Chapter 5.2
Knowledge Management and the Links to Human Capital Management: Leadership, Management Capabilities and Sustainability

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ABSTRACT

This paper explores various linkages between knowledge management (KM) and human capital management (HCM) in the context of developing leadership and management capabilities to support sustainability. Based on the prevailing literature, a framework linking human resource management (HRM), KM and HCM is applied to the development of leadership and management capabilities to support sustainability. The framework identifies ways to promote sustainability through creating effective links between KM and HCM by which organizations can develop their leadership and management capabilities to support sustainability across business, environmental and social justice contexts. This approach provides managers with a framework for addressing sustainability issues and for developing individual and organizational capabilities to support sustainability through KM and HCM practices.

INTRODUCTION

The significance and impact of sustainability is growing rapidly in the age of globalization. With an increased emphasis on sustainable development, discourses on sustainability now cross many boundaries. The context of sustainability today is both trans-disciplinary and trans-organizational. Operating at the economic, social and environmental level, sustainability is driven by a strong belief that socially responsible development is the way of the

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future. For instance, scholars like Avery (2005), Elkington (2004) and Parkin (2000) advocate that individuals and organizations worldwide should be engaged actively in protecting the environment. This worldview adheres to sustainable development concepts. A range of factors must be taken into consideration if sustainability issues are to be dealt with in an effective manner. In this setting, organizations, institutions, agencies, industry sectors, national boundaries and regulatory agencies are interdependent players in creating a sustainable future.

Sustainable development in a knowledge economy requires consideration of the optimum way to make knowledgeable interpretations and recommendations to support sustainability, which meets the needs of a diverse range of stakeholders. Certainly, strong commitment is required from these stakeholders if sustainable development, not only from an economic standpoint, but also from a social and environmental perspective is to be supported in an enlightened manner within organizations and governments. Part of this process includes managing risk in new and uncertain environments. Moreover, committing to practices that promote and achieve sustainable outcomes, particularly in a global context has the supply of sound knowledge for decision-making as a prerequisite. Effective knowledge management (KM) approaches to support the crucial processes of knowledge creation, sharing and dissemination are also obligatory. KM is a rigorous process compared to knowledge sharing because it denotes a specific structure and strategy, which accompanies the dissemination of knowledge to produce value-added activities for an organization. In contrast, without an accompanying structure and strategy, it is unlikely that knowledge sharing per se will produce value-added outcomes. Without the oversight of KM, both knowledge sharing and knowledge dissemination run the risk of becoming ad hoc activities.

KM includes not only recognizing the fundamental role of knowledge and information in the process but also recognizing implicit imperfections in knowledge and information processes (Laszlo & Laszlo, 2002; Sage, 1998). Knowledge for sustainability highlights the need for new knowledge, for new ways of managing knowledge and for new work practices to support this process (Gloet, 2006). Today, the ways in which sustainability knowledge can be effectively captured, managed, shared and disseminated to achieve effective decision making in a sustainability context is not well understood (Malone & Yohe, 2002). Nevertheless, developing management and leadership capabilities to support a commitment to sustainable development will assist in improving the present situation. Sustainable development globally requires significant change, an increasing awareness of social and shareholder contexts, and developing a sense of social responsibility, both at the individual, corporate and government levels. Sustainable development also demands major changes in work practices where these practices drive the vision and approaches to management in contemporary organizations. Successful sustainable development supports economic, social and environmental needs simultaneously with the benefits derived from meeting such needs in a sustainable fashion. Here, trade-offs and synergies are involved in meeting competing needs and achieving desired benefits. This is the new frontier where organizations can demonstrate leadership and model desired strategies and behaviours associated with a strong and enduring sustainability platform. Appropriate sustainability knowledge and information emerges as a key aspect of effective decision making in this regard, particularly when multiple perspectives and stakeholders are involved. Thus, a strong imperative exists to develop strategic leadership and management capabilities within today’s organizations to meet the challenges of working effectively to promote the economic, social and environmental forms of sustainable development. This is a realm where the nexus between KM and human capital management (HCM) may prove to be effective.