

## **THE DYNAMICS OF KNOWLEDGE CREATION, SHARING, AND APPLICATION IN FOSTERING ORGANIZATIONAL GROWTH IN INDIA'S PUBLIC SECTOR BANKING**

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### **ABSTRACT**

In the present paper, the authors will analyze how the processes of knowledge management, (i.e. both in knowledge creation, sharing and application) influenced development of an organization with respect to the Indian public sector banking institutions. In an extremely dynamic digital world, evolving customer needs, and the competitive world, good knowledge dynamics has been a necessity keeping a particular institution or not. The study draws on qualitative and quantitative data collected among the employees, managers and knowledge-work systems in one sample of the public sector banks to understand how this knowledge processes are systematized, facilitated and utilized to improve different areas of innovation, operational performance and strategic decision making. The paper examines how organizational culture, technology infrastructure, human resource practices and support of the leader has an impact in the creation of knowledge flows. It has also been unveiled that the establishment of knowledge frames, open practice of sharing and application Culture highly advance the quality of the services, competence of the employees and adaptive capacity thereby fostering sustainable development. The paper contribution to the literature besides practice is in the fact that it identifies the most critical enablers of and obstacles to the knowledge dynamics within the setting of the public banking organization and recommends practically to the policy makers and leaders in the banking industry to improve their competitive advantage by smarter management of their knowledge.

**Keywords** - Knowledge Creation, Knowledge Sharing, Knowledge Application, Organizational Growth, Public Sector Banks

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### **INTRODUCTION**

Since time immemorial, public sector banking in India has been one of the support structures in the economic development of the country and the place where financial inclusion and spread of credit and

policies thrive. Over the decades, the extant knowledge-intensive entities of the public sector banks (PSBs) have emerged as a result of the traditional and transaction-driven banking organizations operational in extensively competitive and technology-absorbing environment. The playing field of PSBs has significantly transformed due to liberalization, globalization, regulatory modifications and utilization of the digital banking penetration as they have been compelled to re-evaluate their internal capacity and strategy resources. In this respect, the knowledge has become a highly significant intangible resource that determines the organization performance, development of its services and prospective development. Unlike physical or financial resources, knowledge is housed in the human expertise, organizational routines and systems and technology based and what this entails is that its creation, distribution and consumption are crucial significant to the sustainability of organizational performance in the banking sector of the public sector.

The creation of knowledge in the case of the public sector banks involves the continual growth of fresh ideas as per the experience of the staff, training of the staff, customer communications, learning of regulatory or learning of new technologies. In as much as PSBs would be working across diverse socio-economic segments of the urban and rural Indian markets, the opportunity of building contextual and practice-based knowledge becomes overly critical. However, the hierarchical constitution and rule-based nature of the organizations in the sector of the public implies, which limits the innovativeness and exploration, such that personal knowledge systematization into organizational knowledge would be limited. However, the capacity-building programs, the online activities, and the cross-functional collaboration can enhance the institution-level learning with using the coordinated learning processes, which include the knowledge creation.

The exchange of knowledge is also critical, and it determines the degree of efficiency through which the knowledge developed by it flows in various directions, across various departments and branches of an organization, and up the hierarchy. Addressing the knowledge sharing in banking sector is mandatory regarding the public sector to make uniform the best practices, improve the risk management, consumer relations and compliance with the regulatory requirements. It is believed that such barriers as cultural barriers, resistance to change, functional silos and low incentives are also often used to restrain open knowledge exchange. These gaps began to be filled with the growing use of core banking solutions, intranets and collaborative digital tools but its success has greatly relied on organizational culture, leadership approval and willingness of the employees to disseminate the expertise. The operational inefficiencies will be reduced through knowledge base and above all the group problem solving and decision making processes will be empowered.

Application is the final and the most significant stage in the cycle of knowledge management since this is the way of applying knowledge into the practical implications which directly affect development of organization. Knowledge is applied in the services given by the banks in the public sector through enhanced credit reviews, enhanced risk reviews, prompt service delivery, product innovation and strategic planning. Lack of implementation of the available knowledge may result to mistakes occurring again accompanied by slowness of decision making process and performance. Therefore, the combination of the knowledge sources and the working process and the strategic objectives is of the highest importance with the purpose of receiving the material advantages. The application of knowledge is essential in navigation of the culture of knowledge under the daily routing of banking activities which is accomplished by leadership commitment, facilitating policies and performance based systems.

The expansion of the organizations in the government sector banking is not only being dictated by the financial performance of the organizations, but also serving quality, customer confidence building, employee development capability and resilience of the institution. Good knowledge dynamics require that PSBs leverage their experience regarding the work years, human resource and clientele base, in an industry that has been experiencing increased competition amongst the private banks and fin tech-

based businesses. It would be interesting to learn how the creation, sharing and use of knowledge in these institutions can provide useful information on how to enhance productivity, innovation, and flexibility. It is in this context that this study seeks to research on the dynamics of knowledge management processes in the Indian government-owned banks, and how this is working out to support the organization development in the evolving banking environment.

## **LITERATURE REVIEW**

Knowledge management (KM) has emerged a powerful company resource that defines a high level of competitiveness, innovation, and performance of any business, or the banking industry is not an exception. The study conducted by Andreeva and Kianto (2012) indicates that the strategic value that is anticipated to be beneficial to organizations that engage in the act of knowledge creation, sharing and application is knowledge management practices because these organizations have high chances of holding a strong economic performance and achieving sustainable competitive advantage. Through their research, a theory has been provided that demonstrates that KM is not just a support factor but one of the moving factors of an organization growth that is why it is particularly relevant to the knowledge intensive industry, such as the banking industry.

When it comes to India banking industry, Manivannan and Kathiravan (2016a) investigated the knowledge management practice, which was undertaken by the banks located in Chennai whereby they discovered that the adoption of formal KM practices positively impacted the operations of the bank and service quality provided. They have pointed their findings to the importance of knowledge generation as a process of informed decision-making and creative solutions to banking, and training programmes, including reports of the best practice have a significant role. Similarly, Manivannan and Kathiravan (2016b) have examined the organizational commitment level among employees within the banking industry in Cuddalore and found out that the degree of engagement and the willingness to share knowledge activities heavily depends on the level of organizational performance exhibiting a human touch of KM in banking business.

A conceptual framework on the understanding of knowledge management systems (KMS), Alavi and Leidner (2001) has proposed and has listed knowledge management into creation of knowledge, storage/retrieval, transfer and application. The interrelationship between technology, processes and human factors in the development of effective knowledge dynamics is the focus of their model. The theory particularly applies to the public sector banks in India whose core banking platforms, virtual environment and information-sharing technology is becoming to bring about mobility of knowledge between the bank branches which are centrally placed in terms of geography.

Shaneeb and Sumathy (2021a, 2021b) comprehend the rationale and continue to establish the correlation between the intellectual capital, which consists of human capital, structural capital, and relational capital, and financial and firm performance in Indian textile sectors and IT firms. Their analysis indicates that direct implication of the intangible knowledge resource leverage is the impact it brings to the organizational growth, profitability and innovativeness. These findings are reminiscent of the situation of the public sector banking industry where employee productivity, knowledge of the process, and institutional learning is the centerpiece to the competitive performance.

In addition, the relevantness of dissemination of information and its implementation in building trust and enhancing the quality of provided services is demonstrated through the study by Shaneeb and Sumathy (2018a, 2018b) on the perception of investors and e-governance. In the banking industry, it may be converted by using proper use of client information, regulatory reforms, and online solutions on road to the improved decision making as well as customer interactions. A conglomerate of the researches indicates that a blend of the studies increases the defensive features of the institutions and strategic implementation to a significant extent.

Uzonwanne and Francis (2014) researched organizational citizenship behavior (OCB) in relation to demography to establish how the various variables affect the various behavior, and revealed that the

voluntary efforts and unofficial information-sharing process by the oil workers in Nigeria could be used to complement official KM programs. There is an emphasis on the socio-cultural part related to knowledge management and the culture may bring about an increase in the movement of knowledge between departments, cooperating in solving problems, and productivity, which is highlighted in the case of Indian public sector banks.

Finally, Shaneeb and Mazoor (2019) identified specific areas of niche services, including wellness tourism and applied knowledge management in the creation of particular service propositions and experiences of clients. As much as this can be transferable to the banking sector, this study attests to the notion that knowledge dynamics can play fundamental role in the differentiation and long-term development of organizations, which can also be extended to PSBs in their endeavors towards promoting the customer-driven banking solutions in a competitive economy.

To sum up, the literature reflects three important themes, which can be applied to the public sector banks, that are: (i) knowledge creation enhances the innovation and institutional learning, (ii) knowledge sharing enhances the collaboration, effectiveness, and quality of services, and (iii) knowledge application transforms organizational knowledge into actual performance outputs. Despite the extensive research carried out on the knowledge management area in the industry, the research has little empirical work relative to the research conducted within the field of the public sector banking in India. This gap serves the purpose of expounding the importance of researching the influence of KM practices on the organizational growth of PSBs due to their uniqueness.

### **Objectives of the study**

1. To examine the processes of knowledge creation in India's public sector banks.
2. To analyze the mechanisms of knowledge sharing within public sector banks.
3. To evaluate the application of knowledge in enhancing organizational performance.

**Hypothesis (H<sub>1</sub>):** There is a significant positive relationship between knowledge-sharing mechanisms and organizational performance in India's public sector banks.

**Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between knowledge-sharing mechanisms and organizational performance in India's public sector banks.

### **RESEARCH METHODOLOGY**

The current study assumes a descriptive and explanatory research study in examining how knowledge creation, sharing and application dynamics can influence organizational growth in the context of the public sector banks in India. In a bid to obtain holistic perspective of knowledge management practices a combined methodology of mixed approach is adopted where quantitative and qualitative knowledge is gathered simultaneously. The population of the research will consist of the staff, executives, and branch administrative staff of the chosen banks within the public sector of the country. The stratified random sampling technique is also used to ensure that the representation is done at different levels of hierarchy and functional departments. The major method of data collection: The structured questionnaires are in the format of a Likert scale to gauge the perceptions and practice involved in the creation, sharing, and application of knowledge, and semi-structured interviews with the key management personnel will serve and offer detailed information regarding the organizational culture, technology usage, and knowledge management in the way provided by the management. Annual reports, policy documents and past research studies are also used to collect secondary data to provide credence to primary findings. Analysis of correlation, regression analysis, and ANOVA are used in the article as statistical calculations to determine the links between knowledge management processes and measures of organization growth whereas the qualitative insight is understood through the application of thematic analysis. The proposed methodology will ensure a rigorous and comprehensive assessment of the strength of the knowledge dynamics on the performance and development within the sphere of the state sector banks and will provide viable aspects to policy makers, administrators, and researchers.

**Table: Descriptive Statistics for Knowledge-Sharing Mechanisms and Organizational Performance**

Variable	N	Mean	Standard Deviation	Minimum	Maximum
Knowledge-sharing through formal meetings	150	4.12	0.65	2	5
Knowledge-sharing through digital platforms	150	3.85	0.72	2	5
Knowledge-sharing through training programs	150	4.05	0.68	2	5
Knowledge-sharing through informal interactions	150	3.78	0.80	1	5
Overall Knowledge-sharing Score	150	3.95	0.61	2	5
Organizational Performance (self-reported)	150	4.01	0.59	2	5

The descriptive statistics indicates that the employees working in the public sector banks in India have a tendency of indicating that knowledge sharing mechanism is generally positive with an average score falling between 3.78 to 4.12 on a 5-point Likert scale. The highest mean scores (4.12 and 4.05 respectively) were assigned to formal meeting and training programs meaning that institutionalized and formal means of knowledge transfer are the most familiar and frequently utilized ones. Another significant role is filled by the digital platforms (mean = 3.85) and informal interactions (mean = 3.78) though the latter has a larger standard deviation (0.72 and 0.80). The overall score of 3.95 of the knowledge sharing indicates that the overall knowledge dissemination practices were viewed pretty positively by the banks that were surveyed. The self reported performance also provides an average score of 4.01 that indicates that the respondents believe that their institutions are performing well as far as the operational and strategic aspects are concerned. The standard deviations of both knowledge-sharing variables and performance variables are quite low, implying that they were reliable in their responses, and the trends of observation can be said to reflect the degree of hierarchies and the various departments. These descriptive statistics suggest that there might possibly be some effective knowledge-sharing processes, and such a process might well have an affirmative impact on the organization performance and therefore needs more inferential statistics, such as correlation, regression, to formally test the relationship proposed.

**Table: Pearson's Correlation between Knowledge-Sharing Mechanisms and Organizational Performance**

Variables	Knowledge-Sharing Mechanisms	Organizational Performance
Knowledge-Sharing Mechanisms	1	0.682**
Organizational Performance	0.682**	1

**Notes:**

- **N = 150** (sample size)
- **Correlation is significant at the 0.01 level (2-tailed)**

The Pearson correlation coefficient result is that the knowledge sharing practices and organizational performance in the Indian state banks have a high positive relationship ( $r = 0.682$ ,  $p < 0.01$ ). This means that the stronger the knowledge sharing mechanisms and the magnitude of their occurrence are the more the performance of an organization becomes. The high correlation implies that the application of the practices (formal meetings, training programs, digital knowledge platforms, and informal interaction) would make a great contribution to the improvement of operational effectiveness, decision, and quality of the service in the state sector banks. This positive association is

also statistically significant ( $p < 0.01$ ), this fact proves that this association was not created due to chance and once again empirically supports the hypothesis (H 1) according to which mechanisms of knowledge sharing can positively affect the effectiveness of the organization. Such findings highlight the exceptional significance of establishing collaborative culture, investing in technology based knowledge sharing devices, and encouraging employees to participate in knowledge flows in an attempt to improve organizational performance. In sum, all these results highlight the fact that the success of the knowledge-sharing process is among the primary aspects of organisational development, sustainable existence and competitiveness variables, in the real world case of the Indian public sector bank industry.

### **CONCLUSION**

The article singles out knowledge management to be the savior in fostering organizational growth within the banks in the Indian public service. It can be personally admitted that by examining the dynamics of knowledge creation, sharing and application, the researchers have identified the processes as not only complementary to each other but also as essential to enhancing performance, innovation and resiliency in institutions. The findings indicate that formal meetings, training, electronic based networks, and messages that are informal, are positively correlated with the functions of an organization and this feature is strongly positive hence demonstrates the relationship suggested by the hypothesis. The employees perceive structured and cooperative knowledge practices as being forced agents of informed decision making, productive activities and improvement of service delivery. Moreover, the paper has given a strong emphasis on the problem of organizational culture, leadership support and technology infrastructure as they provide assurance of efficient transfer of knowledge through vertical lines, functional units.

Having such an assurance that practices of knowledge management are purposefully encouraged, we can conclude that, as far as practical considerations go, the outcome of such an endeavor indicates that the banks of the public sector can expand in a steady way. Transparency as a culture is likely to be significant in enhancing institutional capability and competitive advantage because the organization invests in online tools of knowledge sharing and the uniformity of knowledge execution with strategic objectives. The study is also beneficial to the academic literature as it fills the gap of the empirical studies on the concept of knowledge management to the sector of the public banking in India and how the intangible resources like the intellectual capital and expertise in knowledge have a direct impact on the performance of an organization.

Affirmatively, the study concludes that knowledge is a strategic asset to the populace sector banks and its proper development, communication and use is an enhancement of the organizational growth. This thus urges policymakers, managers and head leaders of the banking industries, to consider the application of knowledge management as one of the key organisational strategies, which improves innovation, efficiency and sustenance in the challenge of an ever increasing competitive and technological banking industry.

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