

TITLE

The Paradoxical Role of Knowledge Sharing and Hiding in the journey from setting Performance Management Systems to achieving effective Sustainable HRM Outcomes

SUMMARY

Performance Management Systems (PMS) have an established reputation in outlining essential tools and metrics that enable the achievement of high-quality organisational outcomes. However, there is growing evidence that they may inadvertently compromise the efforts towards desired organisational outcomes. Short-term gains oriented, misaligned or inflexible performance management systems may debilitate the process and lead to counterproductive workplace behaviours and outcomes instead. This emerging paradox calls for deeper examination of the organisational dynamics and behaviours that cause PMSs to impede the achievement of long-term positive organisational outcomes and sustained competitive advantage.

This paper therefore argues that the way organisations design, develop and implement their PMS has a direct impact on the achievement (or lack of it) of Sustainable Human Resource Management (SHRM) outcomes. It further goes on to argue that positive organisational practices with respect to leadership, culture and employee engagement play a moderating role in encouraging Knowledge Sharing (KS); whilst negative practice encourage Knowledge Hiding (KH) instead. This creates a paradox in the impact of PMS on SHRM and KS and KH end up playing a mediating role in the final relationship. The paper adopts the Social Exchange Theory as the theoretical foundation to support the arguments being made.

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INTRODUCTION

Human Resource Management (HRM) has a rich history of investigating best organisational behaviour practices within an organisation to achieve outstanding performance.

The way organisations design, develop and implement their Performance Management Systems (PMS) has a direct impact on the achievement (or lack of it) of Sustainable Human Resource Management (SHRM) outcomes. Positive organisational practices with respect to leadership, culture and employee engagement play a moderating role in encouraging Knowledge Sharing (KS); whilst negative practices encourage Knowledge Hiding (KH). This creates a paradox in the impact of PMS on SHRM and KS and KH end up playing a mediating role in the final relationship. This research also addresses Ababuch's (2021) call to address the process rather than identifying more practices that underpin SHRM practices. The theoretical foundation of this research is the Social Exchange Theory (SET).

Social Exchange Theory (SET), the theoretical underpinning of this research begins this paper. The paper then focuses on considering the relationship between PMS and SHRM as constructs, thereby maintaining focus on SHRM specific outcomes of PMS and not the wider overall business outcomes. Understanding the complex relationship is important because it helps inform the often-paradoxical role PMS plays in shaping sustainable organizational outcomes. Furthermore, this research highlights the need for strategic alignment, thoughtful design, and contextual sensitivity in HR systems to truly support long-term success. Thereafter the three variables relating to the PMS - SHRM relationship: leadership, culture, and engagement are discussed in consonance with KS and KH respectively - this reflects the positive and negative perspectives on the PMS-SHRM relationship. This paper concludes by proposing a conceptual framework.

Theoretical Foundation in brief

Social Exchange Theory (SET) explains workplace behaviour through the contextual lens of interpersonal workplace transactions and exchanges which leads to high-quality workplace relationships (Cropanzano and Mitchell, 2005). Social Exchange Theory suggests why and how employees respond to performance management practices in ways that affect knowledge behaviors and sustainable HR outcomes. More specifically, SET emphasizes reciprocity, trust, fairness, and context which makes SET a robust foundation for understanding the paradoxical and dynamic nature of PMS impacts in organizational settings (Cropanzano and Mitchell, 2005; Shore et al., 2009). Other studies such as Zhang and Liu (2022) have utilised SET to examine constructs similar to the ones in this research.

Performance Management Systems and Sustainable Human Resource Management

Performance Management System (PMS) is a structure that aligns individual and group performance with corporate goals. Within PMS are specific Key Performance Indicators (KPIs) and behavioural competencies which employees are measured against to monitor employee contribution to the organisational objectives. PMS plays a pivotal role in the measurement and management of organisational outcomes such as innovation and sustainability. The effectiveness of PMS heavily relies on the support of facilitative HRM systems (Sardi *et al.*, 2021). Literature recognises a shift towards adopting dynamic PMS that are agile and responsive to rapid changes in the business context and leverage the power of SHRM practices (Garengo *et al.*, 2022).

The concept of SHRM is grounded in the idea of connecting corporate sustainability activities to human capital sustainability. The reporting of such HRM-performance practices by organisations is increasing and is contingent upon the national and international contextual differences (Ehnert *et al.*, 2016). Stankevičiūtė and Savanevičienė (2018) recognise the role of SHRM in long-term HR development, resurgence and renewal through the establishment of measurable performance parameters that drive organisational performance outcomes. Performance management practices have a direct impact on employees' pro-sustainability behaviours and can be thus instituted purposefully (Piwowar-Sulej, 2021).

Sustainable HR outcomes have built on the triple bottom line (TBL) concept for business accounting. Stankevičiūtė and Savanevičienė (2018) propose eleven key constructs of an effective sustainable HRM system: long-term orientation, care of employees, care of environmental, profitability, employee participation, and social dialogue, employee development, external partnership, flexibility, compliance beyond labor regulations, employee cooperation, fairness, and equality. These constructs that define a SHRM system are the outcomes of a process that began with an effective PMS focused on a sustainable organisation. The KPIs necessary to achieve the sustainable HRM outcomes are moderated by leadership, organisation culture, and employee engagement. Paradoxically, how these three constructs are perceived by individuals are mediated by knowledge hiding or knowledge sharing and this will influence the effectiveness of sustainable HRM program of the organisation.

Knowledge Sharing

Knowledge is seen as an intangible yet irreplicable source of organisational sustained competitive advantage. Knowledge Sharing (KS) is a trans-disciplinary concept that includes intention, behaviours and contributions of knowledge among individuals including exchange of information, skills and expertise (Witherspoon *et al.*, 2013).

Wang and Noe (2010) identified 'organisational context, interpersonal and team characteristics, cultural characteristics, individual characteristics and motivational factors' as cornerstones of effective KS initiatives. Razak *et al.* (2016) emphasise the role of organisational dynamics and climate in motivating and inspiring employees towards enhanced KS behaviours at the workplace, including steering of employee willingness, commitment and citizenship behaviours.

Knowledge Hiding

Knowledge Hiding (KH) refers to the intentional concealment of knowledge that is being sought by another member within the organisation (Connelly *et al.*, 2012). Three types of KH have been identified: evasive hiding, playing dumb, and rationalized hiding (Connelly *et al.*, 2012; Cerne *et al.*, 2014). Connelly *et al.* (2012) further framed KH as a social exchange phenomenon, emphasizing the role of trust, workplace relationships, and reciprocity in influencing knowledge-sharing behaviours.

Within an organisation, factors that may contribute to KH include work environments where employees see colleagues as rivals/threats. This may undermine trust. Perceptions of unfair treatment may lead to KH as a form of retaliation (Anand, Centobelli and Cerchione, 2020, Peng, 2013). KH can be very disruptive at the organisational, team, and person levels. The long-term effect of KH may lead to a toxic organisation culture and thus negatively impact an organisation's SHRM achievements (Anand, Centobelli and Cerchione, 2020).

Following is a discussion of the interactions and relationship between KS, KH and the three key moderating variables: leadership commitment and communication, organisational culture and transparency and employee engagement. The arguments presented indicate that positive drivers in the organisation's internal environment with regards to these variables, have the

potential to steer towards KS, leading to positive outcomes on SHRM parameters, eventually. Conversely, if the same elements in the organisational environment act as barriers to the flow of knowledge and social exchanges, the result tends to be KH.

Leadership Commitment and Communication

Committed leaders set clear expectations, performance criteria, ethical standards and develop employee potential. Transformational leadership approaches have a direct positive impact on KS behaviours and workplace innovation (Al-Husseini *et al.*, 2021). Charismatic, people-oriented, supportive, precise and highly communicative leadership styles have been found to have a strong correlation with the employees' commitment and pro-KS behaviours (De Vries *et al.*, 2010).

Furthermore, creating a facilitative team climate through empowering leadership can lead to powerful KS behaviours that contribute to innovation and sustainability among human capital (Xu and Liang 2011). Therefore, leadership commitment and communication act as significant facilitators in the PMS-SHRM relationship, through the active encouragement of KS.

Guo *et al.*, (2024) identify a plethora of dark triad leadership behaviours that may foster employee KH. Employees engage in KH when leadership is toxic, exploitive and hubristic. Engaging in KH may negatively influence the SHRM outcomes. These leadership behaviours foster employee fear resulting in KH behaviour as a coping mechanism. KH behaviour negatively impacts the achievement of SHRM objectives (Soral, Pati and Kakani, 2022).

Organisational culture and Transparency

Visible and invisible aspects in an organisation's culture and climate tend to strongly influence the inclination of employees to openly share and transfer knowledge. Aspects of culture such as communication mechanisms, openness, consistency, collaboration, trust and espoused behavioural norms reflect on the performance and achievements of the organisation (Ismail Al-Alwai *et al.*, 2007; Kathiravelu *et al.*, 2014). Trust is built through interactions between organisational members that recognise each other as competent and are willing to rely on one another for shared motives. When the culture favours flexibility and adaptability, it encourages decentralisation and integration as opposed to being rigid and change-resistant and is amenable to employees building their KS capacities (Ng, 2023).

Open communication systems, easy access to information, ethical conduct and honesty describe transparency in the organisational context. When transparency is high, it encourages individuals to break power-based silos, avoid knowledge hoarding, experience psychological safety and thus partake in hesitation-free, judgement-free sharing of their experiences, knowledge and expertise. This can drive high performance, collaboration, organisational learning and innovation which are foundations of human capital sustainability (Che *et al.*, 2019; Schnieder *et al.*, 2024).

Through dark triad leadership a negative organisational culture may emerge, and employees may engage in KH behaviour as a coping mechanism (Soral, Pati and Kakani, 2022). The work culture, ethics, quality of leader-member exchanges and workplace relationships have been found to impair open sharing and encourage KH instead (Anand, Offergelt and Anand, 2022).

Employee Engagement

Organisations that integrate EE into their SHRM strategies can develop a workforce that actively participates in KS (Macey and Schneider, 2008). However, organisations that struggle with EE may engender employee disengagement which may in turn lead to KH (Ford, Myrden and Jones, 2015).

EE is found to have a substantial positive influence on organisational performance and KS has a strong effect on this relationship (Ahmed *et al.*, 2020). Furthermore, well designed and developed PMS have a bearing on KS behaviours as well as EE, thereby strengthening the case for focussed EE interventions (Gupta and Singh, 2014). Studies also support the idea of using KS to support the development of employees' capabilities and competence and indirectly leading them to be more engaged at work (Naim *et al.*, 2024). Therefore, EE plays a pivotal role in fostering a KS-culture. When organisations purposefully prioritise EE, they make way for a strong KS environment where innovation and high performance are natural outcomes.

Kahn (1990) argued there were three predictors of (dis)engagement at work: meaningfulness, safety and availability. Saks and Gruman (2014) expanded the predictors of engagement to include supportive managers, professional development and growth opportunities. These factors influence employees' work commitment and commitment to sustainable practices. (Ababneh and Macky, 2015; Stankevičiūtė and Savanevičienė, 2018).

Anand, Centobelli, and Cerchione (2020) identified two aspects of (dis)engagement that lead to inadvertent and intentional KH. They found that 'influenced' and 'perceived' disengagement takes place among individuals at the workplace, contingent upon differing perceptions of each other's knowledge behaviours, their interpersonal relationships, task interdependencies and expertise power. Therefore, engagement levels closely interact to inhibit knowledge flows and lead to KH if not monitored.

Firms with a strong focus on EE had more effective PM systems, reinforcing the connection between engagement and performance outcomes (Haines and St-Onge, 2012). However, many organisations struggle to integrate engagement-focused PMS due to short-term financial pressures (Maley and Moeller, 2014). Organisations that embed KS, trust, and participatory decision-making into their PMS foster greater EE and alignment with sustainability goals. When employees see their organisation as a force for positive societal impact, they are more likely to experience meaningfulness at work, leading to higher commitment and performance (Gruman and Saks, 2011). By shifting PMS towards sustainability-driven KPIs, organisations can create a pathway from engagement to long-term sustainable outcomes, reinforcing both business success and environmental responsibility.

Figure 1 below proposes our conceptual framework, depicting the relationships between the constructs and variables in this research.

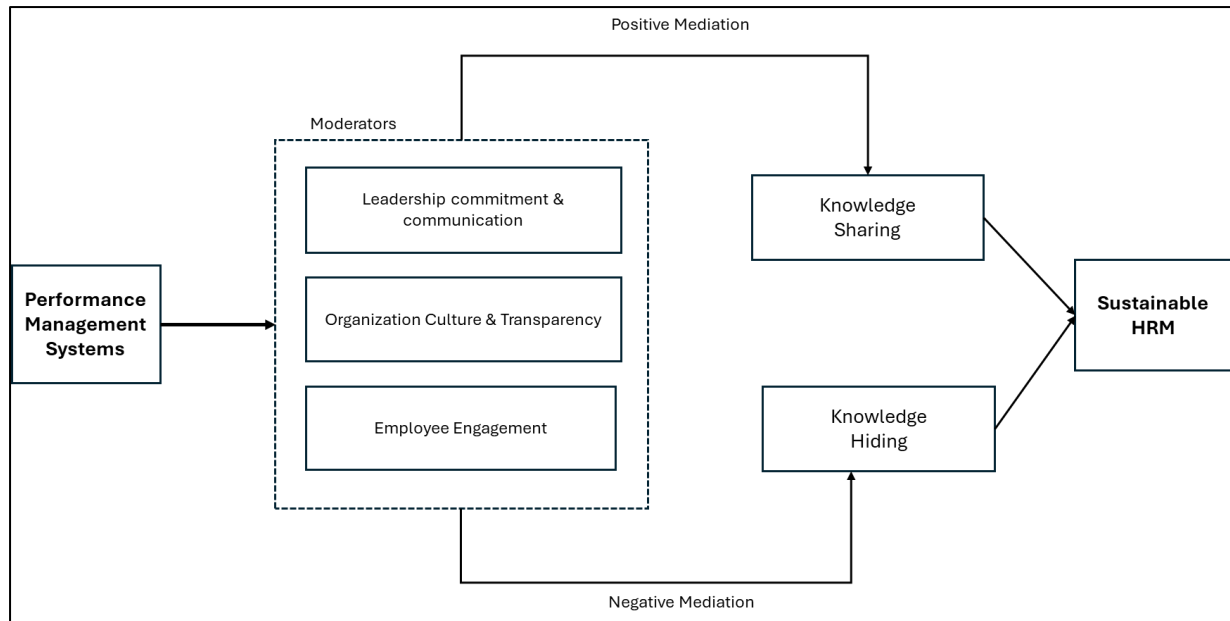


Figure 1: The proposed conceptual framework

Source: Authors' own

CONCLUSION

Based on the previous discussions, this investigation proposes the research framework in Figure 1 to build on Ababuch's (2021) call to better understand the process from Performance Management to Sustainable HRM outcomes. Thus, this is a cross-level investigation. The process is moderated by organisational culture, leadership, and engagement. Mediating this process is whether individuals engage in KS or KH to arrive at sustainable HR practices. Thus, this research adds to the understanding of the PMS – SHRM process.

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