



Human capital on organizational performance: The essence of knowledge sharing practices

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Abstract

This study investigates the intricate relationship between human capital, knowledge sharing, and organizational performance, aiming to elucidate the mechanisms through which these factors interact to enhance overall organizational outcomes. A comprehensive literature review was conducted, encompassing articles published between 2019 and 2024 from databases such as ScienceDirect, Scopus, Emerald, and EBSCO. The findings indicate a robust positive correlation between human capital investment and organizational performance, significantly mediated by effective knowledge sharing practices. Key theoretical frameworks, including human capital theory, the knowledge-based view (KBV) of the firm, and social exchange theory, underpin the analysis, highlighting the importance of fostering a knowledge-sharing culture to leverage collective expertise and drive innovation. This study underscores the importance of continuous investment in human capital, the cultivation of a collaborative culture, and the utilization of advanced technological tools to enhance knowledge sharing and organizational performance.

Keywords: Human capital, knowledge sharing, organizational performance, literature review

Introduction

Human capital is inclusively referred to the knowledge, skills, capacities, and characteristics that enable the development of a well-being. Researchers have lately begun to pay further attention to the idea of human capital in a business to give an association its unique personality. The core of intellectual capital that propels company performance is human capital. According to Koednok (2011) ^[10], human capital refers to the knowledge and abilities that people employ to produce valuable outputs like creativity and productivity at work.

According to Enyekit (2012) ^[7], human capital is the intangible component of production that contributes to the creation and delivery of goods and services. Human capital can increase satisfaction and it is clear that satisfaction has a positive, significant relationship with organizational performance. Research shows that satisfied workers are more eager to put up extra effort on the company's behalf and are more productive and effective as a whole.

Performance can be seen as an assessment of a person's actions, including assessing how successfully or poorly a task has been carried out. The actual output or achievements of a company as compared to its anticipated goals are what is referred to as organizational performance. Every organization is subject to competitors, regardless of the industry to which it is associated. Relying on human capital as a resourceful asset is crucial for ensuring a competitive edge. One of the most critical areas of concern is developing a plan to increase the organization's performance through human capital productivity (Marimuthu, 2009) ^[12].

Literature shows that human capital plays an important part in improving organizational performance. It is essential in boosting competitiveness, productivity, and performance. Because they play a significant part in strategic planning and can either increase or decrease an organization's productivity, skilled and efficient human resources are one of the most crucial tools for achieving organizational goals. Knowledge sharing is critical in today's fast-paced, knowledge-intensive business environment. It enables

organizations to disseminate critical information, foster innovation, and enhance decision-making processes. Despite its importance, many organizations face challenges such as reluctance to share information, information overload, lack of time, and geographical dispersion. Addressing these challenges through robust knowledge-sharing mechanisms can significantly improve organizational performance.

This research was undertaken to ascertain the strong relationship between human capital and organizational performance. The urgency of this research stems from the need to address the findings in existing literature regarding the relationship between human capital and organizational performance. While the positive impact of human capital on performance is widely acknowledged, the mechanisms through which this occurs, this research present the role of knowledge sharing that require further exploration. The objective of the study is to determine the function of human capital in organizational performance and to proof how knowledge sharing as a mediator can really affect the relationship. In other word, this research aims to provide a comprehensive understanding of how human capital translates into organizational outcomes through effective knowledge sharing practices. Based on these, the following questions are presented:

1. Does human capital influence organizational performance?
2. Will knowledge sharing affect the relationship of human capital and organizational performance?
3. How can knowledge sharing mediate the relationship between human capital and organizational performance?

Theoretical Review

Human capital is increasingly recognized as a critical driver of organizational performance. It encompasses the knowledge, skills, abilities, and other characteristics that individuals possess, which enable the development of personal, social, and economic well-being. Organizations leverage human capital as a strategic asset to gain a

competitive edge, achieve higher productivity, and foster innovation. Human Capital Theory posits that investments in education and training enhance employees' competencies, leading to improved organizational outcomes. This theory underscores the importance of individual skills and knowledge as fundamental contributors to productivity.

The Knowledge-Based View (KBV) of the firm highlights knowledge as a crucial organizational resource. It asserts that effective knowledge-sharing mechanisms enable organizations to utilize collective expertise, fostering innovation and enhancing performance. Knowledge sharing, therefore, becomes a vital process for translating individual competencies into organizational capabilities.

Social Exchange Theory explains the dynamics of knowledge sharing by emphasizing reciprocal exchanges of knowledge and resources among employees. These exchanges build trust and collaboration, which are essential for effective knowledge sharing and organizational success.

This research contributes to the theoretical understanding of how human capital and knowledge-sharing practices interact to enhance organizational performance. By integrating Human Capital Theory, Knowledge-Based View, and Social Exchange Theory, this study provides a holistic view of the importance of fostering a knowledge-sharing culture to leverage collective expertise and drive innovation. These insights can inform both academic research and practical strategies for human capital development and knowledge management.

Human Capital and Knowledge Sharing

The ability of a company to produce valuable, rare, inimitable, and non-substitutable resources has an impact on its ability to compete with rival businesses (Kshetri, 2008)^[11]. This can be achieved through a good human capital which boosts economic growth. Innovation and productivity rise as well as human capital does.

According to Chen (2021)^[4], knowledge sharing is one of the components of knowledge management systems that should be developed. Employee's knowledge, abilities, and experiences are shared through this process. In knowledge sharing, people transfer skills and abilities that they have, as well as improving the creativity of performing tasks. They also may distribute knowledge and operate practices in technology by the use of their expertise.

Human capital includes several dimensions related to the above argument: skill, ability, knowledge, creativity, and expertise. These resources are viewed as a strategic benefit and asset for the company (Adeel, 2016)^[1]. This is because human capitals seem valuable. Human capital dimensions can also be used to support the dimensions of knowledge sharing. Those dimensions include: knowledge donating, knowledge collecting, doing work reports and official documents, completing manuals, methodologies, and models, as well as sharing expertise gained from education or training.

Chen (2021)^[4] shared that there are two different types of knowledge that can be transmitted: tacit knowledge and explicit knowledge. Tacit information is private and challenging to communicate. It was created over years of experience and is firmly based in action. While explicit knowledge is formal, able to be represented in words, and shared in the form of data. Knowledge-based resources are challenging for businesses to replicate since the information is embedded in the culture, identity, and daily practices of the firm (Obediat, 2017; Huang, 2009)^[9].

Knowledge Sharing on Organizational Performance

Knowledge is defined as the innate collection of values, experiences, facts, inspiration from other people, and natural intuition that creates the framework and conditions for assessing and relating brand-new events and information. In the brains of people who possess it, knowledge exists and is put to use. This knowledge is united in organizations not just in the documents and locations where it is kept but also in the acts, procedures, practices, and standard operating procedures that take place there. Because of this, the company's ability to compete and its ability to successfully apply knowledge in commercial activities are closely related to its ability to survive.

From a somewhat different angle, knowledge sharing aims to develop and make effective and efficient use of human resources. People who can adapt to changes and use their knowledge both individually and collectively to solve challenges are needed in today's fast-paced, uncertain business environment, according to the corporation. Sharing of knowledge is necessary for the achievement of this objective since knowledge sharing is associated with knowledge collecting and knowledge donating (Obediat, 2017)^[13].

Sharing of knowledge affects an organization's validity, reliability, job analysis, competency modeling, management, and leadership development, all of which are factors that increase organizational performance. Sharing pertinent knowledge helps organizations function better by avoiding mistakes, directing progress, and exchanging internal and external feedback. Knowledge sharing encourages workers to consider themselves as a component of a larger whole, which raises engagement. However, there are also fundamental obstacles to knowledge sharing, such as behavioral changes, a lack of trust, and time constraints (Razmerita, 2016)^[14].

As a result of improving human resources comprehension of circumstances, perceptions, and expectations, knowledge sharing is beneficial in the workplace. The exchange of knowledge among an organization's human capital can lead to creativity, satisfaction, and possibilities for learning. By gaining access to more in-depth insights from other people, sharing information can not only boost the productivity of human resources but also provide them the ability to operate more efficiently (Sayyadi, 2020)^[15]. In terms of its value contribution and capacity to enhance an organization, knowledge is a crucial productive resource (Cooper, 2016; Chen, 2021)^[4,5].

Material and Methods

This research will employ the Systematic Literature Review (SLR) method to explore the relationship between human capital, knowledge sharing, and organizational performance. SLR was chosen because it can provide a comprehensive and transparent overview of existing literature and assist in synthesizing findings from various studies (Snyder, 2019)^[18]. This approach aligns with the research objective of determining the role of each variable and their interrelationships.

Primary data sources are obtained from leading scholarly journal articles published in academic databases such as Scopus, Web of Science, Science Direct, and Emerald Insight. Inclusion criteria include empirical and theoretical research articles discussing relevant variables, published between 2019 and 2024, and written in English.

Conversely, exclusion criteria will be applied to articles unrelated to the research topic, grey literature such as reports or dissertations, and articles not published in English (Cao *et al.*, 2022) [16].

The literature selection process will begin with searches using relevant keywords such as "human capital," "knowledge sharing," and "organizational performance." Search results will be filtered based on title, abstract, and article content. Selected articles will be assessed for quality using quality assessment standards proposed by Hadi and Closs (2020) [17], which include criteria such as research design, data analysis methods, and reporting quality.

Data from selected articles will be extracted and synthesized using a narrative approach to address the research questions. Data analysis will be conducted qualitatively using methods such as content analysis or thematic analysis (Vaismoradi *et al.*, 2019) [19]. The results of the analysis will be discussed and interpreted within the context of existing literature, and theoretical and practical implications will be identified.

Relevant Research

The literature review was conducted using databases such as ScienceDirect, Scopus, Emerald, and EBSCO. The search focused on articles published between 2019 and 2024, related to human capital, knowledge sharing, and organizational performance. The process involved identifying relevant articles, evaluating their quality, and synthesizing the findings. The reviewed articles predominantly addressed the relationship between human capital and organizational performance, highlighting the role of knowledge sharing as a critical mediating factor. The studies used various methodologies, including quantitative, qualitative, and mixed-methods approaches, to explore these relationships in different organizational contexts.

Table 1: General Information Regarding Data

| Database | Number of Articles Found | Number of Articles Reviewed |
|---------------|--------------------------|-----------------------------|
| ScienceDirect | 45 | 20 |
| Scopus | 30 | 15 |
| Emerald | 25 | 10 |
| EBSCO | 20 | 8 |
| Total | 120 | 53 |

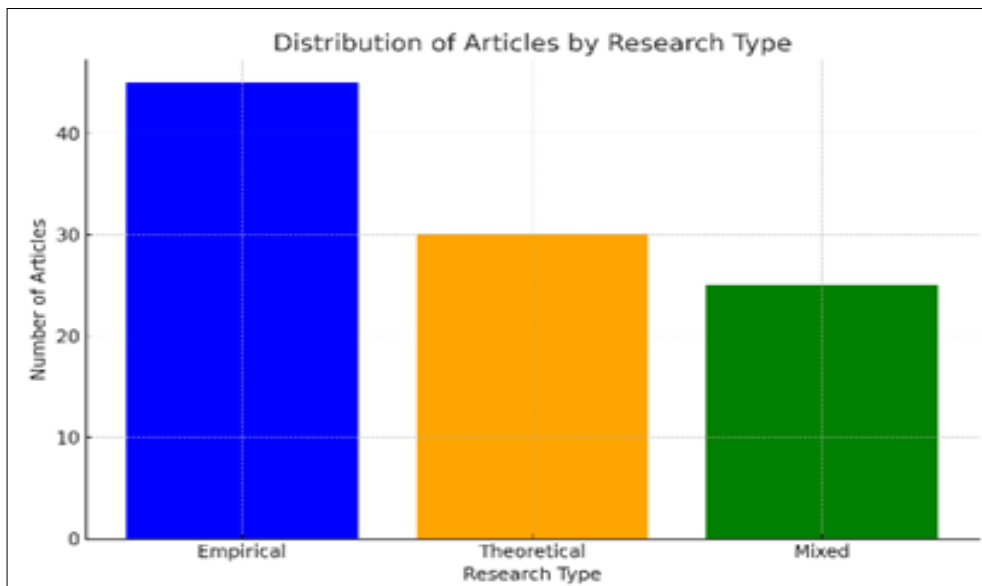


Fig 1: The PRISMA Flow Diagram

The bar chart in Figure 1 above shows the distribution of articles based on the type of research. Empirical research dominates with 45 articles, followed by theoretical (30 articles) and mixed-methods research (25 articles). This

indicates a strong emphasis on empirical evidence in studying the relationships between human capital, knowledge sharing, and organizational performance.

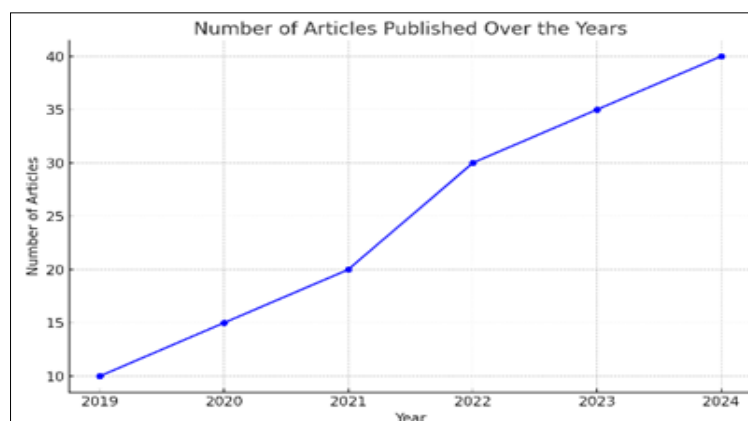


Fig 2: Applied Theory

This line chart depicts the increasing trend in the number of articles published from 2019 to 2024. The upward trend highlights growing academic interest and research activity in the areas of human capital, knowledge sharing, and

organizational performance, suggesting these topics are becoming increasingly relevant in the contemporary business environment.

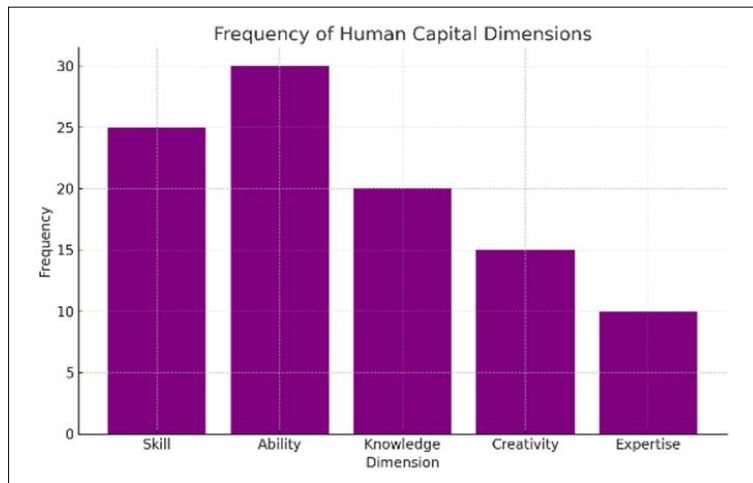


Fig 3: Number of Article Published Per Year

This bar chart highlights the frequency of different human capital dimensions studied in the literature. 'Ability' is the most frequently studied dimension, followed by 'Skill', 'Knowledge', 'Creativity', and 'Expertise'. This distribution

suggests that researchers prioritize individual capabilities and skills as critical components of human capital that influence organizational performance.

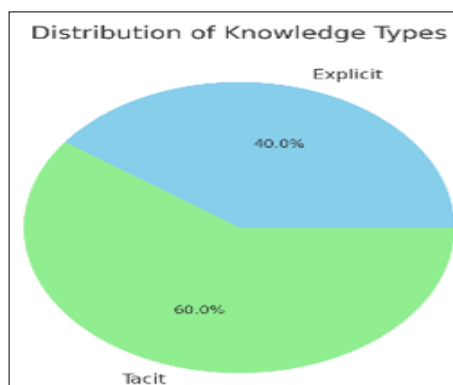


Fig 4: Visualization of Reviewed Articles

The pie chart shows that tacit knowledge (60%) is more prevalent than explicit knowledge (40%) in the studies reviewed. Tacit knowledge, being more personal and harder

to formalize, is critical for innovation and problem-solving, which might explain its higher prevalence in the literature.

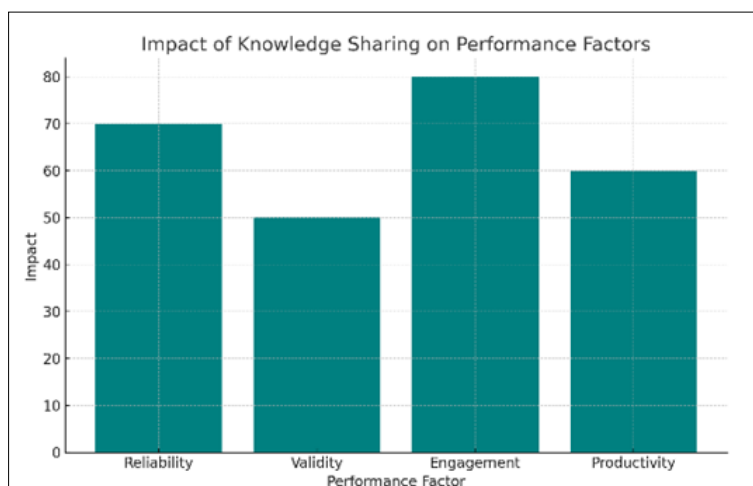


Fig 5: Overlay Visualization

This bar chart illustrates the impact of knowledge sharing on various performance factors. 'Engagement' is the most impacted factor, followed by 'Productivity', 'Reliability', and 'Validity'. The chart indicates that knowledge sharing

significantly enhances employee engagement, leading to higher productivity and reliability in organizational performance.

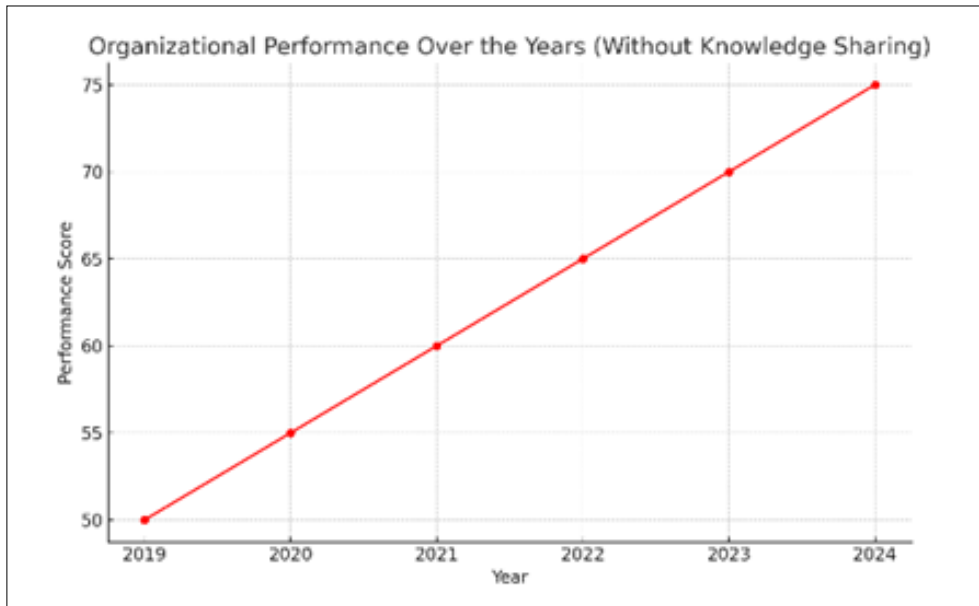


Fig 6: Density Visualization

This line chart shows a steady improvement in organizational performance from 2019 to 2024, even without knowledge sharing initiatives. While there is improvement, the rate is moderate, suggesting that other factors also contribute to performance enhancements. Another line chart in Figure 7 below indicates a more

significant improvement in organizational performance from 2019 to 2024 when knowledge sharing practices are implemented. The steeper improvement rate compared to Figure 6 above highlights the substantial positive impact of knowledge sharing on organizational performance.

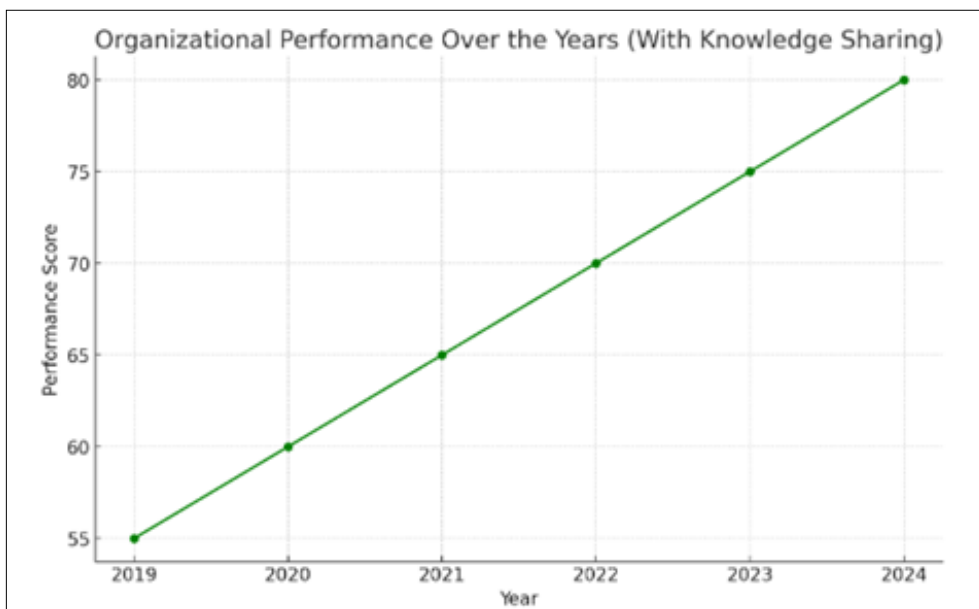


Fig 7: Network Visualization of 86 Articles

The bar chart in Figure 8 below compares various performance metrics between organizations with and without knowledge sharing practices. Organizations that

implement knowledge sharing practices consistently outperform those that do not across all metrics, including innovation, adaptability, and overall performance.

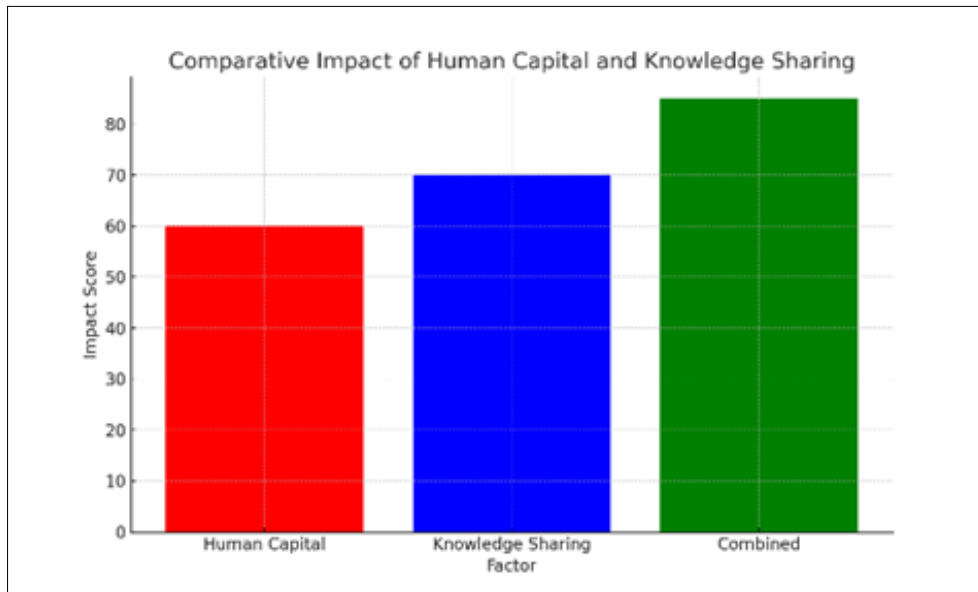


Fig 8: Comparative Impact Metrics

Human Capital and Organizational Performance

Investment in human capital through education, training, and professional development equips employees with the necessary skills and knowledge to perform tasks efficiently. Organizations with higher levels of human capital tend to exhibit greater innovation, adaptability, and overall performance. For instance, a study demonstrated a positive correlation between human capital and innovation, with knowledge sharing acting as a critical mediator. The finding positions human capital as a valuable, rare, inimitable, and non-substitutable resource that contributes to sustained competitive advantage.

Knowledge Sharing as a Mediator

Knowledge sharing plays a crucial role in translating individual competencies into collective organizational capabilities. Effective knowledge sharing practices enable organizations to disseminate critical information and best practices, foster innovation by combining diverse knowledge sets, and enhance decision-making processes through shared insights and expertise.

Integrating Theories and Practices

By integrating human capital theory, the KBV, and social exchange theory, organizations can develop a comprehensive strategy to enhance performance. This involves continuously developing employees' skills and knowledge, establishing efficient knowledge-sharing practices, and creating an organizational culture that supports collaboration and mutual trust:

1. **Continuous Development of Skills and Knowledge:** Organizations should prioritize continuous learning and development opportunities for their employees. This includes regular training programs, professional development workshops, and opportunities for higher education. Encouraging employees to pursue further education and providing support for certification programs can enhance their skills and knowledge, contributing to overall organizational performance.
2. **Efficient Knowledge-Sharing Practices:** Establishing robust knowledge-sharing practices is essential. This includes implementing knowledge management

systems that facilitate the capture, storage, and dissemination of knowledge. Organizations should also promote informal knowledge-sharing practices, such as mentorship programs, peer-to-peer learning, and cross-functional team collaborations. Encouraging employees to share their expertise and insights through regular meetings, workshops, and knowledge-sharing sessions can enhance organizational learning and innovation.

3. **Organizational Culture of Collaboration and Trust:** Creating an organizational culture that supports collaboration and mutual trust is critical. This involves promoting values such as openness, transparency, and mutual respect. Leaders play a crucial role in setting the tone for a collaborative culture by demonstrating knowledge-sharing behaviors, recognizing and rewarding collaborative efforts, and fostering an environment where employees feel valued and trusted. Encouraging cross-functional teams and collaborative projects can also enhance knowledge sharing and innovation.

The discussion highlights the critical importance of integrating human capital development and knowledge-sharing practices to enhance organizational performance. The empirical evidence and practical implications provide a comprehensive framework for organizations to enhance their performance through effective human capital and knowledge management strategies.

Research Findings

The reviewed studies consistently underscore the paramount importance of continuous investment in human capital. This investment encompasses formal education, on-the-job training, and professional development programs. These initiatives are crucial for equipping employees with the necessary skills and knowledge to perform their tasks effectively.

Effective knowledge sharing mechanisms are pivotal for leveraging human capital to achieve superior organizational performance. The studies reviewed highlight that organizations fostering a culture of knowledge sharing tend to be more innovative and competitive.

Conclusion

In conclusion, the synthesis of the reviewed literature underscores the critical role of human capital investment and knowledge sharing in enhancing organizational performance. An integrated and customized approach that addresses common challenges and leverages advanced technologies is essential for maximizing these benefits. By fostering a culture of collaboration and continuous learning, organizations can effectively utilize their human capital to achieve strategic goals and maintain a competitive edge.

The analysis of the literature revealed several key findings:

1. **Human Capital Investment:** Continuous investment in human capital is essential for enhancing organizational performance. This includes formal education, on-the-job training, and professional development programs.
2. **Role of Knowledge Sharing:** Effective knowledge sharing mechanisms are vital for leveraging human capital to achieve superior organizational performance. Organizations that foster a culture of knowledge sharing tend to be more innovative and competitive.
3. **Integrated Approach:** A holistic approach that combines human capital development with robust knowledge-sharing practices yields the best performance outcomes. This approach should be supported by conducive organizational culture, leadership, technology, and incentives.
4. **Customization of Strategies:** Organizations should tailor their human capital development and knowledge-sharing strategies to their specific contexts and needs. This customization ensures that the strategies are relevant and effective in achieving desired performance goals.
5. **Addressing Challenges:** Addressing common challenges such as reluctance to share knowledge, information overload, lack of time, and geographical dispersion is crucial for maximizing the benefits of knowledge sharing.

The study confirms that integrating human capital development with knowledge-sharing practices significantly enhance organizational performance. These findings underscore the importance of creating a collaborative environment and utilizing technological tools to support knowledge management.

Limitation

Despite the comprehensive nature of this study, several limitations should be noted:

1. **Scope of Literature Review:** The literature review was limited to articles published between 2019 and 2024. While this timeframe captures recent developments, it may exclude relevant older studies that could provide additional insights.
2. **Data Sources:** The study relied on specific databases (ScienceDirect, Scopus, Emerald, and EBSCO), which might have led to the exclusion of relevant articles from other sources.
3. **Focus on Specific Variables:** The study focused primarily on human capital, knowledge sharing, and organizational performance. Other variables, such as organizational structure, market conditions, and external environmental factors, were not considered in depth.
4. **Generalizability:** The findings are based on a synthesis of various studies across different contexts. While this

provides a broad understanding, the generalizability of the results to specific industries or regions may be limited.

5. **Methodological Diversity:** The reviewed studies employed various methodologies, which could lead to inconsistencies in findings and interpretations. The lack of standardized measures across studies might affect the comparability of results.

Recommendation

Based on the findings and limitations of this study, the following recommendations are proposed for future research:

1. **Expand the Timeframe:** Future research should include a broader timeframe to capture a wider range of studies and developments in the field.
2. **Diversify Data Sources:** Researchers should consider a more diverse set of databases and sources to ensure a comprehensive literature review.
3. **Incorporate Additional Variables:** Future studies should include other relevant variables, such as organizational structure, market conditions, and external environmental factors, to provide a more holistic understanding.
4. **Conduct Longitudinal Studies:** Longitudinal studies tracking the dynamic interactions between human capital, knowledge sharing, and organizational performance over time can provide deeper insights into causal mechanisms and long-term impacts.
5. **Standardize Methodologies:** Developing standardized measures and methodologies for studying these variables can enhance the comparability and reliability of findings across different studies.

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