

Exploring the Link Between Human Resource Management Policies and Practices and Critical Knowledge Harvesting in Kenyan Financial Regulatory Institutions

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Abstract: *This study examined the extent to which Human Resource Management Policies and Practices (HRMPP) positively contributed to Critical Knowledge Harvesting (CKH) within Kenyan Financial Regulatory Institutions (FRIs). Guided by Human Capital Theory and the Knowledge-Based View of the Firm, the study investigated the extent to which HRMPP influenced Critical Knowledge harvesting. The study population comprised of 292 respondents from FRIs. The study adopted quantitative approach where the population was stratified, purposive sampled in every stratum to pick respondents to answer online questionnaires. The population comprised of senior management, middle level management, head of units, staff from Human resource and Strategic management departments. Primary data collected was analyzed through descriptive and inferential statistics, including weighted means, correlation, and regression. The findings revealed that while HRMPP such as training, job rotation and provision of manuals moderately supported CKH, gaps exist in succession planning and retiree engagement. The correlation between HRMPP and CKH was weak ($r = 0.24$), with HRMPP explaining only 6% of the variance in CKH. The study concluded that HRMPP alone was insufficient to guarantee effective Critical Knowledge harvesting, retention and recommended strengthening succession frameworks, formalizing retiree Critical Knowledge transfer and leveraging ICT-based systems to improve performance continuity, safeguard institutional memory and enhance resilience in the financial regulatory sector. This research investigates how Human Resource Management Policies and Practices (HRMPP) affect Critical Knowledge Harvesting (CKH) in Kenyan Financial Regulatory Institutions (FRIs). Anchored in Human Capital Theory and the Knowledge-Based View of the Firm, the study employed a quantitative approach using stratified purposive sampling of 292 respondents. Data were analyzed using descriptive and inferential statistics. While HR practices such as training and job rotation supported CKH to a moderate degree, significant gaps were identified in succession planning and retiree engagement. The correlation between HRMPP and CKH was weak ($r = 0.24$), indicating limited influence. The study recommends integrating succession frameworks, leveraging ICT tools, and formalizing knowledge transfer processes to improve institutional memory and sector resilience.*

Keywords: human resource management, critical knowledge harvesting, institutional memory, financial regulation, succession planning

1. Introduction

Knowledge is widely recognized as a strategic asset in modern organizations, playing a central role in sustaining competitiveness, efficiency and innovation. In the financial regulatory sector, where institutions are mandated to safeguard financial stability, enforce compliance and promote sector growth, the retention and transfer of Critical Knowledge is particularly vital. However, many organizations face the challenge of losing institutional memory when experienced staff retire or exit without structured mechanisms to capture and transfer their expertise. This concern is especially significant in FRIs, where specialized Critical Knowledge underpins effective policy formulation, oversight and governance.

Human Resource Management Policies and Practices (HRMPP) have been identified as key enablers of Critical Knowledge Harvesting (CKH). Policies relating to training, mentoring, succession planning, retention and use of digital documentation are designed to ensure continuity of expertise

and strengthen institutional performance. Nonetheless, gaps persist where HR interventions are inconsistently implemented or inadequately aligned with knowledge management strategies. Succession planning and retiree knowledge-sharing, for example, remain weakly institutionalized, while ICT-based tools such as knowledge repositories and video recording are underutilized. This raises questions about the effectiveness of existing HRMPP frameworks in facilitating CKH and preventing the erosion of institutional memory. It is in contrast to this background that the study sought to explore the relationship between HRMPP and CKH within the Kenyan FRIs, by examining the extent, and both the strengths and weaknesses in current HRMPP.

2. Statement of the Problem

Despite high networking capabilities and adoption of Knowledge Management Practices, organizations still find knowledge gaps in the knowledge lifecycle. Knowledge gap exists in the knowledge life cycle when there are no strategies and mechanisms in place to harvest, share, retain and preserve

the much searched for Critical Knowledge. Kenya's FRIs face a growing risk of Critical Knowledge loss as experienced employees retire or exit, leaving behind critical expertise that is neither adequately captured, preserved nor transferred. Although Human Resource Management Policies and Practices (HRMPP) such as training, job rotation, and use of manuals exist, they are insufficient to ensure systematic Critical Knowledge Harvesting (CKH). This weakens institutional memory, reduces continuity and undermines organizational resilience in a sector where knowledge is vital for effective regulation and governance. Despite the presence of HRMPP frameworks, gaps persist in succession planning, retiree engagement, knowledge-sharing platforms and the use of ICT-based documentation systems. Retiree know-how is rarely captured systematically, mentoring and coaching are inconsistently practiced and video or digital tools for Critical Knowledge preservation are underutilized. As a result, FRIs, risk inefficiency, policy disruption and diminished capacity to respond to emerging financial sector challenges due to the unavailability and loss of Critical organizational knowledge.

The main objective of this study was to examine the relationship between Human Resource Management Policies and Practices (HRMPP) and Critical Knowledge Harvesting (CKH) in Kenyan FRIs.

The specific objectives were to:

- Examine the role and effectiveness of HRMPP in promoting Critical Knowledge harvesting.
- Determine the overall relationship between HRMPP and CKH in Kenyan financial regulatory institutions.

Justification and Significance of the Study

The financial regulatory sector in Kenya play a central role in ensuring economic stability, compliance and governance within the wider financial system. FRIs, rely heavily on specialized knowledge to carry out their mandates effectively. However, the loss of Critical Knowledge through retirements, resignations and inadequate succession mechanisms poses a significant threat to organizational continuity and sector stability. This challenge underscores the importance of examining how Human Resource Management Policies and Practices (HRMPP) contribute to Critical Knowledge Harvesting (CKH).

The study is significant in several ways. *First*, it provides empirical evidence on the extent to which HRMPP facilitate Critical Knowledge capture, retention and transfer within Kenyan FRIs. *Second*, the findings will inform policy formulation by highlighting strengths and weaknesses in existing HRMPP frameworks, enabling institutions to design more effective knowledge management strategies. *Third*, the study contributes to academic discourse by bridging Human Capital Theory and the Knowledge-Based View of the firm with practical HR practices, offering insights applicable to both scholars and practitioners. *Finally*, the research benefits financial regulators and policymakers by recommending actionable strategies such as succession planning, retiree engagement, ICT integration and mentorship programs that will strengthen institutional memory, resilience, and long-term workforce capability in the financial sector.

3. Literature Review

Human Resource Management Policies and Practices (HRMPP) encompass recruitment and selection, training and development, performance appraisal, succession planning and rewards systems that shape the management of human capital (Armstrong & Taylor, 2020). Human resources are viewed as the greatest organizational asset, not merely as individuals but as human capital, the collective value of skills, knowledge, creativity, and motivation that drive performance (Robert & Elizabeth, 2003; Mathis & Jackson, 2006). Effective HRM practices enhance employee satisfaction, motivation and retention, which in turn sustain productivity and organizational excellence (Katou, 2012; Rastogi, 2009). Employees are ultimately the primary creators and bearers of knowledge and HRMPP provide the structures through which this knowledge can be cultivated, retained and utilized for organizational goals (Soliman & Spooner, 2000; Scarbrough, 2003).

Critical Knowledge Harvesting (CKH) refers to systematically capturing, preserving and transferring essential CK, particularly from experts and exiting employees, to safeguard institutional memory (Dalkir, 2017). Through training, succession planning, retention programs and knowledge-sharing initiatives, HRMPP facilitate the absorption, transfer and storage of Critical Knowledge that ensures continuity in key organizational functions. However, challenges such as aging workforce, skills shortages, and weak succession strategies undermine Critical Knowledge harvesting. For instance, Musyoki (2019) found that succession management in the Kenyan civil service was concentrated on senior positions, leaving a shortage of critical skills and gaps in career development policies.

Al-Hawary (2015) identified HRM practices as success factors in implementing knowledge management in Jordan's healthcare sector, while Nyamubarwa (2024) observed that Zimbabwean universities relied on HR strategies, albeit inconsistently to facilitate knowledge retention. These studies underscore that HRMPP not only drive performance but also help embed Knowledge Management Practices into organizational culture. Therefore, integrating HRMPP with CKH enablers such as succession planning, knowledge-sharing platforms and talent management policies, offer a pathway to performance continuity and institutional resilience.

Studies across different contexts show varying results regarding the effectiveness of HR policies in facilitating knowledge harvesting and retention. For instance, Armstrong (2014) found that structured HR practices such as succession planning and mentoring play a central role in knowledge continuity in organizations with high employee turnover. Similarly, Ngulube (2018) emphasized that African public institutions often face significant knowledge loss due to weak retiree engagement strategies and underutilization of ICT tools in archiving institutional memory.

In Kenya, Mutula (2019) reported that many financial and public institutions relied heavily on tacit knowledge held by long-serving employees, yet formal frameworks for capturing such knowledge remained inadequate. A study by Kinyua &

Wamukuru (2020) on HR practices in regulatory institutions revealed that while training and job rotation were widely practiced, succession planning and knowledge-sharing forums were often ad hoc and inconsistently implemented.

Other empirical findings indicated that ICT integration was a critical enabler of CKH. Achieng & Kiarie (2021) noted that digital knowledge repositories, video recordings and online forums significantly improved knowledge accessibility and retention in knowledge-intensive organizations. However, challenges such as limited resources, lack of incentives for knowledge sharing and cultural barriers often limited the effectiveness of these tools. From the reviewed literature, it is evident that while HRMPP contributes to knowledge management, gaps persist in CKH, succession planning and retiree engagement. This underscores the need to examine how HRMPP specifically influence CKH in the Kenyan financial regulatory context.

4. Theoretical Framework

This study is anchored on two corresponding theoretical perspectives:

Human Capital Theory (Becker, 1964): This theory argues that investments in people through recruitment, training and professional development enhance productivity and organizational value. Employees are viewed as repositories of skills, knowledge, and creativity (Robert & Elizabeth, 2003). Human Resource Management Policies and Practices (HRMPP) therefore function as mechanisms to develop, preserve and retain this intellectual capital, ensuring that critical expertise is systematically harvested and transferred.

Knowledge-Based View of the Firm (Grant, 1996): This perspective identifies knowledge as the most strategically significant organizational resource. Unlike physical assets, Critical Knowledge is difficult to imitate, making it a source of sustainable competitive advantage. HRMPP provide the systems, incentives and cultural support necessary for capturing, sharing and preserving critical organizational knowledge, thereby ensuring long-term performance continuity.

Theoretical Framework: Linking HRMPP to CKH

- Human Capital Theory → HRMPP (recruitment, training, development, succession, rewards) → Employee Retention, Motivation, and Skill Development → Critical Knowledge Harvesting (CKH)
- Knowledge-Based View of the Firm → Knowledge as a Strategic Resource → HRMPP (knowledge sharing, appraisal, recognition, succession planning) → CKH for Organizational Resilience and Performance Continuity

Source: Adapted from Becker (1964); Robert & Elizabeth (2003); Grant (1996).

This study sought to measure the relationship between HRMPP and CKH in Kenyan financial regulatory institutions, drawing from both the Human Capital Theory (Becker, 1964) and the Knowledge-Based View of the Firm (Grant, 1996).

5. Conceptual Model

The study triangulated Human Capital (Becker, 1964; Robert & Elizabeth, 2003, and Knowledge-Based View of the Firm (Grant, 1996) to guide the study.

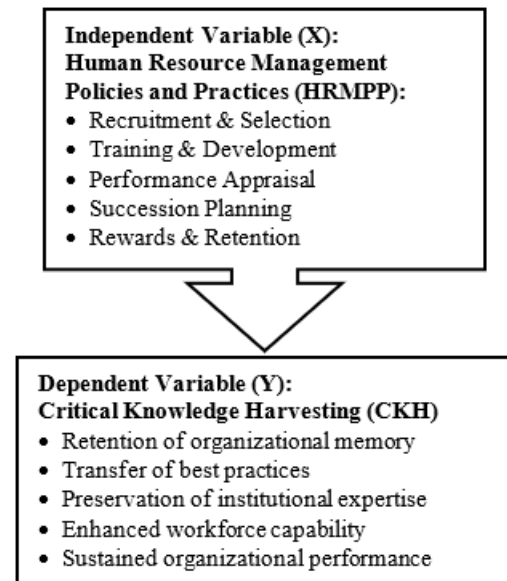


Figure 1: Conceptual framework

The conceptual framework is anchored on Human Capital Theory and the Knowledge-Based View of the Firm, which posit that knowledge is a critical organizational resource and that structured investment in human capital enhances institutional performance and sustainability. In this study, HRMPP served as the independent variable, encompassing recruitment and selection, training and development, performance appraisal, succession planning, rewards and knowledge-sharing platforms. These practices are hypothesized to influence Critical Knowledge Harvesting (CKH) which is the dependent variable and reflects the ability of institutions to capture, preserve, transfer and disseminate Critical Knowledge for organizational resilience.

6. Methodology

The study adopted a quantitative approach in which the population was stratified and purposively sampled in every stratum to answer online questionnaires. Each stratum was defined by management level and department function to ensure representation across organizational hierarchies. The study population comprised of 292 respondents from FRIs. A quantitative survey approach on purposively selected respondents was employed. Primary data collected was analyzed through descriptive and inferential statistics. Respondents were asked to indicate their level of agreement with thirteen statements relating to HRMPP and CKH, rated on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Frequencies and weighted means were calculated for each item. Correlation and regression analysis were further applied to establish the strength and significance of the relationship between HRMPP and CKH.

7. Results and Findings

The study calculated the weighted mean for each of the thirteen statements to establish the central tendency of responses, providing a clearer picture of the general level of agreement among participants. This approach ensured that stronger opinions carried proportionate influence in the overall score. The results, as summarized in Table 1, indicated varying levels of agreement with some practices such as on-the-job training, employee development and HR policy support recording higher weighted means, while areas such as

retiree engagement, succession planning and use of video documentation reflected lower scores. Overall, the weighted means provided a reliable measure of central tendency, enabling identification of both strengths and weaknesses in HRMPP's role in facilitating Critical Knowledge Harvesting.

Weighted Mean Scores (Central Tendency).

The study calculated the weighted mean for each statement. The level of agreement per statement is presented in Table 1.

$$\text{Weighted Mean} = \Sigma (\text{score} * \text{weight}) / \Sigma (\text{weight})$$

Table 1: Weighted Mean Scores Indicating Level of Agreement

Code	Statement	Weighted Mean	Level of Agreement
i	HR policies facilitate harvesting & retention of Critical Knowledge	3.93	Moderate-High
ii	HR processes capture retiree know-how	3.50	Moderate
iii	Coaching and mentoring is carried out	3.61	Moderate
iv	On-job training and job rotation is practiced	4.04	High
v	Archived practices and manuals aid performance	3.90	Moderate-High
vi	Knowledge sharing sessions with retirees	3.21	Moderate-Low
vii	Practical demonstrations to younger employees facilitate knowledge transfer	3.73	Moderate
viii	Online official discussion forums enable knowledge transfer	3.61	Moderate
ix	Knowledge sharing sessions aid absorption and transfer of best practices	3.57	Moderate
x	Institution utilizes social media platforms for knowledge transfer	3.73	Moderate
xi	Video recording is utilized to capture events, best practices, and know-how	3.47	Moderate
xii	Training and development of employees is carried out to enhance job skills	3.98	High
xiii	Succession planning is carried out to enhance retention of Critical Knowledge	3.52	Moderate

HRMPP measurement recorded an average score of 3.71, while CKH recorded 3.59, suggesting a moderate level of facilitation.

Correlation and Regression Analysis:

- *Correlation coefficient* ($r = 0.24$): A weak positive relationship exists between HRMPP and CKH.
- *Regression results*: HRMPP explained only 6% of the variance in CKH ($R^2 = 0.059$). The regression coefficient ($\beta = 0.19$) indicated that a one-unit increase in HRMPP would result in a modest increase in CKH.

Table 2: Strengths and Weaknesses of HRMPP in Facilitating CKH

Category	Statements	Weighted Mean	Interpretation
Strengths	On-job training and job rotation is practiced (iv)	4.04	Strong practice
	Training and development of employees enhances job skills (xii)	3.98	Strong practice
	HR policies facilitate harvesting & retention of knowledge (i)	3.93	Relatively strong
	Availability of archived practices and manuals aids performance (v)	3.90	Relatively strong
	Practical demonstrations facilitate knowledge transfer (vii)	3.73	Moderate-strong
	Utilization of social media platforms for knowledge transfer (x)	3.73	Moderate-strong
Weaknesses	Knowledge sharing sessions with retirees (vi)	3.21	Weak practice
	Video recording to capture best practices (xi)	3.47	Weak-moderate
	Succession planning to enhance retention of knowledge (xiii)	3.52	Weak-moderate
	HR processes capturing retiree know-how (ii)	3.50	Weak-moderate
	Knowledge sharing sessions for best practices (ix)	3.57	Weak-moderate

The findings in table 2 demonstrate that HRMPP moderately facilitated CKH within Kenyan FRIs. Strong practices included on-the-job training and job rotation (mean = 4.04), training and development of employees (mean = 3.98), availability of archived practices and manuals (mean = 3.90), and supportive HR policies (mean = 3.93). These aligned with the Human Capital Theory, which emphasizes investments in people as a mechanism for sustaining organizational capability. Similarly, the use of practical demonstrations and social media platforms (both mean = 3.73) further supported tacit and explicit knowledge sharing.

However, weaknesses were observed in structured knowledge sharing sessions with retirees (mean = 3.21), video documentation of best practices (mean = 3.47), succession planning (mean = 3.52), and processes for capturing retiree

know-how (mean = 3.50). These areas suggested limited institutionalization of mechanisms for preserving critical tacit knowledge, which could pose risks of Critical Knowledge loss during staff exits.

- The Strengths presented in table 2 comprising of training and development, job rotation, and availability of manuals were well-established HRMPP components that strongly supported CKH.
- The weaknesses in table 2 comprising of retiree knowledge capture, succession planning, and use of video recording lagged behind, reducing the effectiveness of CKH.

8. Discussion

The study findings revealed that Human Resource Management Policies and Practices (HRMPP) moderately contributed to Critical Knowledge Harvesting (CKH) in Kenyan financial regulatory institutions. High weighted mean scores were recorded for on-the-job training and job rotation (4.04), training and development (3.98), supportive HR policies (3.93), and availability of archived manuals (3.90). These results suggested that institutions were investing in structured employee development and knowledge support systems that strengthened employee capability and enhance knowledge continuity. Similarly, moderate scores for practical demonstrations and social media platforms (both 3.73) reflected emerging but useful avenues for both tacit and explicit knowledge sharing. These strengths aligned with the Human Capital Theory which emphasizes the value of training and skill development in sustaining organizational effectiveness, as well as the Knowledge-Based View of the Firm, which underscores the importance of knowledge as a strategic resource.

Despite these positive practices, the study also revealed weaknesses in areas critical to long-term Critical Knowledge sustainability. Retiree engagement scored lowest (3.21), followed by limited use of video documentation (3.47), weak succession planning (3.52), and modest processes for capturing retiree know-how (3.50). These findings pointed to gaps in institutional mechanisms for preserving Critical Knowledge, particularly at the point of staff exit, where valuable expertise is at risk of being lost. The weak correlation ($r = 0.24$) and low explanatory power of HRMPP on CKH ($R^2 = 0.059$) further suggested that while HRMPP played a significant role, they were insufficient on their own to ensure effective Critical knowledge Harvesting. Addressing these weaknesses would require broader institutional strategies, including stronger leadership support, cultural reinforcement of Critical Knowledge sharing, and integration of ICT-driven documentation systems to secure Critical Knowledge retention, performance continuity and organizational resilience.

From a policy perspective, Kenyan FRIs should strengthen succession planning frameworks, institutionalize retiree knowledge-sharing programs, and leverage ICT tools for documentation and preservation of best practices. These measures should be embedded into regulatory policies not only to safeguard institutional memory but also enhance sector-wide resilience, innovation and governance.

9. Conclusion

The study concluded that while HRMPP moderately facilitated CKH in Kenyan FRIs, the relationship was weak. HRMPP initiatives such as training, job rotation and provision of manuals were effective, but succession planning and structured retiree engagement required strengthening. Achieving robust CKH therefore demands not only HRMPP interventions but also alignment with institutional culture, ICT systems and leadership commitment.

10. Recommendations

The study recommends FRIs to strengthen Critical Knowledge Harvesting (CKH) through implementation of structured succession planning frameworks that ensure systematic Critical Knowledge transfer while enhancing Critical Knowledge-sharing platforms through formal forums where retirees and current staff can exchange expertise. Leveraging ICT tools such as digital repositories, video documentation and online discussion forums to support preservation and dissemination of Critical Knowledge. At the same time, institutionalization of mentorship programme through embedding coaching and mentoring into HR performance systems, supported by a knowledge-friendly culture that rewards and recognizes employee contributions to Critical Knowledge sharing. Finally, integrating HR and ICT strategies through cross-departmental and institutional collaborations to create sustainable systems to capture, package and repackage, store and disseminate institutional Critical Knowledge, thereby ensuring long-term performance continuity and organizational resilience thereby ensuring long-term performance continuity and organizational resilience.

The study recommends that Kenyan FRIs strengthen HRMPP to better facilitate Critical Knowledge Harvesting (CKH). Key policy interventions include institutionalization of succession planning, formalizing retiree knowledge transfer programs and leveraging ICT tools such as digital repositories, video recording and online forums to capture and preserve institutional memory. Regulators should also scale up training and job rotation, introduce incentives for knowledge sharing and harmonize HR policies across agencies to ensure consistency in practices. Strong leadership and governance support are essential to allocate resources and embed a knowledge-sharing culture, thereby safeguarding critical expertise and enhancing organizational resilience.

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