

## Human Resource Practices and Organization Knowledge Capability: An Exploratory Study Applied to Private Organization

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**Abstract :** Organizational capability, in terms of employees' knowledge is valuable, and difficult to reproduce; and help to build sustainable competitive advantages. Knowledge capability is linked with human resource (HR) practices of an organization. This paper investigates the relationship between HR practices, knowledge management and organization capability. In an organization, employees play key role for the effective organizational performance by sharing their knowledge with management and co-workers that contributes towards organization capability. Pakistan being a developing country has different HR practices and culture. The business opportunities give rise to the discussion about the effect of HR practices on knowledge management and organization capability as innovation performance. An empirical study is conducted through questionnaires form the employees in private banks of Lahore, Pakistan. The data is collected via structured questionnaire with a sample of 120 cases. Data is analyzed using Structure Equation Modeling (SEM), and results are depicted using AMOS software. Results of this study are tabulated, interpreted and crosschecked with other studies. Findings suggest that there is a positive relationship of training & development along with incentives on knowledge management. On the other hand, employee's participation has insignificant association with knowledge management. In addition, knowledge management has also positive association with organization capability. In line with the previous research, it is suggested that knowledge management is important for improving the organizational capability such as innovation performance and knowledge capacity of firm. Organization capability may improve significantly once specific HR practices are properly established and implemented by HR managers. This Study has key implications for knowledge management and innovation fields theoretically and practically.

**Keywords :** employee participation, incentives, knowledge management, organization capability, training and development

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