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Human Resource Management and Knowledge Management Practices in Nepalese Pharmaceutical Companies

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Abstract

The purpose of this article is to look at the HRM and knowledge management techniques in Nepalese pharmaceutical enterprises. A standardized questionnaire was created and sent to 576 workers from 37 pharmaceutical businesses. Statistical correlation analysis was used to analyze the HRM between knowledge management and HRM. According to the survey, employees at pharmaceutical firms are satisfied with their organizations' recruitment and selecting policies and procedures, as well as their training and development policies and practices. Human resource planning, working conditions, compensation policies, performance appraisals, and labor relations, on the other hand, are unsatisfactory to employees. The study suggests that the knowledge management practice of manufacturing industries. The key components of knowledge management are recognition, benchmarking, value creation, employee value, opportunities to experiment and learn about products and services, opportunities to experiment and learn about customers, knowledge sharing, transfer, opportunities to experiment and learn about technologies and internal operations, external sources of knowledge, and value creation. Regarding, knowledge management, out of these, more focus was given to explicit knowledge as part strategic planning. Benchmarking and giving value to employees is also important for creating knowledge in the organization.

Keywords: Human resource management practice, Knowledge management, Pharmaceutical.

Introduction

The main aims of this research is to determine the current state of HRM practices in Nepalese firms. Any organization's human resource management practice is a key element that influences the organization's performance. The outcomes of HRM practices in Nepalese firms (in terms of HR planning, training, selection, career planning remuneration, performance assessment and employee involvement) are shown in this section.

HRM provides value that KM practitioners cannot afford to ignore. After all, humans are the exclusive creators of knowledge (Kuan, 2005). Human capital is a crucial resource for businesses because of their knowledge, expertise, and abilities (Wright et al., 2001; Collins and Clark, 2003). Human resource management experts execute knowledge management to efficiently manage knowledge for the benefit of the firm (Smith et.al, 2009). Davenport and Volpel (2001) assert that "Managing knowledge is the same as managing people; managing people is the same as managing knowledge." Previous research indicates that the link between HRM and KM activities has not been thoroughly investigated (Molina et al., 2004).

Correctly managing HRM in order to achieve KM value transformation activities is critical for creating a competitive edge both strategically and tactically (Molina et al., 2004). Successful knowledge management has evolved as one of the most challenging organizational roles for human resource management specialists (Hinds & Pfeffer, 2003; Smith et al., 2009). Organizations that manage and exploit the information and experience stored in people's heads will be able to generate greater value and gain a competitive advantage (Scarborough, 2003). Because knowledge employees are the lifeblood of knowledge-based firms, Small and Sage (2006) recommended human resource professionals to provide chances for them to continue learning.

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The relevance of human resources in carrying out Knowledge Management, as well as evidence of those persons' challenges, need a shift to the intermediate phase in thinking about knowledge (Yahya & Goh, 2002; Thite, 2004; Gloet, 2006). Scarbrough and Carter (2000) and Robertson and Hammersley (2000), for example, analyzed the best human resource management strategies to develop the essential characteristics of KM success. According to Soliman and Spooner (2000), human resource management strategies have an important role in increasing staff comprehension, transfer, interchange, and knowledge establishment. Human resource management strategies, such as varied approaches, pay plans, and working processes, appear to "affect the progress of knowledge when Knowledge Management attempts maximization," according to Scarbrough (2003). According to Oltra (2005), individual beings are the ultimate knowledge of establishers and messengers. As a result, the primary goals are to improve their abilities as organizational knowledge supporters. Individuals must be managed strictly and strategically in order to be motivated to engage in productive processes that maximize knowledge.

Methodology

A series of research questions are prepared to elicit opinions, and research hypotheses are constructed to analyze the perspectives of pharmaceutical firm employees, in order to satisfy the study objectives. The self-administered questionnaires were delivered to workers from several pharmaceutical businesses. Questionnaires are divided into five sections. Demographic factors, Human Resource Management (HRM) practices, and customer satisfaction are all included. English version surveys are translated into

Nepalese version questions for improved participation and responses from Nepalese workers. All of the items are assessed on a five-point Likert scale, with the highest score being "Strongly agree (5)" and the lowest being "Strongly disagree (1)." The inquiry will use a descriptive research design. Descriptive statistical approaches such as frequency, mean, and standard deviation are used to examine the perception of organizational fairness and employee job performance. Correlation coefficient and regression are other statistical techniques. Normality is evaluated using the Kolmogorov Smirnov test, and multicollinearity is tested using collinearity statistics to validate the assumptions of the regression model (VIF). To analyze the data, factor analysis and other inferential statistics, such as Analysis of Variance (ANOVA), are utilized. Purposive sampling techniques are used to get respondents' impressions. This survey includes 37 pharmaceutical firms. A total of 840 questionnaires have been issued. 576 questionnaires were returned in total. An empirical investigation is undertaken to explore the research questions, which is based on the research model; the research hypotheses of this study are tested.

Findings & Discussion

Nature of human resource practices in Nepal

One of the primary goals of this research is to determine the current state of HRM practices in Nepalese firms. The human resource management practice of any business is a crucial element that influences the organization's performance. This section includes findings on the state of HRM practices in Nepalese firms (in terms of HR planning, selection, training, performance assessment, and career planning, remuneration, and employee participation).

Table1: General Descriptive of Human resource practices in Overall Sample (N =576).

| practices Components | Minimum | Maximum | Mean | SD |
|--------------------------|---------|---------|---------|---------|
| Performance appraisal | 1 | 5 | 3.30556 | 0.85389 |
| HR selection practices s | 1 | 5 | 3.35373 | 0.94393 |
| Human Resource Planning | 1 | 5 | 3.51312 | 0.96411 |
| Training | 1 | 5 | 3.18924 | 0.92547 |
| Compensation | 1 | 5 | 3.31285 | 0.85697 |
| Career Planning | 1 | 5 | 3.25595 | 0.8241 |
| Employee Participation | 1 | 5 | 3.32755 | 0.79895 |

Source: Field Survey

The results show that the mean for Performance appraisal practices is 3.30556 with a standard deviation of 0.85389, the mean for HR selection practices is 3.35373 with a standard deviation of 0.94393, the mean for Training practices is 3.18924 with a standard deviation of 0.92547, the mean for Human Resource Planning practices is 3.51312 with a standard deviation of 0.96411, the mean for Career Planning practices is 3.25595 with a standard deviation of 0.8241, the mean for Employee Participation practices is 3.32755 with S.D. =0.79895 respectively.

The results demonstrate that high levels of Human Resource Planning procedures are followed by HR selection, employee involvement, salary, performance assessment, and career planning, as measured by mean value. The lowest mean of training, on the other hand, indicates that Nepalese personnel have a poor degree of training procedures.

4.2 Knowledge Management Practices

Knowledge is power to handle the companies. Knowledge comes from the education, experiences, interaction,

exposures etc so management of company should be careful about the knowledge and capacity of their employees which should be used for the better performance of their organization. There were 11 indicators of knowledge management used to measure the knowledge management practice of companies.

In this study, Knowledge management is measured with a - item scale developed by McKeen, Zack, and Singh, (2006). Employees have responded to each item using a 5-points Likert scale. The variables used for measuring Knowledge management are Recognition, Benchmark, Value creation, Value of employees, Opportunities to experiment and learn about product and services, Opportunities to experiment and learn about customers, Sharing of knowledge, Opportunities to experiment and learn about technologies and internal operations, Transfer, External sources of knowledge and value creation.

The data presented in Table No. 2 shows that the average response was high in each of 11 questions than the response

in disagree and agree side. The mean value of each question was very closer to the average and agrees point. No any mean value was equal or greater than 4 so it indicates that

the knowledge management practice was in average level in all surveyed companies because the average mean was 3.4 with 0.818 standard deviation.

Table 2: Employees' Perception towards of - Knowledge Management.

| S. N. | Scale | Mean | S.D. | t | Sig. (2-tailed) |
|-------|--|------------|--------------|---------|-----------------|
| 1 | We openly acknowledge knowledge as a critical component in our strategic planning process. | 3.69 | 0.856 | 103.430 | .000 |
| 2 | We compare our strategic understanding to that of our rivals. | 3.55 | 0.761 | 111.903 | .000 |
| 3 | We created a knowledge strategy that connects knowledge to value production. | 3.4 | 0.837 | 97.630 | .000 |
| 4 | Our personnel are respected for their knowledge. | 3.53 | 0.789 | 107.429 | .000 |
| 5 | We search for new ways to explore and learn more about our consumers. | 3.46 | 0.829 | 100.262 | .000 |
| 6 | We are always on the lookout for new ways to explore and learn more about products and services. | 3.5 | 0.815 | 102.957 | .000 |
| 7 | We seek for opportunities to experiment with new technology and gain a better understanding of internal processes. | 3.46 | 0.812 | 102.356 | .000 |
| 8 | Our company supports and rewards information sharing. | 3.33 | 0.907 | 88.083 | .000 |
| 9 | We have efficient internal systems in place for disseminating best practices across the business. | 3.26 | 0.828 | 94.433 | .000 |
| 10 | We efficiently use external sources of expertise, especially client knowledge. | 3.13 | 0.791 | 95.000 | .000 |
| 11 | Within the company, our knowledge management group is a well-known source of value generation. | 3.3 | 0.773 | 102.544 | .000 |
| | Average | 3.4 | 0.818 | | |

Source: Field Survey

Correlation and Effect of HRM practices with knowledge management and learning organization

The study's second major goal was to look at the link between HRM practices and knowledge management. HR practice is an organization's primary activity for determining employee motivation, retention, and performance. If the organization has good HRM practice, then there is a high chance to retain the employees for a long time and can do

effective performance which ultimately benefits the organizational performance.

The statistical analysis of the correlation test between the HRM practice and knowledge management presented in Table 3 shows that there was a significant correlation within the various activities of HRM practices and between the knowledge management because the p value is less than .01 significant levels.

Table 3: Correlation between HRM practices with knowledge management.

| | | Correlations | | | | | | | |
|-----------------------|---------------------|--------------|--------------|----------|-----------------------|-----------------|--------------|------------------------|--------|
| | | HR Planning | HR Selection | Training | Performance appraisal | Career Planning | Compensation | Employee Participation | KM |
| HR Planning | Pearson Correlation | 1 | .540** | .481** | .648** | .503** | .353** | .172** | .485** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 | .000 | .000 |
| | N | | 576 | 576 | 576 | 576 | 576 | 575 | 576 |
| HR Selection | Pearson Correlation | | 1 | .629** | .594** | .385** | .302** | .186** | .508** |
| | Sig. (2-tailed) | | | .000 | .000 | .000 | .000 | .000 | .000 |
| | N | | | 576 | 576 | 576 | 576 | 575 | 576 |
| Training | Pearson Correlation | | | 1 | .452** | .345** | .367** | .216** | .546** |
| | Sig. (2-tailed) | | | | .000 | .000 | .000 | .000 | .000 |
| | N | | | | 576 | 576 | 576 | 575 | 576 |
| Performance appraisal | Pearson Correlation | | | | 1 | .645** | .505** | .206** | .549** |
| | Sig. (2-tailed) | | | | | .000 | .000 | .000 | .000 |
| | N | | | | | 576 | 576 | 575 | 576 |
| Career Planning | Pearson Correlation | | | | | 1 | .489** | .226** | .442** |

| | | | | | | | | |
|--|---------------------|--|--|--|--|------|--------|--------|
| | Sig. (2-tailed) | | | | | .000 | .000 | .000 |
| | N | | | | | 576 | 575 | 576 |
| Compensation | Pearson Correlation | | | | | 1 | .289** | .448** |
| | Sig. (2-tailed) | | | | | | .000 | .000 |
| | N | | | | | | 575 | 576 |
| Employee Participation | Pearson Correlation | | | | | | 1 | .185** |
| | Sig. (2-tailed) | | | | | | | .000 |
| | N | | | | | | | 575 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | |

Source: Field Survey

Effect of HRM Practices in KM

The study had measured the effect of human resource management on knowledge management of surveyed pharmaceutical companies. The regression model was run to find the effect. The statistical value presented in the Table No. 4 shows that RSquare is 0.416 which indicates that the

independent variables explain 41.6% of the variation in the dependent variable. The modified R Square value is 0.415, implying that knowledge management contributed 41.5 percent to the knowledge management of the pharmaceutical businesses examined.

Table 4: Effect of HRM practices with knowledge management.

| Model Summary | | | | | | |
|--|-------------------|-----------------------------|------------|---------------------------|----------------------------|------|
| Model | R | R Square | | Adjusted R Square | Std. Error of the Estimate | |
| 1 | .645 ^a | .416 | | .415 | 4.64268 | |
| a. Predictors: (Constant), HR_Practice_Total | | | | | | |
| Coefficients ^a | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 11.177 | 1.322 | | 8.453 | .000 |
| | HR_Practice_Total | .193 | .010 | .645 | 20.218 | .000 |
| a. Dependent Variable: q18KM_total | | | | | | |

Source: Field Survey

The regression model is observed to be significant (F= 408.760, Sig. <0.01) and could thus be used for analysis. Based on the beta coefficient from the above table, the regression weight of Human resource management ($\beta = .193$ p<0.01). These findings suggest that human resource management has a large and favorable impact on knowledge management.

Conclusion

From the analysis and observation of all collected data, It was observed from the study that human resource planning in terms of staff replacement, vacancy, number of staff, required skills acquired, succession planning, right place, labor legislations, labor requirements, and supports to organization’s mission, vision and values were given a moderate level of emphasis in Nepalese organization as a part of HR practices. The focus was also given to HR selection, employee participation, compensation, performance appraisal and career planning as the variable of HR practices. However, training, as a key variable of HR practices, had given less priority in Nepalese organizations. The study had measured the other variables of HRM like performance appraisal, compensation, career planning, and employee participation in decision making. These all aspects of HRM was in a moderate level of practice so there was need of improvement in effective implementation of HRM practices in Pharmaceutical industries of Nepal. Similarly, one of the key study variables of this study was the knowledge management practice of manufacturing industries. Recognition, benchmark, value creation, value of employees, opportunities to experiment and learn about customers, opportunities to experiment and learn about product and services, opportunities to experiment and learn about technologies and internal operations, sharing of

knowledge, transfer, external sources of knowledge and the value creation are the key parts of knowledge management. Regarding, knowledge management, out of these, more focus was given to explicit knowledge as part strategic planning. Benchmarking and giving value to employees is also important for creating knowledge in the organization. The mean value of each question was very closer to the average and agrees point. No any mean value was equal or greater than 4 so it indicates that the knowledge management practice was in average level in all surveyed companies because the average mean was 3.4 with 0.818 standard deviation. The result very clearly concludes that there was a moderate level of practice of knowledge management in surveyed industries. As from the observation and discussion with owner and managers during the time of data collection, it was noticed that they were not very well familiar with the concept of knowledge management. They were managing their industries on the basis of their own experience and interest so all aspects of HRM system were not well applied and implemented. But this is the age of technology and globalization of the market so owners and managers should think about the global competition of their product and services. Quality should be improved by improving and adopting proper knowledge management in industries. Though there was a significant relationship between the knowledge management (KM) and organizational performance (OP) of the pharmaceutical industries of Nepal but the effect KM on OP was not so high. To sum up, it can be concluded that the role of effective HRM practices is the most important for increasing organizational performance. Along with HRM practices, effective practices of knowledge management contribute. These practices are common in the Nepalese manufacturing

industries but they are at moderate level. Still, manufacturing industries are running in the interest of a single person so it should be institutionalized with standard norms and values of HRM practices. Employees should have encouraged using their creative and innovative knowledge and skill for the better development of industries. Sustainable development of industries and professional growth of employees should be taken in care.

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Conflicts of Interest

The authors have reported no conflicts of interest.

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