

Chapter 63

Examine the Factors Influencing Effectiveness of HRM Practices Designed to Improve Knowledge Transfer: Organizational Experience

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ABSTRACT

Software development companies are noted for their innovative IT products. This is due to the focus on knowledge as a key driver for the innovations. Knowledge is a key element to all human resources. The purpose of this research is to investigate the factors influencing the effectiveness of HRM practices designed to improve knowledge transfer within software companies. A theoretical model was developed and empirically tested to test the hypothesis. Software companies were chosen in Sri Lanka with their professionals acting as respondents to survey. A sample includes 203 employees of Sri Lankan software companies. The results show that the order of importance of the HRM practices tested here is selection and recruitment, training and development, performance appraisal, and reward and compensation. The results also indicate that selection and recruitment, training and development, performance appraisal, and reward and compensation showed a positive impact with knowledge transfer improvement, as perceived by the professionals in the Sri Lankan software industry.

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INTRODUCTION

It is no longer a controversy that we live in a globalized world facilitated by fast information transfer across large geographic areas by means of the Internet. The consequence of this globalization is the emergence of knowledge-based economies where more importance is placed on effective management of human capital to ensure that workers continue to create the right value for the companies via best knowledge, skills, and attitudes. Hence, the organizations no longer compete solely on the basis of financial capital and strength, rather a knowledge is the new competitive advantage in business today (Omotayo, 2015).

Software development is a quickly changing, knowledge-intensive business, involving many people working in different phases and activities. The available resources are not increasing along with the increasing needs; therefore, software organizations expect a climb in productivity (Rus, Lindvall, & Sinha, 2002). Software Organizations are becoming more knowledge-intensive, they are hiring “minds” more than “hands”, and the needs for leveraging the value of knowledge are increasing. There is growing recognition in the business community about the importance of knowledge as a critical resource for organizations. Knowledge in software engineering is diverse and its proportions immense and steadily growing. Organizations have problems identifying the content, location, and use of knowledge. Improved use of this knowledge is the basic motivation and driver for KM in software engineering and deserves a deeper analysis.

Knowledge management is recognized as the fundamental activity for obtaining, growing and sustaining intellectual capital in organizations (Quast, 2012). It is obvious that unique knowledge is created by human being and the Human Resource Management is catering to Human Resource practices (HR practices) that are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and achieve organizational goals (Narasimha, 2000).

Software companies have long faced the issue of how to identify, capture and transfer knowledge. Studies of knowledge creation have identified tacit and explicit dimensions of knowledge and links between them. Rather different works of literature have examined the Human Resource Management (HRM) practices of Software companies.

The primary focus of human resources management is to match the job profile with the skill set of the people, in order to achieve the organization's goals, whereas knowledge management at a primary level, aims at harnessing the existing knowledge in the organization, to create a competitive advantage and at a more advanced level focuses on increasing organizational learning (Girard & Girard, 2015). Knowledge management and human resources management initiatives are focused on harnessing the available knowledge assets and to prevent knowledge from walking out of the door. Hence, there is a need for the integration between the knowledge management initiatives and the HR policies of the organization (Jimenez-Jimenez & Sanz-Valle, 2012).

During the last years, software companies have been more and more concerned about Software Process Improvement (SPI) programs (Vasanthapriyan, Xiang, Tian, & Xiong, 2017). In this context, the SPI literature presents many studies that discuss the aspects involved in such programs, including motivations, resources and professional capabilities (Raval & Trivedi, 2014). Human influence in business has been constantly rising since the Industrial Revolution, even after machine and automation has increased to a great extent. There is a shift in the role of humans in business, earlier humans were more into the physical part, now it is increasing on the intellect part. Technology will always help in making things simple and easy but to remain relevant and stay competitive, effective human involvement is indispensable for today's businesses (Jiang et al., 2012). HRM influences significantly the implementation

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