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HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE RETENTION: EVIDENCE FROM SERVICE SECTOR ORGANIZATIONS

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Abstract

Employee retention remains a persistent challenge for service sector organizations, particularly in healthcare, where workforce stability is critical to service quality, continuity of care, and organizational sustainability. This study investigates the association between human resource management (HRM) practices and employee retention in healthcare service organizations, with specific attention to compensation, training exposure, work–life balance, and career-related factors. Adopting a quantitative, cross-sectional research design, the study draws on secondary employee data comprising 1,676 records from healthcare organizations. Employee retention is operationalized using an attrition indicator, while HRM practices are measured through relevant proxy variables available in the dataset. Descriptive statistics and correlation analysis are employed to examine retention patterns and explore associations between HRM practices and employee retention. The findings reveal that employee retention is positively associated with all HRM practices examined, although the relationships are modest in strength. Compensation exhibits the strongest association with retention, followed by work–life balance and career-related factors, while training exposure shows a weaker but positive relationship. These results suggest that HRM practices contribute incrementally to retention by shaping employees' work experiences, perceived organizational support, and long-term attachment, rather than functioning as singular determinants of retention outcomes. By focusing on observable retention outcomes rather than turnover intentions alone, this study contributes to a more empirically grounded understanding of retention dynamics in healthcare service organizations. The findings underscore the importance of adopting integrated and context-sensitive HRM strategies that balance financial incentives, employee well-being, and developmental support.

Key Words: *Employee retention; HRM practices; Healthcare sector; Work–life balance; Compensation*

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1. Introduction

Employee retention has become now a strategic concern that is urgent to the organization in service based economy where human capital is one of the key value creation and competitive advantage. The employee turnover is high and it influences not only the continuity of the service in the organization, but also organizational knowledge, but also involves huge sums of financial and operational expenses (Meirinhos et al., 2018). This has consequently elevated employee retention of competent and qualified employees to a major area of concern among managers and even policymakers and particularly in service oriented sectors such as healthcare, which are labour intensive.

The work experiences and employment decision of employees are dependent on human resource management (HRM) practices. These are the compensation practices, training and development practices, work life practices, performance management practices and career progression practices which influence the perception of the staff concerning the support of the organization, its fairness and long term possibilities. HRM systems perceived as accommodative and aligned with the needs of employees develop superior degrees of organizational affiliation and opportunities of employees to remain with their organizations (Panda and Sahoo, 2021). Conversely, the state of poor or unsuitable HRM practices would be used to boost dissatisfaction and raise turnover among staff.

The situation of retention is an especially acute issue in organizations dealing with healthcare service provision. Medical professionals usually operate under a high workload, affective pressure, shortage of staff, and increasing pressure on performance. These conditions add the possibility of burnout and disengagement, and worker retention has become a persistent problem across healthcare systems in the entire global arena (Higgins, 2022). Recent statistics reveal that the working conditions, the suitability of pay, and prospects of career development are defining factors in the definition of the turnover turnout in the healthcare setting (Friese et al., 2024). These issues are further complicated by outside shocks such as the COVID-19 pandemic that led to workforce patterns and employment expectations shifts across the service organisations (Pope et al., 2020).

Despite the developed importance of the HRM practices in the employee retention, the outcomes are not unanimous and they relate to the context. Despite the fact that many researchers find a positive correlation between the HRM practices and the corresponding retention related outcomes, the new study demonstrates that the HRM systems have even adverse consequences. One of them can be high-performance work systems that may increase the motivation and organizational citizenship behaviors of employees, yet also increase the work and stress, and may result in retention retardation unless well-managed (Zhang et al., 2023). All these compounded impacts explain the importance of the empirical research that investigates the HRM practices and retention in the definite organizational contexts.

The theoretical background of the present study is the Employee Embeddedness Theory, which explains retention to be the aspect of the organizational bond of the workers, their perceived fit, and exit costs (Sang, 2025). The HRM practices can also assist in making the employees close to the organization since they strengthen the association between staff and the organization, augmenting the convergence of values amid the staff and the organization as well as augmenting the material and mental returns of remaining or working longer with the organization. This is due to the embeddedness-based explanations which offer an effective framework that may be embraced in explaining retention processes of service sector organizations where interpersonal interaction, teamwork and organizational climate are of paramount interest.

Previous studies have provided adequate evidence that can justify the relevance of HRM practices as far as employee retention is concerned. One of the primary aspects associated with retention has always been rewards and compensation in most stressful service environments where the monetary compensation can be employed to balance the workload stress. The work-life balance programs turned out to be one of the key aspects of popularity currently, being regarded as a vital retention tool that reflects the rise of the focus on the well-being and psychological empowerment of employees. The healthy working environment and evaluations have been linked to the retention intentions and actual employment choices in the healthcare context (Figueiredo et al., 2025).

The latest HR analytics and turnover research only reminds us of the necessity to concentrate on the actual outcomes of retention rather than turnover intentions. The implication of predictive and data-driven approaches is that observable retention trends can be utilized to a larger extent to learn about the workforce stability and HRM utility (De Vos et al., 2025). Also, HRM alignment and leadership were found to influence the practices related to retention among healthcare professionals, which contributes to the strategic nature of HRM systems in service organisations (Mohamed et al., 2025; Obeidat et al., 2025).

Despite such developments, empirical literature gaps still exist. There is as well a large number of studies that are centered on attitudinal outcomes as opposed to attained retention behavior, which preclude practical application of findings in organizational decision making. It is in the light of this that this present study

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examines the correlation between the HRM practices and employee retention in healthcare service organizations. Since the study is founded on the observable retention rates and the basic HRM activities, the proposed research study focuses on presenting a more complex and evidence-based perspective on the retention process within the setting of the service sector. The following are the objectives of the study: To assess the association between key human resource management practices and employee retention in healthcare service organizations

- To examine the role of training exposure, compensation, work–life balance, and career-related factors in employee retention
- To assess empirical evidence informing human resource management–based retention strategies in service sector organizations

2.Methodology

2.1Research Design

The proposed study has a cross-sectional and quantitative research design due to the requirement to study the relationship between human resource management (HRM) practices and employee retention in service sector organizations. The quantitative approach is suitable because it allows measuring and statistically analyzing the relationships between the variables associated with HRM and retention outcomes. The cross-sectional limitation of the study enables the analysis of the employee data taken at one time, thus it is more appropriate in finding patterns and associations than causal relationships. It is an explanatory study, in which the researcher aims at comprehending the relationship between the selected HRM practices on the decisions made by employees in terms of staying or leaving their organizations.

2.2Data Source and Sample

The analysis presupposes the use of secondary data, which consists of an open-source dataset on employee attrition created in healthcare companies (Miller, 2022). The importance of healthcare organizations as a segment of the service industry is explained by the fact that the sector requires highly qualified employees, a continuous flow of service, and its inability to retain them. In this regard, the dataset presents an empirical milieu of significance in the study of the HRM practices and employee retention in service sector organizations. The data set was a sample of 1,676 employee records and each record is of an individual who works in a healthcare service setting. The data on employees involved in the dataset represent different departments and job positions, which make it possible to observe significant differences in the working conditions, career experiences, and HRM. This study will take individual employee as its unit of analysis.

2.3Measurement of Variables

The major outcome variable in this study was employee retention, the employees who stayed within the organization will be considered to have been retained, whereas the employees who left the organization will be considered not retained. This is a common practice in empirical research on employee retention and turnover.
The practices of human resource management are quantified in terms of proxy measures that are contained in the data. They are training exposure indicators, compensation and rewards, performance evaluation, career progression, work-life balance and tenure of supervisors. Taken together, these variables are some of the primary HRM practices that have an impact on employee experiences and retention rates. Moreover, the demographic and job-related factors like age, gender, department, job role, work experience are taken as the control variables to allow individual and occupational divergence among employees.

2.4Data Analysis Procedure

The standard statistical methods were used in the organized way of data analysis. To summarize the demographic and job-related characteristics of the sample, the descriptive statistics were employed to summarize their data. It has been used to give a snapshot of the workforce structure and general trends of employee retention and attrition in the service sector.
Second, analytical comparisons and associations were made to investigate the difference and connection among the HRM practices and employee retention status. The frequency distributions, cross-tabulations and correlation analysis were some of the measures to explore the relationship between variations on the HRM practices and the employee retention outcomes. These examinations enabled to determine those HRM practices that tend to be more prevalent among retained employees than among those who exited the organization.
The results of these analyses would give empirical support on how HRM practices would impact on employee retention in service sector organizations and would be used to be interpreted and discussed in the following sections of the study.

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3.Results

3.1Descriptive Profile of the Employees

The data provides the demographic and work-related features of the employees who were part of the study. As indicated in Table 1 comprises of 1,676 employees covering various departments in healthcare where the maternity, cardiology, and neurology units will be represented. The variety of service functions of the healthcare industry is evident in the division of employees in departments.

Table 1: Demographic and Job Characteristics of Employees (N = 1,676)

Variable	Category	Frequency	Percentage (%)
Gender	Male	998	59.5
	Female	678	40.5
Department	Maternity	796	47.5
	Cardiology	531	31.7
	Neurology	349	20.8
Overtime	No	1,200	71.6
	Yes	476	28.4

3.2Employee Retention and Attrition Patterns

Attrition indicator was used as an employee retention indicator. According to Table 2, most of the employees were retained in their organizations although a smaller percentage suffered attrition. This trend is an indication of relatively high retention rates in healthcare service organizations. The table shows that a substantial majority of employees (88.1%) were retained by the organization, indicating relatively high overall workforce stability. In contrast, 11.9% of employees experienced attrition, reflecting a smaller but noteworthy level of employee turnover. These figures suggest that while retention levels are generally strong, employee attrition remains a relevant issue for healthcare service organizations and warrants continued attention from management.

Table 2: Employee Retention Status

Retention Status	Frequency	Percentage (%)
Retained	1,477	88.1
Not retained	199	11.9
Total	1,676	100.0

3.3HRM Practices and Employee Retention

Mean values of some indicators related to HRM were calculated to look at the variation in HRM practices between retained employees and non-retained employees. Retained employees respond that they had a higher average training exposure, monthly income, and better work-life balance than employees who left the organization, as indicated in Table 3. The differences imply that HRM practices that are more favorable are linked to retention of employees. Figure 1 gives the visual summary of HRM practices in comparison between the retention status.

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Table 3: Mean HRM Practice Indicators by Retention Status

HRM Practice Indicator	Retained Employees	Non-Retained Employees
Training sessions (last year)	2.83	2.61
Monthly income	6,852.30	4,024.25
Work–life balance score	2.79	2.59
Years since last promotion	2.30	1.44

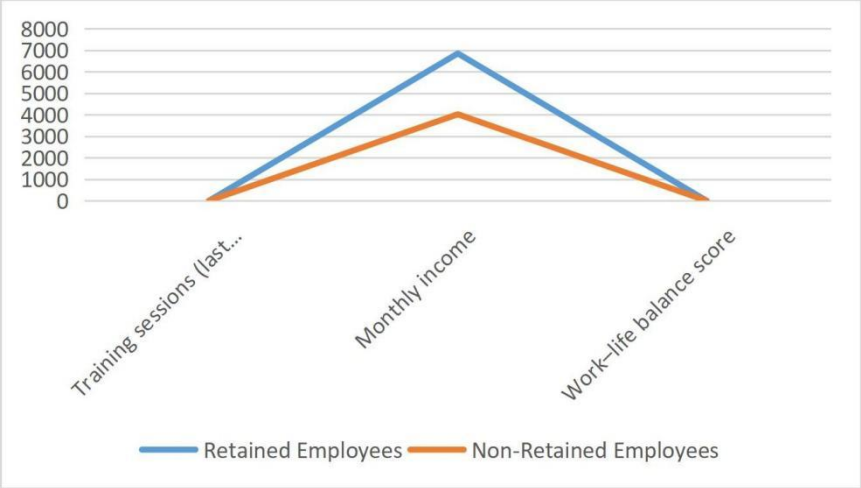

Figure 1: HRM Practices by Retention Status

3.4Correlation Between HRM Practices and Employee Retention

Correlation analysis was used to evaluate the correlations between human resource management (HRM) practices and retention of the employees in the healthcare service organizations. The outcomes of the correlation analysis are shown in Table 4 that illustrates the Pearson correlation coefficients between employee retention and the chosen HRM practice indicators.

Table 4: Correlation Matrix for HRM Practices and Employee Retention

Variable	Retention	Training exposure	Monthly income	Work–life balance	Years since last promotion
Retention	1.00	0.05	0.19	0.09	0.09
Training exposure	0.05	1.00	–0.01	0.03	–0.01
Monthly income	0.19	–0.01	1.00	0.04	0.34
Work–life balance	0.09	0.03	0.04	1.00	0.01
Years since last promotion	0.09	–0.01	0.34	0.01	1.00

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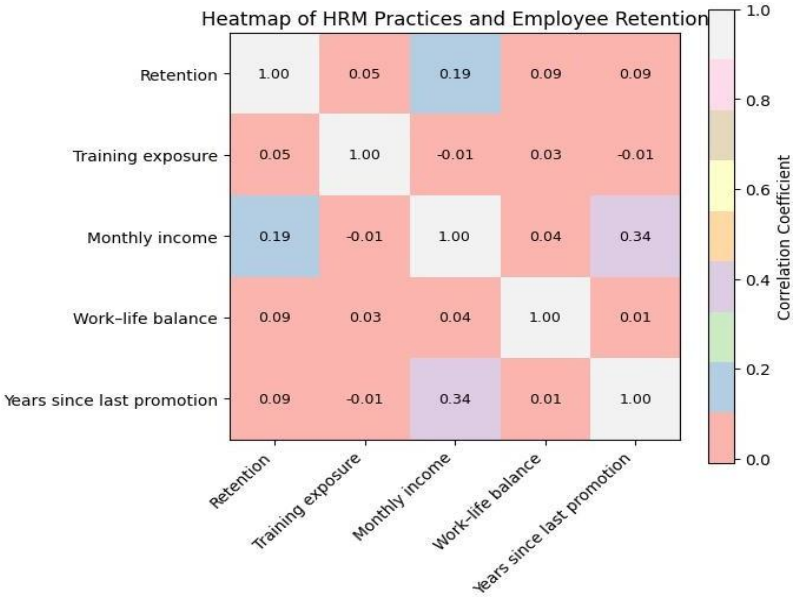

Figure 2: Heatmap of HRM Practices and Employee Retention

Figure 2 demonstrates the trends of relationship between employee retention and the main HRM practices, whereby, the color intensity is used to reflect the relationship strengths. The highest positive correlation with retention is provided by monthly income, whereas other variables, such as training exposure, work-life balance and years since last promotion, have positive correlations but weaker. In general, the findings are indicative of the fact that positive HRM practices are linked to employee retention rates in healthcare service organizations, and the intercorrelations between the HRM variables are generally weak which is indicative of low multi-collinearity.

4.Discussion

The problem of staff retention in healthcare service organizations is a rather intricate and multifaceted question, which is preconditioned by a complex of organizational practices and work needs, as well as, employee perception. The existing findings show that the retention of the employees is positively associated with the key human resource management (HRM) practices including compensation, work-life balance, exposure to training, and career-related practices, but the association is poor. The findings illuminate the slow but strong implication of the HRM practices to the stability of the workforce in high pressured service organizations.

The HRM practice was compensation which was identified to have strong connections with employee retention. The study is a follow-up to the already established evidence that monetary rewards remain among the most frequently encountered factors that affect the decision of the employees to remain with their organizations particularly in such a difficult setting as the healthcare. Adequate remuneration can be used as an actual economic motivational factor and a symbolic expression of organizational appreciation, which will enable employees to withstand overtime and mood-inducing stress (Al-Suraihi et al., 2021). The compensating of the unpleasant side of work appears to stabilize the compensation, in conditions where job demands are largely unavoidable. The HRM-based on the concept of well-being proves to be more relevant in healthcare institutions, as demonstrated by the positive correlation between work-life balance and employee retention. Long working hours, working shifts and work-related psychological stresses usually characterize health professionals in general hence balancing work and personal life becomes a great factor of retention. The previous research findings show a positive correlation between the sense of coherence of employees and psychological resilience and the work-life balance that reduces withdrawal behaviors and turnover intentions (Matsuo et al., 2021). The current findings are aligned with the systematic evidence that the main point of protection of nurse retention is put on the favorable work conditions, and balance-enhancing practices (Pressley and Garside, 2023). Training exposure showed a good unimportant correlation with employee retention. Though a direct retention effect of training is commonly assumed, the existing body of literature does show that the effect of training is not often direct, rather, it relies on the overall organizational situation (Obeng et al., 2021). Training may increase the level of skills, confidence, and professional identity of the employees, but the quality of retention will depend on whether the employees consider themselves capable of exercising the skills and implementing them to the organization. Career-related factors (which are in the number of years since last promotion) were also positively correlated with retention. However stunted promotion may as closely

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as possible be linked with turnover risk, the outcomes show that the employees still may remain in their organizations as long as the other HRM practices surrounding it offset the absence of promotion opportunities. Some of the factors that may be more important than the desire to receive a fast promotion can be stability, financial stability and well being of the health care setting, where the leadership and organizational support is observed to be adequate (AbdELhay et al., 2025). This observation is aligned with the data that transformational leadership and career development opportunities and work health impact the outcome of the nurse retention process mutually. The general poor correlations between HRM practices indicate that individual practices are separate components of the employee experience and do not have a combined effect. This supports prior research studies that have indicated that the high-performance work practices tend to have an additive, yet not strongly interacting influence on the attitude and behaviors of the employees (Macky and Boxall, 2007). This, strategically, means that the harmonization and uniformity of HRM practices would enable retention as compared to the interference by one dominant intervention.

The proximity of the associations that were found is connected with the increased width of the organizational and psychosocial environment of the decision to retain. Retention in healthcare service organizations is also influenced by formal HRM practices and also the leadership behavior, organizational culture as well as the workplace relationships. The existence of a supportive HRM system notwithstanding, emerging results have indicated that negative leadership styles such as abusive supervision can have adverse impacts on engagement and turnover intentions (Hadi et al., 2025). This implies the need to foster a fit between HRM practices and ethical leadership and positive work climates to achieve sustainable retention results. Overall, the findings contribute to proving the hypothesis that HRM practices are facilitating factors of employee retention rather than cause-and-effect factors. The accumulation of positive HRM practices leads to retention due to increased employee morale, engagement and attachment to the organization particularly in labour-intensive service area. Any amount of increment in compensation, work-life balance and career support will go along way in ensuring the viability of the workforce in a highly strained and workforce deficient healthcare environment.

5.Conclusion

Employee retention among healthcare service organizations is becoming a matter of strategic concern with far reaching consequences on the quality of services, lack of workforce continuity and sustainability of the organization. The findings of the research add to the fact that human resource management (HRM) practices play a crucial role as enabling factors of retention outcomes, which does not work as a potent force on its own but rather is an interdependent element of the employment relationship. The constituents of remuneration, work-life balance, exposure to training, career-related factors are all factors that make the employees decide to remain at their respective workplaces in spite of the fact that their personal contribution may be minimal. One of the key lessons that may be observed based on this study is that the phenomenon of high-demand service setting such as a healthcare is almost never driven by a single, all-consuming cause. Instead, the workers appear to take into account a number of aspects of their labor experience simultaneously and also combine their monetary benefits with their health, their profession and their future security. The other important finding that has significance to the retention process is the necessity of approaching retention in a systemic manner. HRM best practices can only be practiced successfully when they are integrated into an organizational system that is logical and favorable that takes into consideration the element of compensation, development opportunities as well as working environment.

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