

THE MEDIATING ROLE OF KNOWLEDGE SHARING ON WELLBEING AND PERFORMANCE: EVIDENCE FROM BANKING EMPLOYEES IN JAKARTA

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Abstract

While employee wellbeing is recognized as a crucial element in the workplace, the psychological mechanism, particularly the mediating role of knowledge sharing, that links it to employee performance remains underexplored. This study aims to examine the effect of employee wellbeing on performance, with knowledge sharing as a mediating variable. A quantitative approach was employed by distributing structured questionnaires to 217 banking employees in Jakarta. The data were analyzed using Structural Equation Modeling. The results indicate that employee wellbeing and knowledge sharing have a positive and significant direct effect on employee performance. Furthermore, the Sobel test confirms that knowledge sharing significantly mediates the relationship between employee wellbeing and employee performance. These findings demonstrate that wellbeing does not automatically translate into high performance solely through individual effort, but rather operates through a social mechanism where positive psychological conditions drive knowledge exchange.

Keywords: Employee Well-Being, Knowledge Sharing, Employee Performance

Introduction

In the workplace, employee performance is commonly conceptualized as the outcomes of work carried out by employees which contribute to the achievement of organizational goals (Armstrong & Taylor, 2023). Achieving these outcomes remains a vital priority for organizations, primarily because an organization's success depends heavily on the performance of its employees (Noe et al., 2020). Amidst evolving business challenges, the quality of human effort stands out because human capital is the most critical asset, possessing a unique capacity to learn and adapt that physical resources cannot replicate (Boxall & Purcell, 2016). However, to expect consistent and quality output, the physical and mental condition of the workers themselves must be taken into account. In this context, employee well-being is described as consisting of two main components: feeling good and functioning effectively within the work environment (Huppert, 2009). Therefore, regardless of how efficient the operational systems in place might be, employee performance is ultimately heavily influenced by the well-being of the employees themselves (Krekel et al., 2019).

Although well-being determines an individual's capacity to work, its influence on performance often does not occur directly, but is rather mediated by employees' social behaviors in the workplace (Saks & Gruman, 2014). One such crucial behavior is knowledge sharing, which is defined as the process where individuals voluntarily exchange relevant information, skills, or expertise with their colleagues (Wang & Noe, 2010). Employees who experience good well-being tend to be more open about sharing what they know, because psychological safety and positive energy drive them to exhibit extra-role work behaviors, including a willingness to share knowledge (Cabrera et al., 2006). This sharing behavior then acts as a catalyst for improved performance, given that knowledge exchange allows employees to solve problems more quickly, reduces work friction, and ultimately enhances individual effectiveness (Alavi & Leidner, 2001). Therefore, knowledge sharing serves as an important bridge, where sharing knowledge functions as a mechanism that translates good psychological conditions into tangible performance improvements (Wang et al., 2019).

Many studies in the human resource management literature have extensively explored employee well-being and performance as standalone variables, yet often overlook the specific psychological processes that connect the two (Shantz et al., 2016). Specifically, there remains a significant gap in the literature regarding how knowledge-sharing behavior acts as a bridge in the relationship between well-being and individual performance outcomes (Wang et al., 2019). In reality, practitioners often assume that improving well-being will automatically result in higher productivity, an overly simplistic view that ignores the fact that comfortable employees may still hoard their knowledge if proper social incentives are absent (Grant, 2012). This failure to understand the dynamic leads to the design of misguided well-being programs that consume organizational resources without successfully improving actual work output (Peccei, 2004). Therefore, to understand the specific mechanism through which well-being impacts performance, this study aims to examine the effect of employee well-being on employee performance, as well as the mediating role of knowledge sharing between the two variables (MacKinnon et al., 2002).

Based on the theoretical foundations and empirical findings discussed earlier, this section develops the research hypotheses. The rationale presented illustrates the logical sequence of how employee well-being

encourages individuals to share knowledge, which subsequently enhances their performance. Informed by these supporting theories, the hypotheses for this study are formulated as follows.

H₁ : Employee well-being has a positive effect on employee performance

H₂ : Employee well-being has a positive effect on knowledge sharing

H₃ : Knowledge sharing has a positive effect on employee performance

H₄ : Knowledge sharing mediates the relationship between employee well-being and employee performance

Methods

This study employs a quantitative research method to empirically test the proposed hypotheses. The target population consists of employees working in the banking industry in Jakarta, with a specific inclusion criterion that respondents must have a minimum of two years of work experience. Based on these criteria, a total of 217 employees were selected as the final sample size. Primary data were gathered through a structured questionnaire utilizing a Likert scale to measure the latent variables. Subsequently, the collected data were analyzed using Structural Equation Modeling (SEM) with the assistance of AMOS version 22 software to evaluate both the measurement and structural models.

Results and Discussion

Respondent Characteristics

Before testing the hypotheses, the demographic profile of the respondents who participated in this study is presented. The characteristics of the 217 banking employees in Jakarta are summarized in Table 1 below.

Table 1. Respondent Characteristics

Characteristic	Category	Frequency (N)	Percentage (%)
Gender	Male	102	47
	Female	115	53
Age	21 - 30 years old	95	43.8
	31 - 40 years old	85	39.2
	41 - 50 years old	32	14.7
	> 50 years old	5	2.3
Education Level	Bachelor's Degree (S1)	150	69.1
	Master's Degree (S2)	67	30.9
Work Tenure	2 - 5 years	110	50.7
	6 - 10 years	72	33.2
	> 10 years	35	16.1

Source: Field survey, 2026

Measurement Model (Confirmatory Factor Analysis)

Before testing the structural model, a Confirmatory Factor Analysis (CFA) was conducted to validate the measurement model. Employee Well-Being (EWB) was measured using six items representing physical health at work, managing work-related stress, feeling a sense of belonging, achieving work-life balance, experiencing positive emotions, and receiving adequate organizational support. Knowledge Sharing (KS) was operationalized through six items, specifically sharing work-related documents, sharing personal work experiences, sharing problem-solving methods, actively participating in knowledge-sharing discussions, providing constructive feedback to colleagues, and updating team members on new information. Furthermore, Employee Performance (EP) was assessed using six items focusing on completing tasks according to quality standards, achieving targeted work quantity, fulfilling assigned job responsibilities, solving work problems effectively, meeting established deadlines, and demonstrating initiative in daily tasks. In addition to evaluating the factor loadings of these 18 items, the CFA testing also included the assessment of the Average Variance Extracted (AVE) to ensure convergent validity, as well as the Composite Reliability (CR) to confirm the internal consistency reliability of each latent construct.

Table 2. Confirmatory Factor Analysis

Variable / Indicators	Factor Loading	AVE	CR
Employee Well-Being (EWB)		0.937	0.714
EWB1 (Physical health at work)	0.837		
EWB2 (Managing work-related stress)	0.866		
EWB3 (Feeling a sense of belonging)	0.792		
EWB4 (Achieving work-life balance)	0.824		
EWB5 (Experiencing positive emotions)	0.828		
EWB6 (Receiving adequate organizational support)	0.919		
Knowledge Sharing (KS)		0.954	0.775
KS1 (Sharing work-related documents)	0.894		
KS2 (Sharing personal work experiences)	0.832		
KS3 (Sharing problem-solving methods)	0.826		

Variable / Indicators	Factor Loading	AVE	CR
KS4 (Participating in knowledge discussions)	0.896	0.934	0.703
KS5 (Providing constructive feedback)	0.925		
KS6 (Updating members on new information)	0.904		
Employee Performance (EP)			
EP1 (Completing tasks to quality standards)	0.854		
EP2 (Achieving targeted work quantity)	0.847		
EP3 (Fulfilling job responsibilities)	0.822		
EP4 (Solving work problems effectively)	0.817		
EP5 (Meeting established deadlines)	0.806		
EP6 (Demonstrating initiative in tasks)	0.884		
Chi-Square = 215.634; df = 132; P-value = 0.001; RMSEA = 0.058; AGFI = 0.915; CFI = 0.962; TLI = 0.951			

Source: Data Processing Results

The factor loadings for all indicators exceed the 0.70 threshold, while the Average Variance Extracted (AVE) and Composite Reliability (CR) values are well above the 0.50 and 0.70 cut-off values, respectively, confirming good convergent validity and internal consistency. Furthermore, the Goodness of Fit index values demonstrate an excellent model fit, indicating that the measurement model is empirically valid and reliable to be used for structural model testing.

Results of the Full Structural Model (Hypothesis Testing)

After confirming that the measurement model meets all validity and reliability requirements, the next step is to test the structural model. Using Structural Equation Modeling (SEM) with the assistance of AMOS version 22, the proposed hypotheses were evaluated to examine the direct effects of employee well-being on knowledge sharing and employee performance, as well as the mediating role of knowledge sharing in this relationship. The results of the hypothesis testing, including the path coefficients and their significance levels, are presented in Table 3 and Table 4.

Table 3. Hypothesis Testing Result (Direct Effect)

Structural Path	Standardized Direct Effect	CR	P-value	Results
EWB → EP	0.337	3.454	0.03	H ₁ Accepted
EWB → KS	0.648	7.215	0.00	H ₂ Accepted
KS → EP	0.517	6.392	0.00	H ₃ Accepted

Source: Data Processing Results

Table 4. Hypothesis Testing Result (Indirect Effect)

Structural Path	Standardized Indirect Effect	P-value (Sobel Test)	Results
EWB → KS → EP	0.337	0.02	H ₄ Accepted

Source: Data Processing Results

Based on the results presented in Tables 3 and 4, all proposed hypotheses in this study are accepted. The structural model testing reveals that employee well-being has a significant positive direct effect on both employee performance and knowledge sharing. Furthermore, knowledge sharing also significantly and positively affects employee performance. Most importantly, the Sobel test results confirm that knowledge sharing significantly mediates the relationship between employee well-being and employee performance, as all p-values are well below the 0.05 significance level.

Discussion

The results of the hypothesis testing confirm that employee well-being directly enhances both knowledge sharing and employee performance. The significant positive effect of well-being on performance aligns with the understanding that employees who experience high levels of psychological well-being possess greater cognitive and emotional resources, allowing them to execute their tasks more effectively and with greater resilience (Wright & Cropanzano, 2000). Furthermore, the finding that well-being significantly fosters knowledge sharing supports the premise that "a positive psychological state reduces self-protective behaviors and increases an individual's willingness to cooperate and share valuable information with colleagues" (Cabrera et al., 2006). This relationship is further solidified by the significant direct effect of knowledge sharing on performance, which validates the assertion that the active exchange of expertise allows employees to avoid redundant work and find faster solutions to operational problems, directly elevating individual output (Liu et al., 2021).

Beyond the direct relationships, the core finding of this study is the confirmation that knowledge sharing mediates the relationship between employee well-being and performance. This indicates that well-being does not automatically translate into high performance merely through individual effort; rather, it operates by stimulating proactive social behaviors. Drawing from Conservation of Resources (COR) theory, this

mediation can be explained by the fact that individuals who possess adequate psychological resources, such as well-being, are more inclined to invest those resources into their work environment by sharing knowledge, which subsequently generates further positive outcomes like improved performance (Hobfoll, 2001). This finding effectively addresses the literature gap identified earlier, proving that organizations cannot rely solely on improving employee comfort to boost output, as the benefits of well-being are only fully realized when employees are encouraged to actively channel their positive state into knowledge exchange (Shantz et al., 2016).

Conclusion

This quantitative study proves that employee well-being significantly enhances employee performance, both directly and indirectly, by fostering knowledge sharing behavior among banking employees in Jakarta. The empirical evidence confirms that well-being does not merely boost individual output in isolation, but rather operates through a social mechanism where positive psychological states encourage the active exchange of knowledge, which subsequently drives higher performance. Despite these valuable insights, this research is subject to certain limitations that should be acknowledged. First, the cross-sectional design of the data collection prevents definitive causal inferences between the variables. Second, the reliance on self-reported questionnaires introduces the potential for common method bias. Lastly, the specific focus on employees within the banking industry in Jakarta may limit the generalizability of these findings to other industrial sectors or different cultural contexts.

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