



**HUMAN RESOURCE MANAGEMENT PRACTICES AND
ORGANIZATIONAL EFFECTIVENESS IN THE CONTEMPORARY
BUSINESS ENVIRONMENT**

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Abstract

In the modern-day business world, where the complexity of the workforce and competitive demands are the order of the day, Human Resource Management (HRM) has proved to be an effective tool in improving the effectiveness of the organization. This study has discussed how some of the HRM practices apply to organizational performance measured in terms of employee performance and employee turnover. Secondary organizational data of 1,200 employees in various functional areas and levels of jobs were examined using a quantitative, explanatory research design. The HRM practices that were analyzed were training and development, work-life balance and salary increment. Odds ratio and ordinal logistic regression and binary logistic regression methods of descriptive statistics and multivariate regression were used with demographic and job-related factors. The results have shown that work-life balance positively affected employee performance and negatively affected employee attrition significantly, which demonstrates its core importance in workforce effectiveness. The increase in compensation was identified to be a considerable stimulus in improving employee performance but it did not have a significant impact on attrition. The direct effect of training and development on performance and attrition did not show any statistically significant effect in the estimated models. In general, the findings show employee well-being-based HRM practices are instrumental contributors to organizational performance in modern business settings. The research has added empirical results to the strategic HRM literature and offered practical implications to the managers aiming at enhancing performance and retention using data-driven HRM approaches.

Keywords: Human Resource Management, Organizational Effectiveness, Employee Performance, Work–Life Balance, Compensation Practices

1. Introduction

Human Resource Management (HRM) has been identified as one of the strategic functions that has played central role in enhancing the performance of organizations in the contemporary business environment. The modern organizations operate in an environment of extreme rates of rapid change in technology, diversity in the workforce, and the degree of competition requires HRM systems that surpass the administrative practices. As a result, this has made companies more performance-based and analytics-based in their HRM practices and strategies by focusing on their improved employee performance, engagement, and retention outcomes. The high-performance work systems have been explained in detail as how the organizations can transform the investment in human capital into individual and organizational performance (Zhang et al., 2018). Other empirical and review-based studies also emphasize that there is significance of organized HR practices in the long-term benefits of performance (Tawk, 2021). The recent bibliometric dimensions are also indicative of the augmenting strategic significance of the systems of HRM in the business domains (Das, 2024).

Employee performance and retention have come to be the significant measure of the performance of the organization in particular in the knowledge-based sectors and service oriented ones. According to past research, HRM training and development activities may positively influence the sustainability of an organization by enhancing the performance of employees (Amjad et al., 2021). Sustainable human resource management has been identified as one other source of long-term organizational performance in volatile settings (Anlesinya and Susomrith, 2020). The recent research also emphasizes the importance of HR practices aimed at the well-being of the workforce in improving the stability and performance of the workers (Bhoir and Sinha, 2024). Particularly, work-life balance has been manifested to reduce turnover intention by decreasing work-related stress (Ahmad Saufi et al., 2023). There is also the empirical evidence that work-life balance enhances job satisfaction and job retention among the professional groups (Adriano and Callaghan, 2020). Good performance outcomes in an organizational context have also been linked to the existence of talent management and employee engagement practices (Abdullahi et al., 2022).

Despite the abundance of HRM literature, there has been scattered empirical research which has attempted to establish the relationship between employee-specific HRM practices and organizational performance. A great number of existing studies rely on a perceptual survey data to a considerable degree, which limits the possibility to analyze the practices of HRM in terms of objective organizational documents. In addition, despite the use of advanced analytical instruments to predict employee turnover, empirical evidence is scarce on an integration of regular HRM practices in performance and retention outcomes in the contemporary organizations (Jain et al., 2020). This is one of the gaps that ought to be bridged so that the field of theory and practice at the management level can be improved.

Following this consideration, this study aims to make a discussion of the impact of the mentioned HRM practices on organizational effectiveness as operationalized i.e. using employee performance outcomes and attrition outcomes, as criteria. The research will contribute empirical data to the literature of HRM-organizational effectiveness and bring certain practical value to managers who are keen to create effective HRM systems in the modern business environment through the application of the data offered by organizational analytics. Hypothesis of this study were:

H1: Training and development practices positively influence employee performance in contemporary business organizations.

H2: Work-life balance practices negatively influence employee attrition in contemporary business environments.

H3: Compensation growth positively influences employee performance and retention in modern organizations.

Objectives of the Study

1. To examine the effect of selected human resource management practices on employee performance as an indicator of organizational effectiveness in a contemporary business environment.
2. To analyze the influence of work-life balance and compensation practices on employee attrition, thereby assessing their role in enhancing organizational effectiveness.

2. Methodology

2.1 Research Design

The study design applied in this study was the quantitative research method, which is explanatory in nature since it was conducted to investigate the relationship between human resource management practices and organizational effectiveness in a contemporary business environment. It was conducted through a deductive method using a reference to the theories of human capital and strategic HRM that existed to make assumptions about the nature of relationships and test them. The design was appropriate in determining cause and effect relationships between HRM practices and the level employee effectiveness outcomes based on quantitative data. The cross-sectional research design was chosen due to the fact that the data were collected at a single point. This procedure enabled statistical analysis to be carried out systematically and the result is in accordance with the needs of empirical research typically utilized when performing a business and management research.

2.2 Data Source and Sample

The research has used the secondary data that was gathered using a publicly available organizational data of a modern business organization, INX Future Inc. The data set included the data about 1,200 employees working in various departments, job positions, and ranks. It contained demographic, work-related, and HRM related variables that are of interest in performance and retention results. The sample size was sufficient to conduct multivariate statistical analysis and strengthen the strength of results. Since the data used was based on actual organizational practices and results, it was used to create a realistic setting in which HRM practices are studied in relation to their effectiveness in contemporary business settings (Raj, 2025).

2.3 Variable Measurement

Operationalization of human resource management practices was done based on variables that reflected major HR functions. Training and development was determined by the number of times training was done last year. Work-life balance was measured using the ordinal scale, in which the employees perceived their balance between work and personal life. The most recent salary increase percentage was used to measure the compensation practices. Employee performance ratings and employee attrition were used to measure organizational performance and productivity outcomes and retention, respectively. To ensure that individual and structural differences were handled, the control variables were age, gender, job level, department, and organizational tenure.

2.4 Data Analysis Techniques

Analytical procedures were carried out based on statistical software to analyse the data. To begin with, the first statistics were created to describe the features of the sample and the important variables. Preliminary HRM practices and effectiveness indicators relationships were then analyzed using correlation analysis. In order to test the hypotheses, the logistic regression analysis was conducted to employee attrition as it is binary in nature and the ordinal regression analysis was conducted on the employee performance ratings. All the models incorporated control variables to increase internal validity. The statistical significance was calculated at the traditional confidence levels.

3. Results

3.1 Descriptive Statistics

The final sample consisted of 1,200 employees drawn from multiple departments and hierarchical levels within a contemporary organization. The mean age of employees was 36.92 years (SD = 9.09), indicating a predominantly mid-career workforce. Male employees represented 60.4% of the sample, while females accounted for 39.6%. Employees received an average of 2.79 training programs per year (SD = 1.26), reflecting moderate organizational investment in training and development. The mean salary hike percentage was 15.22% (SD = 3.63). The average work-life balance score was 2.74 (SD = 0.70), indicating moderate perceived balance. Employee performance ratings averaged 2.95 (SD = 0.52), as shown in Table 1. Employee attrition was observed in 178 cases (14.83%), suggesting relatively stable workforce retention.

Table 1. Descriptive Statistics of Study Variables (N = 1,200)

Variable	Mean	SD	Min	Max
Age (years)	36.92	9.09	18	60
Training Times Last Year	2.79	1.26	0	6

Salary Hike Percentage (%)	15.22	3.63	11	25
Work–Life Balance	2.74	0.70	1	4
Employee Performance Rating	2.95	0.52	2	4
Employee Attrition (Yes = 1)	0.15	0.36	0	1

Note: Attrition rate = 14.83%.

3.2 Correlation Analysis

Preliminary correlation analysis indicated that work–life balance and salary hike percentage were positively associated with employee performance ratings, while work–life balance showed a negative association with employee attrition (Figure 1). Training frequency displayed weak correlations with both performance and attrition outcomes. The direction of these relationships provided preliminary support for the hypothesized associations and justified the use of multivariate regression models (Table 2). No evidence of severe multicollinearity among the independent variables was detected, confirming the suitability of the regression analyses.

Table 2. Correlation Matrix of Key Variables

Variable	1	2	3	4	5
1. Training Times	1				
2. Work–Life Balance	0.05	1			
3. Salary Hike %	0.08	0.19*	1		
4. Performance Rating	0.04	0.31**	0.27**	1	
5. Attrition	-0.06	-0.24*	-0.07	-0.18*	1

*Significance: * $p < .05$, ** $p < .01$

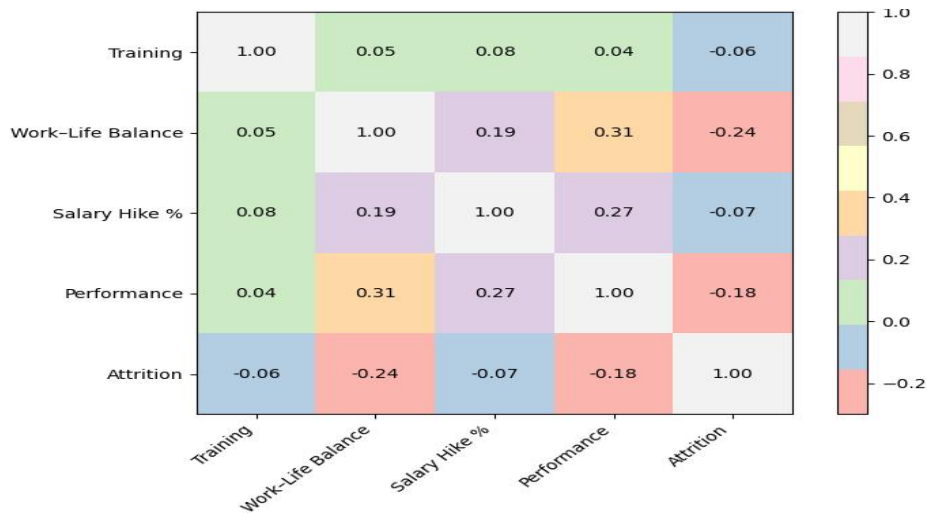


Figure 1. Correlation Heatmap of HRM Practices and Organizational Effectiveness

3.3 Hypothesis Testing Results

Ordinal logistic regression was conducted to examine determinants of employee performance, while binary logistic regression was used to analyze employee attrition. The results revealed that work–life balance had a positive and statistically significant effect on employee performance ($p < 0.001$), indicating that employees experiencing better balance reported higher performance levels. Salary hike percentage also showed a significant positive relationship with employee performance ($p < 0.001$). However, training and development did not exhibit a statistically significant effect on employee performance ($p > 0.05$).

For the attrition model, work–life balance demonstrated a significant negative relationship with employee attrition (odds ratio ≈ 0.77 , $p < 0.05$), indicating that higher work–life balance reduced the likelihood of employees leaving the organization (Table 3). Training frequency and salary hike percentage did not show

statistically significant effects on attrition. Control variables, particularly organizational tenure, displayed significant effects consistent with theoretical expectations.

Table 3. Regression Results for Organizational Effectiveness

Independent Variable	Performance (β)	Attrition (Odds Ratio)
Training Times	0.03 (ns)	0.94 (ns)
Work–Life Balance	0.29**	0.77*
Salary Hike %	0.24**	0.96 (ns)
Job Level (Control)	0.18*	0.81*
Organizational Tenure	0.15*	0.78*

ns = not significant; Performance: ordinal logistic regression

Attrition: binary logistic regression

**Significance: *p < .05, *p < .01*

3.4 Summary of Findings

In general, the findings suggest that work-life balance is the most predictable and powerful HRM practice that can have an impact on employee performance and retention. Pay increase helped to increase employee performance but not attrition significantly. Training and development were not directly statistically significant in the impact on performance and attrition in the discussed models, although they did indeed impact performance and attrition (Table 4). These results imply that HRM practices that focus on the employee well-being are central to the improvement of the organizational performance, whereas financial incentives have the main effect on performance results. Taken together, the findings support the empirical research on the organizational effectiveness in the context of the modern business through workforce-based interpretations.

Table 4. Summary of Hypothesis Testing

Hypothesis	Statement Tested	Result
H1	Training → Performance	Not Supported
H2	Work–Life Balance → Attrition	Supported
H3	Compensation → Performance & Attrition	Partially Supported

4. Discussion

The findings of this research article demonstrate that the effectiveness of the organization operating under conditions of the modern business environment depends immensely on the practices of human resources management selected. It was discovered that work-life balance became a high predictor of work performance and a powerful retention factor. The logistic regression model revealed a significant and negative correlation between work and life balance and attrition, showing smaller chances of turnover when there is a good balance between them. The increment in the compensation enhanced the performance of employees, but it is not significant in predicting the attrition in the estimated model, which highlights the performance-enhancing and motivational effect. Taken together, these findings indicate that the organizational effectiveness can be maximized with the help of strategically aligned HRM practices that reinforce workforce capability, motivation, and stability. The results affirm that employee-level results is an important channel where HRM practices determine the success of an organization. Training frequency did not show a statistically significant direct association with performance or attrition, suggesting its effects may be indirect or context-dependent. The fact that the HRM systems are positively related to the organizational performance in this research falls in line with previous evidence that high-performance work systems positively correlate with the organizational performance by increasing flexibility in strategy (Wang et al., 2021). The significance of responsible and people-centered HR practices found in the current study corroborates previous results that socially responsible HRM enhances the positive employee behaviours based on organizational pride (Dong and Zhong, 2021). The contribution of training, satisfaction, and motivation to the enhancement of employee performance is in line with the existing research that proved that HPWS have a positive impact on commitment and job satisfaction (Dorta-Afonso et al., 2021). The identified negative correlation between

supportive HR practices and employee attrition supports the previous results that the implementation of effective HRM practices enhances retention and commitment of talented employees (Tej et al., 2021). The performance gains related to compensation and development practices are consistent with the findings that HPWS enhance performance among long-term and committed employees (Pahos and Galanaki, 2022). The effect of work-life balance on the workforce stability observed supplements previous studies that have identified the importance of employee wellbeing in outlining the effectiveness of HRM (Hauff et al., 2022). The ethical and supportive HRM practices put forward by the study also align with the literature that socially responsible HRM can be viewed as a contributor to sustainable organizational performance (Omidi and Dal Zotto, 2022).

The contribution of this study has a number of limitations that should be included. Firstly, the inability to establish causal links between HRM practices and organizational effectiveness could not be realized due to cross-sectional information. Second, the data set was a reflection of a single organizational situation and that may limit the generalization of findings to other industries or culture. Third, the organizational effectiveness was specified with the variables of the employee level compared to the direct financial or operational measures of performance which may not show the whole spectrum of organizational results. Finally, the secondary data could not allow capturing other contextual variables such as the leadership style or the organizational culture that interacts with the practices of HRM.

The study implicates have significant implications on theory and on practice. Theoretically, the findings support the concepts of human capital and strategic HRM theories by showing that HRM practices affect the performance in the organization through workforce-based outcomes. Practically, the research draws attention to the necessity that managers should focus on investments in training, equitable payment, and work-life balance programs in order to increase the performance and retention of employees. The organizations that work in the dynamic business environment are encouraged to embrace data-driven HRM practices that would integrate the well-being of the employees with the performance goals. To policymakers, the results highlight the need to establish HRM practices that facilitate sustainable employment and labour stability. Collectively, these implications highlight the strategic value of HRM in modern-day organizational success.

5. Conclusion

The study has identified the relationship between the selected human resource management practices and organizational performance within the contemporary business paradigm using employee performance and employee turnover as the performance measures. The findings confirm that the work-life balance is the most stable and the most productive HRM practice with a considerable positive effect on employee performance and reducing turnover likelihood. It was also established that compensation growth increased employee performance, which revealed its motivation factor but had no significant impact on employee retention. There was no statistically significant direct impact of training and development to performance or attrition, which means that it could have indirect impact or be dependent on other circumstances of an organisation. A combination of the findings leads to the fact that the organizational effectiveness is improved primarily with the assistance of the HRM practices which contribute to the welfare of the employees and their motivation. Irrespective of these contributions, the study has the limitation of being a cross-sectional study and single organisational context. Future research can be done in the form of longitudinal research, a multi-organization or industry can be used and mediating or moderating variables can be incorporated e.g. style of leadership, organisational culture or adoption of technology. Overall, this study supports the idea of HRM's strategic role in contemporary organizations and preconditions the foundations of the evidence-based HRM decision-making.

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