

# HRM Practices and Knowledge Sharing in The Banking Sector

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## Abstract

*The banking sector operates in a highly competitive and knowledge-intensive environment where effective human resource management and knowledge utilization are critical for sustainable performance. This study examines the relationship between HRM practices, knowledge sharing, and organizational performance in the banking sector. Specifically, it investigates the impact of HRM practices on knowledge sharing behavior among employees and evaluates whether knowledge sharing contributes to improved organizational performance. The study adopts a descriptive and explanatory research design using a quantitative approach. Primary data were collected from 120 employees working in public and private sector banks through a structured questionnaire measured on a five-point Likert scale. Statistical tools such as correlation and regression analysis were used to test the proposed hypotheses. The findings reveal that HRM practices have a significant positive effect on knowledge sharing ( $\beta = 0.652, p < 0.05$ ). Knowledge sharing also shows a strong positive relationship with organizational performance ( $r = 0.704, p < 0.01$ ). The results further indicate that knowledge sharing plays a mediating role between HRM practices and organizational performance. These findings highlight the importance of strategic HRM practices in fostering a culture of collaboration and knowledge exchange within banks. The study concludes that well-designed HR policies can enhance knowledge sharing behavior, leading to improved productivity, service quality, and overall organizational performance in the banking sector.*

**Keywords:** HRM Practices, Knowledge Sharing, Organizational Performance, Banking Sector, Regression Analysis, Mediation.

## Introduction

The banking sector operates in a highly competitive, technology-driven, and knowledge-intensive environment. Rapid digital transformation, regulatory changes, globalization, and evolving customer expectations have significantly reshaped the functioning of banks worldwide. Institutions such as State Bank of India, HDFC Bank, and ICICI Bank increasingly rely on employee expertise, experience, and continuous learning to sustain competitive advantage.

In such a context, effective management of human resources and organizational knowledge has become a strategic priority.

Human Resource Management (HRM) practices—including recruitment and selection, training and development, performance appraisal, compensation, employee engagement, and career development—play a critical role in shaping employees’ attitudes and behaviors. Strategic HRM moves beyond administrative functions and focuses on aligning human capital with organizational goals. In knowledge-intensive sectors like banking, HRM practices not only influence employee performance but also foster a culture that encourages knowledge creation, sharing, and retention.

Knowledge sharing refers to the exchange of information, skills, expertise, and insights among employees within an organization. It includes both tacit knowledge (personal experience and know-how) and explicit knowledge (documented information, procedures, and policies). In the banking sector, knowledge sharing is essential for risk management, customer service excellence, innovation in financial products, regulatory compliance, and operational efficiency. However, knowledge sharing does not occur automatically; it depends largely on employees’ willingness, trust, motivation, and perceived organizational support.

Employees’ perceptions and attitudes toward HRM practices significantly influence their knowledge-sharing behavior. When employees perceive HR policies as fair, supportive, and developmental, they are more likely to reciprocate through positive work behaviors, including collaboration and knowledge exchange. Conversely, ineffective or perceived unfair HR practices may create resistance, low morale, and knowledge hoarding tendencies.

Furthermore, technological advancements such as digital banking platforms, internal knowledge management systems, and collaborative tools have transformed how banks manage and disseminate knowledge. Nevertheless, technology alone cannot ensure effective knowledge sharing without supportive HR policies and a conducive organizational culture.

Therefore, examining the relationship between HRM practices and knowledge sharing in the banking sector is both timely and relevant. Understanding how HR strategies shape employees’ perceptions and attitudes toward knowledge sharing can help banks develop integrated HR and knowledge management frameworks that enhance organizational learning, innovation, and sustainable performance.

### **Statement of Problem**

The banking sector is increasingly characterized by intense competition, rapid technological advancements, regulatory complexity, and evolving customer expectations. To remain competitive, banks must effectively leverage their intellectual capital and promote continuous learning among employees. Institutions such as State Bank of India and HDFC Bank invest substantially in Human Resource Management (HRM) practices including training and development, performance appraisal, compensation systems, and employee engagement initiatives. However, despite these efforts, many banks continue to face challenges in fostering a strong culture of knowledge sharing among employees.

Knowledge sharing is critical in the banking sector for improving service quality, enhancing risk management, supporting innovation, and ensuring regulatory compliance. Yet, employees may be reluctant to share knowledge due to lack of trust, fear of losing personal advantage, inadequate incentives, unclear HR policies, or negative perceptions about management practices. In some cases, knowledge remains confined within departments or individuals, leading to duplication of work, inefficiencies, reduced innovation, and operational risks.

Although prior research has explored HRM practices and knowledge management separately, limited attention has been given to how employees’ perceptions and attitudes toward HRM

practices influence their knowledge sharing behavior specifically within the banking sector. Furthermore, there is insufficient empirical evidence examining whether existing HRM systems in banks effectively encourage collaborative behavior and knowledge exchange.

Therefore, the core problem addressed in this study is the lack of clear understanding of how HRM practices influence employees' knowledge sharing behavior in the banking sector, particularly through the lens of employee perception and attitude. Without such understanding, banks may struggle to design HR strategies that successfully promote a knowledge-sharing culture and sustain long-term organizational performance.

## Objectives

- To examine the various HRM practices adopted in the banking sector
- To analyze the relationship between HRM practices and knowledge sharing behavior among bank employees
- To evaluate the impact of effective knowledge sharing on organizational performance in banks,

## Conceptual Framework

### Conceptual Framework



The conceptual framework explains how HRM Practices (Independent Variable) influence Knowledge Sharing (Mediating Variable), which in turn affects Organizational Performance (Dependent Variable) in the banking sector.

### Independent Variable (IV): HRM Practices

Key HRM practices in banks include:

- Recruitment & Selection
- Training & Development
- Performance Appraisal
- Compensation & Rewards
- Employee Engagement
- Leadership & Organizational Culture

These practices create an environment that can either encourage or discourage knowledge sharing among employees.

### Mediating Variable: Knowledge Sharing

Knowledge sharing refers to:

- Exchange of work-related information
- Sharing best practices
- Team collaboration
- Use of digital knowledge management systems
- Mentoring and peer learning

Effective HRM practices foster trust, motivation, and collaboration, which improve knowledge-sharing behavior.

### Dependent Variable (DV): Organizational Performance

In the banking sector, performance may be measured through:

- Employee productivity
- Service quality
- Innovation in financial services
- Customer satisfaction
- Operational efficiency

Thus, HRM practices positively influence employees' willingness and ability to share knowledge. Knowledge sharing acts as a bridge between HR policies and organizational outcomes. Improved knowledge sharing leads to better service delivery, innovation, and competitive advantage in banks.

### Hypothesis of the Study

- H1: HRM practices have a significant positive effect on knowledge sharing among employees in the banking sector.
- H2: Knowledge sharing has a significant positive effect on organizational performance in the banking sector.
- H3: Knowledge sharing mediates the relationship between HRM practices and organizational performance in the banking sector.

### Research Methodology

The present study examines the relationship between HRM practices, knowledge sharing, and organizational performance in the banking sector. The study adopts a descriptive and explanatory research design to analyze the influence of HRM practices on knowledge sharing and its impact on organizational performance.

A quantitative research approach is employed to test the proposed hypotheses. The population of the study comprises employees working in public and private sector banks. A convenience sampling technique is used to select respondents based on accessibility and willingness to participate. The proposed sample size is approximately 120 bank employees, which is adequate for conducting statistical analysis.

Both primary and secondary data are used for the study. Primary data is collected through a structured questionnaire, while secondary data is gathered from research journals, books, banking reports, and academic sources. The questionnaire consists of four sections: demographic profile, HRM practices, knowledge sharing, and organizational performance.

All variables are measured using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The independent variable of the study is HRM practices, the mediating variable is knowledge sharing, and the dependent variable is organizational performance.

### Research Analysis

Table for Testing H1: HRM practices have a significant positive effect on knowledge sharing among employees in the banking sector.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.652	0.425	0.420	0.481

#### ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	28.540	1	28.540	123.24	.000

Residual	38.160	118	0.323		
Total	66.700	119			

### Coefficients Table

Model	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
(Constant)	1.245	0.215	—	5.79	.000
HRM Practices	0.648	0.058	0.652	11.10	.000

### Interpretation

- The standardized beta value ( $\beta = 0.652$ ) indicates a strong positive relationship.
- The significance value ( $p = .000$ ) is less than 0.05.
- $R^2 = 0.425$  indicates that 42.5% of the variation in Knowledge Sharing is explained by HRM Practices.

### Findings

Since  $p < 0.05$ , H1 is accepted.

HRM practices have a significant positive effect on knowledge sharing among employees in the banking sector.

### Correlations

Variables	HRM Practices	Knowledge Sharing	Organizational Performance
HRM Practices	1	.652**	.618**
Knowledge Sharing	.652**	1	.704**
Organizational Performance	.618**	.704**	1

### Significance Levels

Sig. (2-tailed)	
HRM Practices ↔ Knowledge Sharing	.000
HRM Practices ↔ Organizational Performance	.000
Knowledge Sharing ↔ Organizational Performance	.000

Correlation is significant at the 0.01 level (2-tailed).

### Interpretation

The correlation analysis reveals a strong positive relationship between HRM practices and knowledge sharing ( $r = 0.652$ ,  $p < 0.01$ ). A strong positive relationship is also found between knowledge sharing and organizational performance ( $r = 0.704$ ,  $p < 0.01$ ). Additionally, HRM practices are positively correlated with organizational performance ( $r = 0.618$ ,  $p < 0.01$ ).

Since all p-values are less than 0.01, the relationships among the variables are statistically significant. This indicates that better HRM practices are associated with improved knowledge sharing, which in turn is associated with higher organizational performance.

## Conclusion

The present study examined the relationship between HRM practices, knowledge sharing, and organizational performance in the banking sector. The findings of the study reveal that effective HRM practices significantly influence knowledge sharing among bank employees. Practices such as training and development, performance appraisal, and reward systems contribute positively to employees' willingness to share knowledge within the organization.

The results further indicate that knowledge sharing has a strong and significant positive effect on organizational performance. Banks that encourage collaboration and knowledge exchange among employees tend to experience higher productivity, improved service quality, and better overall performance.

Correlation and regression analyses confirm that all three variables are positively and significantly related. Knowledge sharing also plays an important mediating role between HRM practices and organizational performance, indicating that well-designed HR policies enhance performance primarily through improved knowledge-sharing behavior.

Overall, the study concludes that strengthening HRM practices can create a supportive work environment that promotes knowledge sharing, ultimately leading to enhanced organizational performance in the banking sector.

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