management. In a paradigm, information technology effects firmly on the ideas and thoughts about knowledge management and in other organizational learning plays major role in knowledge management. In order to manage knowledge effectively contribute to organizational strategy, organizations need to strengthen the relationship between knowledge management and human resource management (Gloet & Berrell, 2003). The dual nature of the knowledge management paradigm stated that the created strategies by information technology, shows completely different characteristics with organizational learning strategy. While the information technology strategy have emphasized on technology and datasets. Organizational learning focuses more on people and processes and has humanistic thinking. The role of human resource management is manifested in humanistic paradigm. In this paradigm it is said that the function of human resource management in the organization is very effective and has the important role because it improves the overall effectiveness of knowledge management strategies in the organization. "In this paradigm, the researchers highlight the role of individuals and groups in the process of knowledge sharing, and human resource management is related to knowledge management through policies and practices and systems impact on employee's behavior and attitudes. In organizations where there are human attitudes, knowledge management, human resource management is under developed and strengthened.

In this paradigm, in order to success of organizations' knowledge management use evolution rather than revolution and by using staff do knowledge management. The main challenge that must succeed in is changing the idea of "knowledge is power" to "knowledge is sharing power" in the organization. "Siemens Company used plant roots methods for knowledge management it means without no suggestion of above, average employees and managers created community action, repositories of knowledge and informal knowledge sharing techniques. And after spread and stretch it to other sectors, they feel need a group in the entire company, participate group in the company was created that assumed efforts of knowledge management coordinating role in business units "(Siemens, 2002). Implementation of knowledge management requires cultural acceptance by the employees. In this regard, the attempts to change the behavior of employees to accept the use of knowledge management should be carried out. In principle, such projects require broad support and participation of senior managers in order to facilitate the

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implementation of the project. Due to this, many organizations have created a new role as Chief Knowledge Officer in the organizational structure. CKO seeks to increase the level of knowledge assets and knowledge management to design and implement their strategies (Turban, 2003).

Studies showed that there is no single approach to the company's corporate social responsibility that fits with whole of organization. Different companies may use different approaches.

To develop and implement social responsibility strategies to ensure successful and sustainable performance of the company, first of all it is necessary to identify the key stakeholders. The next step is to create high quality relationships with stakeholders. It means that interests of stakeholders and their needs like interconnected challenges be identified also in cooperation with each of the parties, choose the best strategy. These strategies and activities after that will ensure loyalty of the parties and the effective operation of the company, which in turn, will contribute to the sustainability of business and competition. Bowen (1953) provides initial definition of merchants social responsibility that refers to traders' commitments comply with the policies, decisions, or follow the lines of action that is desirable in terms of objectives and values of the community. Davis and Blum Strum (1966) defines social responsibility as: Social responsibility refers to a person's commitment to consider the effects of decisions and actions on the entire social system. By doing so, they look beyond their companies narrow economic and technical interests.

In the eighties of the 20th century, Carroll (1999) has expanded the concept of corporate social responsibility which includes four categories: Economic, legal, ethical and discretionary responsibilities. In the nineties, Carrolle associated the concept of stakeholders by Freeman (1984) was with the concept of corporate social responsibility. The concept of stakeholders, show the social responsibility by identifying specific groups or individuals. Business should consider the orientation and activities of corporate social responsibility (Carroll, 1999). Hopkins (1998) states that corporate social responsibility is related to behave with stakeholders (within the company and outside of it) in ethical way or social responsibility approach. At the end of the 20th century, environmental responsibility include corporate social responsibility. Elkington introduced his famous concepts by focusing on three topics namely social responsibility (people), ecological responsibility (planet) and economic responsibilities (profit). Therefore, the social responsibility of a company should be considered as an institution for economic prosperity, social justice and environmental protection. Something that is good for the environment and for society is also good for business financial performance (Rahmann, 2011).

Business principles of social responsibility depends on the expectations of the administrator. However, presenters of corporate social responsibility programs are those employed by the company, employees and human resources. Therefore, human resource management as an integral part of management have an important role to play in implementing the policy of corporate social responsibility. From the beginning, the management of human resources management was associated with the concept of corporate responsibility. In the second half of the 19th century, when organizations were developed and employee dissatisfaction grew, there was a need for professionals who were faced with conflicts and manage the relationship between management and staff. However, in the eighties of the 20th century, a new concept of human resource management in the United States of America was presented by adopting the principles of total quality management in Japan with the recognition of staff. It means that human resources, by combining scientific management approaches, training of human relations and the principles of strategic management are an important source.

From the organizational point of view, the human resources are the people in an organization, its employees and human potential in a business. In this paper, the concept of social responsibility provide and plan implicitly in the consequences of model as stakeholders' satisfaction (Price, 2007). In the eighties of the 20th century, a new concept of human resource management were presented in the United States of America by adopting total quality management principles in Japan with the recognition of staff. It means that human resources by combining scientific management approaches, training of human relations and the principles of strategic management are an important source. From the organizational point of view, the human resources include the people in an organization, its employees and human potential in a business (Price, 2011). In this paper, the concept of social responsibility provide and plan implicitly in the consequences of model as stakeholders' satisfaction that in a way process of knowledge management and human resource management impact on it.

20th century was defined as a century of industrial society, the end of the 20th century as a century of the information society, and the early 21st century turns into a knowledge-based society century. Where the knowledge is a substantial source and a key factor in individual behavior and is one of the components of the knowledge

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society. Knowledge have been described as the ability to maintain consistent deployment of assets, and the ability of the company to achieve its goals (Soliman, 2000). On the other hand proposed experts have defined human resource management as a coherent and strategic approach to managing the most valuable asset of the organization, individual and groups who work to achieve the goals (Armstrong, 2006). The popularity of knowledge management in particular since 1996 has increased rapidly, and it has become a central issue in the management philosophy and has become a management tool.

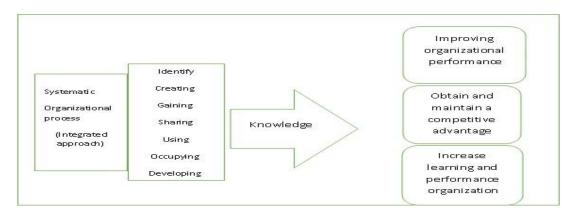


Figure 1.
The Process of Knowledge Management Influence
Source: Lapina et al., (2014)

Table 1. Human Resources Management Model

Models	Results
Huysman, 2006	The results of human resources, commitment, quality, flexibility
	Results of behavior effort / motivation, cooperation, partnership, corporate citizenship
	Result of performance:
	High: productivity, quality, innovation
	Low: absenteeism, labor turnover, engagement, customer complaint
	Financial results: profit, return on investment
Nonaka et al., 2000	Results of Human Resources: staff skills, staff motivation, job design and construction
	work
	Results of performance: productivity, creativity, effort optional, improved operating
	performance Financial results: profit, growth, market value
	• • •
Malhotra (2000)	Executing Model: the maintenance employee, employee productivity, product quality, speed of delivery, cost, financial performance
Jackson et al., (2009)	Stakeholder satisfaction, Owners and investors: financial performance, company
	reputation, long-term survival
	Social: regulatory requirements, social responsibility, ethical practices
	Other organization: reliability, trust, cooperation, problem-solving
	Members of the organization: equity, quality of work life, long-term employment
Armstrong (2009)	The results of human resources management: employment, commitment, motivation,
	skills. Business results: productivity, quality, customer satisfaction
	Financial performance: profit, sales, market share, market value

Armstrong (2006) states that the emergence and growth of knowledge management has been responses to experimental trends related to globalization and industry development. Therefore, nowadays knowledge has become a competitive advantage for companies, and know it as the best source of sustainable competitive advantage (Armstrong, 2006; Ulrich, 1998). How science can help organizational effectiveness. Based on the analysis of the works of various authors, Lapina et al., (2014) is well visible. Schematic summary of definitions



and the introduction of the mechanism of knowledge management process and how to influence it on the organization.

On the other hand about different models results in Human Resource Management survey research in the field of human resources in organization. A classification can be noted in the Table 1. Comparing human resources management models in accordance with the above table shows that some models show the traditional approach. But Jackson et al., (2009) model represents the company's social responsibility approach that somehow is related to this paper that theoretically can be exploited. The research conducted by the Center of Management Studies of the Academy of Entrepreneurship and Management in Warsaw Leon Kozmiski in 2003 and 2005 in identifying the relationship between knowledge management and human resources management indicated that, the most common factors human resource management in supporting the development of knowledge management include: corporate culture, staff skills, staff competence and motivation of staff. The results of this research show that the most powerful factor in support of activities are related to innovation in knowledge management applications in line with plans, competencies (staff and management) and organizational culture and motivation of experts and management staff is less effective. Therefore, knowledge management model of Jackson et al., (2009), shows supporting the implementation of human resource management activities such as training and development, performance management system, compensation, selection and how to pay, provide feedback, communications and flow of information and somehow the relationship between knowledge management and human resource management that this support will contribute to achieving the goals of the organization.

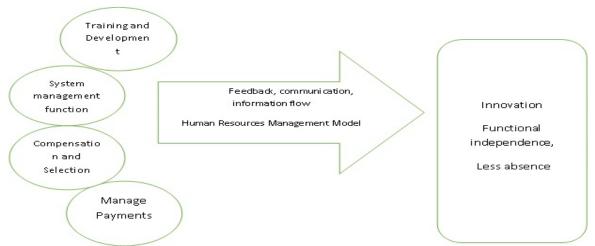


Figure 2. Human Resource Practices for Knowledge Management

However, after analyzing the various models of human resource management and knowledge management, and how these two concepts are related together, the most appropriate and closest model for review and expansion and contraction due to the object and purpose of this paper was the model proposed by Lapina et al., (2014). Lapina et al. (2014) in their model concluded that companies' social responsibility as a strategy, should be involved in the development of human resource management model. This model ensures achieving organizational goals and individual goals of employees due to the impact of internal and external environments and argued that social responsibility and knowledge management should be based on corporate culture. Companies from social responsibility ways may have different understanding of shaping different models of human resources and human resource management. To be more effective, companies must be able to adapt to different conditions and changes in the internal and external environment and should consider changes and knowledge management, as a result, the best human resource management model created with the above requirements, would be appropriate in any situation and with any environment (Lapina, et al., 2014). Also, They (2012) presented a research model that includes interaction between knowledge management and human resource management and their relationship to organizational performance.

The role of human resource management in knowledge management argued in this way that, in the absence of effective human resources, effective knowledge system cannot be implemented. Because human resources management help to better implementation of knowledge management in organizations. Human resources play an



important role in knowledge creation, preservation, sharing and innovation within the organization. The impact of knowledge management in human resources management is in a way that the owners of the organization attempts to facilitate the implementation of HR practices using information technology and knowledge management in their organization. Knowledge management is a mediator in which human resources managers perform human resources programs and practices of human resources with better and higher quality. Previous studies have shown that suitable ways of human resources have positive impact on organizational performance. Similarly, some studies have confirmed the positive impact of knowledge management in organizational outcomes. Integration of knowledge management and human resource management synergies described. Integration of human resource management and knowledge management in the organization leads to business excellence, efficiency, effectiveness, productivity and survival in today's competitive world which can be used as the ultimate goals of all organizations.

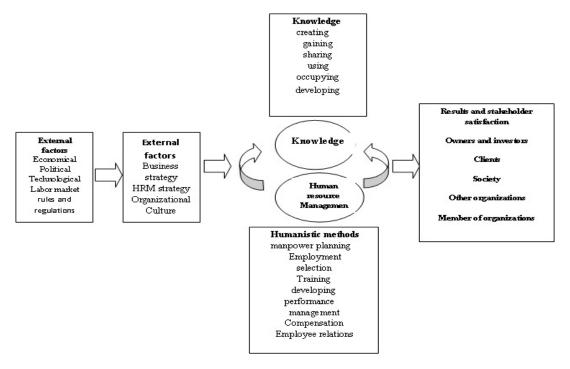


Figure 3.
Relationship between Knowledge Management and Human Resource Management and Organization

Finally, after analyzing models of human resource management and its relationship to knowledge management and social responsibility, (Lapina, et al., 2014), the following section will propose models of these relationships by providing also criticisms.

3. MODEL PROPOSALS

3.1 Critics of the Model

In general look to the model we can say that in appearance, the authors' model is designed with systematic approach, therefore, with this presumption systemic approach components should be included in the model and presented in schematic. The system model components include:

- Inputs
- Processes
- Out puts
- Feedback



· Boundary

Environment

In this model, all components of a model such as the border, and the feedback system is not specified on the other hand, when referring to the strategic approach (emphasis on the indoor and outdoor) it means attention and look at internal and external environment factors, if there is a border for the system, the environment and the factors identified and the impact will be investigated. It seems that it is not visible in the model. In this model, external factors have indirect impact on the relationship between human resource management, and knowledge management and finally effect on social responsibility. For example technology that is one of the strategic factors (external environment) indirectly (the impact on internal factors) effects on the relationship between knowledge management and human resources management and then by two other intermediary effects on social responsibility. In theoretical basis of this article and scientific texts a direct impact of science and technology on knowledge management and human resources is approved.

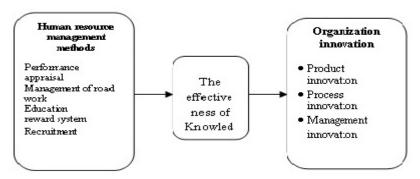


Figure 4.

Relationship between Knowledge Management and Human Resource Management and Innovation
(Source: Tan and Nasurdin, 2011)

However, due to the shortcomings and bill of the previous model and also by utilizing other models and theoretical principles, variables, how the relation of draw approach and the above model.

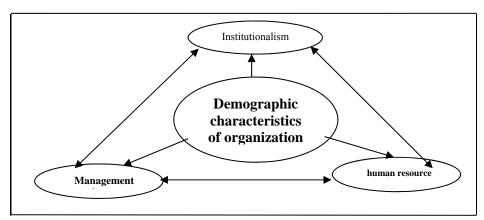


Figure 5.

Demographic Characteristics of the Organization
Source: Cinar and Karcioglu, 2013

Figure 6 presents the situation analysis and analysis of internal and external environments.



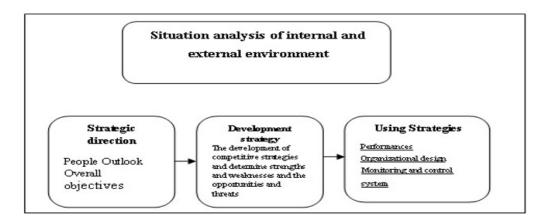


Figure 6. Situation Analysis

• The final model is designed and recommended with an integrated approach:

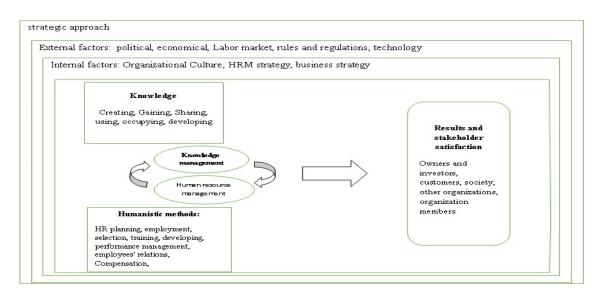


Figure 7. Final Model

As can be seen in the proposed model, knowledge management is consist of (Knowledge: creating, gaining, sharing, using, occupying, and developing) and human resource management consist of (human resources planning – employment- selection- training- development - performance management, compensation and employee relations) with dimensions of them and how they interact with each other. Then, the inner boundary (with the closer relationship that was dotted) with internal factors, including business strategy, human resource strategy, and corporate culture and system of external border (with further communication) as foreign agents include: politics, technology, economy, laws and regulations and the labor market were identified. In fact, internal and external environmental factors in the model represents a comprehensive and holistic strategic approach in studied components represents system design of the proposed model. Therefore, in the aforementioned model, has been tried to resolve previous version criticism and shortcomings. And it seems that concept and process effectiveness and the relationships between concepts and variables are designed appropriately and understandable.

4. CONCLUSION

So, in the modern global economy, and with the increasing flow of information, and the growth in recognition of the importance of intellectual capital, knowledge is increasingly seen as an important source of competitive



advantage for organizations. So, the idea of knowledge management is popular in a broad range of today studies. In addition, the emergence of the knowledge economy have seen development of information technology and communications, linking with organizational complexity, growth of virtual and global organizations and rapid changes. This, in turn, requires a drastic change in the management of human resources to respond to changes in the demands of the knowledge economy. Human Resources Management is attraction, selection, preservation, development and use of human resources in order to achieve individual and organizational goals. Human Resources Results criteria is not only economic rationality. But the prospect of stakeholders is also required. For example, developing and maintaining sustainable relationships with all relevant stakeholders, not just shareholders and customers (Price, 2007).

In fact, this view and perspective to knowledge, human resource management and how it relates to stakeholders and social responsibility was the base of choosing model and review it. In this paper, one of the main variables of human resource management issues and its impact on organizational performance (The social responsibility as the main effective index) has been reviewed. And a number of models of the relationship between human resource management practices, knowledge management and its impact on the organization's results, were developed. Therefore two methods of human resources management were identified: Hard and soft approach. Based on "hard" approach, employees are considered as one of the resource and therefore run like any other resource in the organization. This approach measures the effectiveness of human resource management by financial criteria: Cost accounting, analysis software, economic value, and return on investment in human resource activities (Kane, Crawford, & Grant, 1999). Some companies have developed sophisticated models.

For example: How human resources effects on customer satisfaction, and identify investors as the most important business stakeholders whom without their investment continue business and achieve consent would be impossible (Jackson et al., 2009). Soft approach highlights the importance of considering the interests of multiple stakeholders. Based on this approach, employees are an important group of stakeholders and a clear source which cannot be considered as any other source but they must be taken into account the interests and needs (Price, 2007). A more complete assessment of the impact of human resource management, including satisfaction of numerous interest groups. Therefore, soft factors such as commitment, satisfaction, engagement, development and knowledge etc. are used (Jackson et al., 2009). According to the theme and objective approach of article, soft approach, particularly in relating with concept of social responsibility was used. On the other hand recent studies show a link between human resource management and knowledge management. Traditional human resources management play role under the narrow operational boundaries. In the knowledge economy the role of human resource management need to develop and searched inside and outside of the organization.

The traditional focus on people management, in organizational capability management, relationship management and learning and knowledge management has extensive. There are several roles that can be played by human resources in development of knowledge management system. Offer a vision in which the economical knowledge of organizations need to manage human resources, that by a new set of role can help create and maintain organizational capabilities. The new role of human resource management, including manager of human capital, facilitator of knowledge, communication manufacturer, and fast establishment specialist. As a whole, while implementing a new culture, managers may face with many challenges in management processes. Therefore needs to be changed, first of all, changes should be in the old management systems. Companies should think about how to manage a company based human resources management. In companies based on social responsibility, particular attention will be on the role of human resources. As a result, companies should develop their own approach to the management of human resources. Model or modeling can help organizations to cover the above objectives. In human resource management, modeling is very important. Companies can apply modeling as develop new efficient and more effective approaches in actions. An organization that has created a proper human resource management system for itself, gain competitive advantages. Such organizations can have a social responsibility and expand their activities to the values that will be useful and mutually beneficial for organizations and stakeholders.

Therefore, in order to gain a competitive advantage and maintain a competitive edge, organizations should use new business strategies management and models of human resource management that creates a new culture in the organization and includes aspects of knowledge management and social responsibility aspects. Because human resource management with knowledge management strategy with emphasis on the culture of social responsibility and a strategic approach can have a positive impact on company performance.



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