



International HR Management: Managing the Global Workforce with Knowledge Management

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Abstract

International human resource (HR) management has become an important focus for global companies in managing their workforce spread across different countries. In the face of unique cultural, linguistic, and regulatory challenges, companies need to develop effective strategies to ensure that employees around the world can operate in harmony and contribute to the organization's goals to the fullest. One approach that is increasingly emphasized in international HR management is the integration of Knowledge Management, which allows companies to collect, store, share, and use knowledge effectively across the organization. This study reviews the challenges in international human resource management, the role of Knowledge Management in supporting global human resource management, and the integration between the two. These integrations bring a number of benefits, including increased productivity, better decision-making, and greater employee engagement. With this holistic approach, companies can create an inclusive, collaborative, and innovative work environment in the midst of an increasingly complex and dynamic global market.

Keywords: IHRM, Knowledge Management, Global Market.

Introduction

Companies that compete in today's business world are faced with new challenges with the emergence of a knowledge-based economy. In this situation, the sustainability and competitiveness of a company to reach the market depends heavily on human resources (HR) who have intangible assets, such as skills and knowledge, rather than just the ability to process raw materials into finished products. An organization's success is influenced by its ability to operate in a dynamic and unpredictable global business environment with a focus on the creation and utilization of intellectual assets.

The exponentially increasing growth and development of knowledge has created a new industrial revolution, called the Exponential Era by Shailesh Modi, which explains the collapse of some businesses due to the lack of response to the impact of digital technology in the business world. For example, Kodak, in 1998, still had 170,000 employees and controlled 85% of the global photo paper market. However, only about three years later, Kodak went bankrupt and was kicked out of the photography business due to the advent of digital photography (Tjakraatmadja & Kristinawati, 2017).

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Artificial intelligence will change the structure of businesses in various sectors, such as healthcare (with the advent of Tricoder-X replacing the role of doctors in diagnosing diseases and IBM Watson replacing the function of legal experts in legal case analysis), automotive (with the advent of electric cars), agriculture (with agricultural robots replacing the role of farmers, aeroponic systems to improve irrigation efficiency, and synthetic beef production), and even education (with easy access to learning materials via smartphones from educational institutions in developed countries or free online course platforms such as Khan Academy). In general, software is predicted to shift traditional industries in the next 5-10 years.

The role of intangible assets in a country's business success or GDP (Gross Domestic Product) is increasing along with the knowledge revolution in companies. In 1975, the contribution of intangible assets to business success was only about 17% (which means that tangible assets have a role of 83%), but by 2015, that percentage had increased to 84% (with the role of tangible assets only about 16% remaining). There are three components of intangible assets in an organization or country, namely Human Capital (which is supported by investment in the development of Knowledge Workers/Human Capital), knowledge and creativity assets (which are supported by effective Knowledge Management), and brand assets (Brand).

Therefore, international HR management is key in ensuring that their globally dispersed workforce can operate effectively and contribute optimally to the organization's goals. One of the approaches that is increasingly emphasized in international HR management is the integration of Knowledge Management (KM), which is an effort to collect, store, share, and use knowledge effectively throughout the organization.

The topics discussed in this study review the role of Knowledge Management in creating a competitive advantage for organizations in knowledge-based competition. The research begins the discussion by highlighting the shift in the competition paradigm towards competition that focuses on knowledge, human resource management in the era of knowledge, and the importance of Knowledge Management as the basis for organizational learning efforts to improve the competitiveness of companies in the international arena. The article also highlights the significance of intellectual professionals in improving human resource competence.

Method

This research uses a qualitative approach with a literature study method to explore and analyze the role of Knowledge Management in supporting international human resource management in facing dynamic global market challenges. The literature study was conducted by collecting, reviewing, and synthesizing various related literature sources, such as scientific journals, textbooks, research reports, and other secondary sources relevant to the research topic. Analysis was conducted by identifying, categorizing, and interpreting important information from the reviewed literature to map the challenges of international human resource management, the role of Knowledge Management, and the integration of the two in the context of knowledge-based global business competition.

Results and Discussion

A New Paradigm of Business Competition

A knowledge-based economy reflects a trend in which the economy is more dependent on knowledge, information, and high skills, as well as ensuring the availability of these intangible assets (Kimpeler, 2001). In the context of the knowledge era, knowledge plays a crucial role in the economy, so it needs to be developed and managed efficiently so that companies can improve their performance.

To achieve these goals, companies need to increase investment in research and development (R&D), education and training, and other investments of an intangible nature, all of which must be prioritized and developed beyond tangible assets. The era of the knowledge economy has several important characteristics, such as the increasing role of knowledge as an intangible factor of production, the formation of cooperation and strategic partnerships, and the rapid change of strategy in a work network, known as the knowledge-based economy. The transition from the industrial economy to the knowledge economy is outlined in Table 1.

Table 1. Changes from the Industrial Era to the Knowledge Economy Era

Asset Tangible	→	Intangible Assets
Fragmented tasks	→	Comprehensive tasks
Mass Marketing	→	Produk Just-In-Time
Efficient operations	→	Innovation
Management Control	→	Goal
Training	→	Continuous learning

Source: Kimpeler (2001)

The era of knowledge requires changes in human resource (HR) management. This is due to the importance of significant contributions from human resources to improve organizational effectiveness. HR is expected to introduce new ideas in organizational management through their knowledge (Karl, 2003). In addition to traditional responsibilities such as recruitment, selection, and compensation, HR is also expected to carry out new tasks such as developing leadership skills, encouraging creativity and innovation, managing change and transformation, and building learning organizations (Raich, 2002).

Furthermore, global companies are faced with unique challenges in human resource (HR) management at the international level. Here are some of the challenges that are often faced:

Cultural Differences

Employees who come from different countries often have different cultural backgrounds. This can affect how they interact at work, work styles, and how they process information and make decisions.

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Language Differences

Effective communication becomes more difficult when employees have to communicate in different languages. Language differences can make it difficult to coordinate, collaborate, and understand between different teams.

Legal and Regulatory Differences

Each country has different labor regulations. This can affect recruitment policies, compensation systems, and performance management processes in companies. Aligning HR policies with each country's regulations is important but challenging.

To meet these challenges, companies need to develop an inclusive and flexible HR management strategy that takes into account the diversity of cultures, languages, and labor regulations in each market in which the company operates.

This can be done through a proactive approach to developing an inclusive organizational culture, investing in cross-cultural training and language skills, and partnering with local legal experts to ensure compliance with applicable labor regulations in each country. Thus, companies can effectively manage their international human resources and achieve business goals optimally in the global market.

The Role of Knowledge Management in International HR Management

In the era of knowledge, knowledge management is becoming increasingly important. This concept began to gain greater attention in the business sphere since the early 2000s. Organizational leaders are beginning to realize that the knowledge creation process is a resource that can improve a company's competitiveness by mobilizing employee knowledge and creating a supportive learning environment. This is a response to the development of a new and wider information economy (Rachmany & Akib, 2002).

The purpose of implementing the concept of knowledge management is to increase efficiency and improve company performance to achieve competitive advantage. In addition, knowledge management is also intended to improve communication between top management and employees to strengthen work processes and promote knowledge culture and implement a performance-based reward system (Muttaqien, 2006). Given the importance of the role of knowledge in achieving competitive advantage, organizations need to be able to manage the knowledge owned by human resources, this approach is known as Knowledge Management.

Knowledge Management plays a crucial role in supporting international human resource management in a variety of significant ways. First, through the Knowledge Management platform, employees can easily exchange experiences, best practices, and industry knowledge across multiple locations, facilitating effective cross-border collaboration. Second, Knowledge Management plays a crucial role in employee development by providing easy access to online education and learning resources, enabling consistent skill and knowledge development across global organizations. Finally, by gathering and analyzing knowledge from various sources,

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companies can encourage continuous innovation and improvement in their business processes, creating an environment where new ideas can develop and be implemented effectively. Thus, the integration between Knowledge Management and international HR management is key to improving organizational performance in a competitive global market.

Integration of International HR Management and Knowledge Management

To succeed, organizations must change their values and set a new focus by leveraging and managing intellectual assets through knowledge management in order to compete effectively in a knowledge-based business environment. Knowledge is considered a key resource that plays a crucial role in achieving sustainable competitive advantage. (Manasco, 1996) describes knowledge management as a strategy for identifying and developing competitive resources.

In the era of knowledge, the importance of learning in organizations is increasingly emphasized. Learning organization is the ability of an entity to create, acquire, and transfer knowledge and modify behavior to reflect new views.

Definitions of learning organization vary, with some authors seeing it as a process of improvement through better understanding, while others see it as the process of detecting and correcting errors, as well as the sharing of insights and experiences.

The integration between international HR management and Knowledge Management brings a number of significant benefits to companies, including increased productivity, better decision-making, and increased employee engagement across the organization. By effectively sharing knowledge and resources, companies can increase the productivity of employees around the world, allowing them to work more efficiently and effectively in achieving organizational goals.

Additionally, with documented and widely available knowledge, managers can make better and more informed decisions based on accurate information, minimizing risk and improving overall organizational performance. Finally, employees who feel heard and have easy access to the knowledge they need tend to be more engaged and committed to the organization, creating a more productive and empowered work environment. Thus, the integration between international HR management and Knowledge Management is the key to success for companies in facing the challenges of an increasingly complex and dynamic global market.

Conclusion

Successful international HR management requires a holistic approach that takes into account cultural, linguistic, and regulatory differences in different countries. By integrating Knowledge Management into their HR management strategies, companies can create an inclusive, collaborative, and innovative work environment, allowing them to compete successfully in an increasingly complex and dynamic global market.



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