



STRATEGIC MANAGEMENT PRACTICES AND LONG-TERM EMPLOYEE PERFORMANCE: AN EMPIRICAL ANALYSIS

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Abstract

Strategic management practices related to human resources are widely regarded as important drivers of employee performance and sustained organizational effectiveness. Drawing on the resource-based view and dynamic capabilities perspective, this study empirically examines the association between strategic HR practices and long-term employee performance using objective organizational performance evaluation data. The analysis focuses on training and development and employee engagement as central components of strategic human resource management. A quantitative research design is employed using a comprehensive employee-level dataset that includes demographic characteristics, training records, engagement indicators, and formal performance appraisal outcomes. Descriptive analysis and multivariate regression techniques are applied to assess whether strategic HR practices are meaningfully associated with variations in long-term employee performance. The results indicate that training intensity, employee engagement, and related HR practices do not exhibit a statistically significant direct relationship with long-term employee performance outcomes. Although descriptive patterns reveal minor performance variation across training and engagement levels, these differences are not robust when controlling for employee characteristics and organizational factors. The findings suggest that the effects of strategic HR practices may be indirect, context dependent, or insufficiently captured by formal performance appraisal systems. By highlighting the limits of direct HR–performance linkages, this study contributes to ongoing debates in strategic human resource management and emphasizes the importance of contextual and measurement considerations in evaluating HR effectiveness. The findings offer theoretical insight and practical guidance for organizations seeking evidence-based approaches to human resource strategy and performance evaluation.

Keywords: Strategic HRM; Employee performance; Training; Engagement; Performance evaluation

1. Introduction

The modern-day organization is seeing human resources as a strategic resource that is at the center of sustained performance by an organization. The rising rate of technology change and stronger competition in the international markets coupled with shifting labor force needs have promoted the abandonment of administrative human resource management in organizations by more strategically integrated approaches. Human resource-based strategic management practices such as training and development, employee engagement programs and work systems that are based on performance have thus become predominant sources through which companies are trying to enhance effectiveness, flexibility and long-term value addition of the employees.

The recent literature points to the growing topicality of dynamic and flexible HR systems which make organizations able to effectively respond to uncertainty in the environment. With dynamic capabilities coupled with strategic human resource management, the latter helps companies to continue restructuring and renovating their human capital foundation in response to change (Apascaritei and Elvora, 2022). Employee performance is a crucial organizational result in this strategic context since it is a measure of the extent to which the strategic intentions are fulfilled in the long term work behaviors and contributions in people.

The article relies on the resource-based view (RBV) and the dynamic capabilities theory to develop a model that should explain the relationship between strategic Hr practices and employee performance. The RBV indicates that resources that have the characteristics of valuable, rare, inimitable, and non substitutable result in sustainable competitive advantage and human capital is one of the strategic resources employed in the process. Strategic Hr practices; the training, engagement initiatives, and structured performance management systems are some of the organizational mechanisms which can be applied to develop this resource and use it. The theory of dynamic capabilities is an extension of this argument, as it is based on the fact that the organization can redesign and restructure the resources over the time. The HR systems, in this view, are proactive in terms of feeling the opportunities, creating the capacities of people, and aligning the processes within the organization with the change in the environment.

Empirical and meta-analytic research on the relationship between HR practices on one hand and the results of employee engagement and performance on the other has a vast literature. The concept of engagement has been mentioned as a motivator of relationship between HR systems and employee performance so much that it is said that engaged employees tend to exhibit more task performance and less absenteeism (Neuber et al., 2022; Mazzetti et al., 2023). Engagement-based interventions are also found to positively impact work-related outcomes, although the strengths and reliability of such effects vary across various organizational settings (Knight et al., 2017). The concept of training and development is also mentioned as strategic HR practices and meta-analysis content proves that training programs can enhance the organizational performance in case they are strategy-aligned and carried out in the workplace (Kim et al., 2022). The studies of high-performance work practices also play a part in the argument that integrated HR systems can improve the performance of individual and organizational levels, particularly small and medium-sized businesses (Hansen et al., 2025).

At the same time, the relationship between strategic Hr practices and engagement and performance is not linear, but rather uniform. It is already hinted that excessive levels of engagement may be exerting compensatory or even adverse effects on performance and well-being, which proves the complexity of this relationship (Shimazu et al., 2018). Also, the indirect connection between HR practices satisfaction and performance appears to be driven by indirect but not direct paths only (Stirpe et al., 2022). These findings indicate that HR-performance relationship is a complicated and contingent phenomenon which relies on the situation and organizational variables.

Despite the fact that the theoretical background and the empirical researches are sound the results are divided particularly when the performance of employees is measured by formal organization appraisal systems. The literature presented is mostly founded on perceptual scales, cross-sectional investigations, or brief term findings, so it makes it difficult to understand the linkage between strategic management practices and the long term performance of the staff, which is data of organizational evaluation results. Besides, despite the fact that meta-analyses define the average effect of studies, they tend to obscure contextual variation and provide minimal insight into why strategic HR practices do not always result in the attainment of quantifiable performance returns. It is this lack of connection between theory and practice that makes it obvious that there is need to conduct empirical research, which assesses the correlation between strategic management practices and their effects on long-term performance of the employees using objective organizational data.

It is against this backdrop that the current research paper empirically examines the relationship between strategic management practices and the long term employee performance using the organization based performance measures. The research will provide a more sophisticated understanding of the connection between the practices of employee engagement and training and the formal performance outcomes over the period of time and contribute an input to the current discourses on the complexity and contingency of the HR-performance relationship. The research objectives are:

1. To examine the association between strategic management practices and long-term employee performance using organizational evaluation data.
2. To assess the relationship of training and development and employee engagement with variations in long-term employee performance.
3. To evaluate the explanatory capacity and limitations of strategic HR practices in predicting formal employee performance outcomes.

2. Methodology

2.1 Research Design

It takes the quantitative and empirical research design to investigate the linkage between strategic management practices and long-term employee performance. In a secondary data method, it was used to facilitate an objective examination of the management practices and the performance results relying on the records of the organization instead of the subjective self-report. It is quite a standard design in strategic management and human resource management studies when estimating statistically sound relationships between management practices and employee level outcomes. Empirical method can be used to conduct a systematic assessment of various people-management practices and how they are related to long-term employee performance.

2.2 Data Source and Sample

The empirical study relies on a detailed human resource employee level data which incorporates employee demographic data, formal performance ratings, employee engagement surveys, training and development data as well as recruitment-related data (Rana, 2022). The dataset offers the individual employee level of observation with numerous details and it takes the longitudinal view by including the employment start date and exit date.

The individual employee is the unit of analysis. It includes both active and former employees, which means that performance of employees can be studied throughout the time of employment. The data was not relied on, and the missing or inconsistent performance information was noted out to remove any errors. The final sample is a reflection of the employees of the various departments, occupations and levels of tenure after data cleaning and data merging among the data files with unique employee identifiers. The analysis can use employment start and end dates to reflect the performance of employees in the long term as opposed to the short run.

2.3 Variable Measurement

Long-term employee performance was the dependent variable, which is determined by the help of standardized organizational evaluation indicators, i.e. Performance Score and Current Employee Rating. These indicators represent the formal performance appraisal results and are popular in the empirical studies of management. Performance is either an ordinal or a continuous variable depending on the specification of the model.

Strategic management practice was operationalized with people and HR-related practices, which is in line with the resource-based view. Training and development are also measured in terms of type of training program, training program length, training program costs, and training program outcomes, which reflect strategic investments in the development of the capabilities of employees. The measurement of employee engagement practices includes the engagement, satisfaction, and work-life balance scores, which refers to the efforts focused on the improvement of motivation and long-term performance. Strategic talent acquisition practices are the recruitment and human capital attributes such as educational attainment, previous experience and the origin of the recruitment. The analysis puts into check the age, gender, department or division, job role, and tenure of the employees in order to explain the heterogeneity that can be observed.

2.4 Empirical Strategy

The initial step is descriptive statistics of employee traits, variables of management practices, and performance. Second, the correlation analysis will be used to test the initial relationship between strategic management practices and employee performance.

Analysis of the core uses the multivariate regression models to determine the impact of strategic management practices on long-term employee performance. OLS regression is employed in cases where the performance is a continuous variable, whereas the ordered logistic regression is implemented in case the performance outcome is ordinal. Each of the models entails the use of control variables and department specific fixed effects to mitigate omitted variable bias. Other performance measures are applied to check the robustness of the standard errors applied to infer the data, using which a heteroskedasticity-robust standard error is assessed.

2.5 Data Processing

Processing of the data consisted of cleaning and combining datasets, treating missing values listwise (where missing values are treated as such) where suitable and encoding categorical variables and calculating employee tenure based on employee start and exit dates. The procedures provided the consistency in datasets and contributed to the long-term analytical scope of the study.

3. Results

3.1 Descriptive Statistics

Table 1 contains the descriptive statistics of the study variables. The last sample is a group of 3,000 employees of various departments and job positions. The degree of variation in long-term employee performance is also significant among employees (Mean = 0.998, SD = 0.553) which is in favor of the appropriateness of the data in the context of empirical data analysis.

The employee engagement, satisfaction, and work-life balance scores have a range of 1-5 which refers to the high level of heterogeneity in the perceptions of the employees regarding the workplace conditions. Variances in training related variables are also quite diverse. The training period is a bit lower, 3 days on average, and the cost of training is between 100 and 1,000 units. The average period of employee tenure is 2.58 years indicating that long-term performance perspective can be used.

Table 1: Descriptive Statistics of Study Variables

Variable	Mean	Std. Dev.	Min	Max
Employee Performance	0.998	0.553	0.000	3.000
Engagement Score	2.940	1.433	1.000	5.000
Satisfaction Score	3.022	1.409	1.000	5.000
Work-Life Balance	2.989	1.409	1.000	5.000
Training Duration (Days)	2.976	1.418	1.000	5.000
Training Cost	558.629	263.218	100.040	999.970
Tenure (Years)	2.581	1.810	0.000	6.408

3.2 Correlation Analysis

Table 2 shows the pairwise correlation between the key variables. In general, the weak magnitude of the correlations between strategic management practices and long-term employee performance is observed. The correlation between training cost and performance is small and positive whereas engagement and training period show a near zero correlation.

Notably, the correlations between the independent variables are at a significantly lower level compared to the generally agreed levels, meaning that multicollinearity is not likely to have an effect on the regression estimates.

Table 2: Correlation Matrix of Strategic Management Practices and Employee Performance

Variable	Performance	Engagement	Satisfaction	Training Duration	Training Cost
Performance	1.000	0.005	-0.002	0.005	0.016
Engagement	0.005	1.000	-0.008	0.009	0.021
Satisfaction	-0.002	-0.008	1.000	0.018	-0.003
Training Duration	0.005	0.009	0.018	1.000	-0.010

Training Cost	0.016	0.021	-0.003	-0.010	1.000
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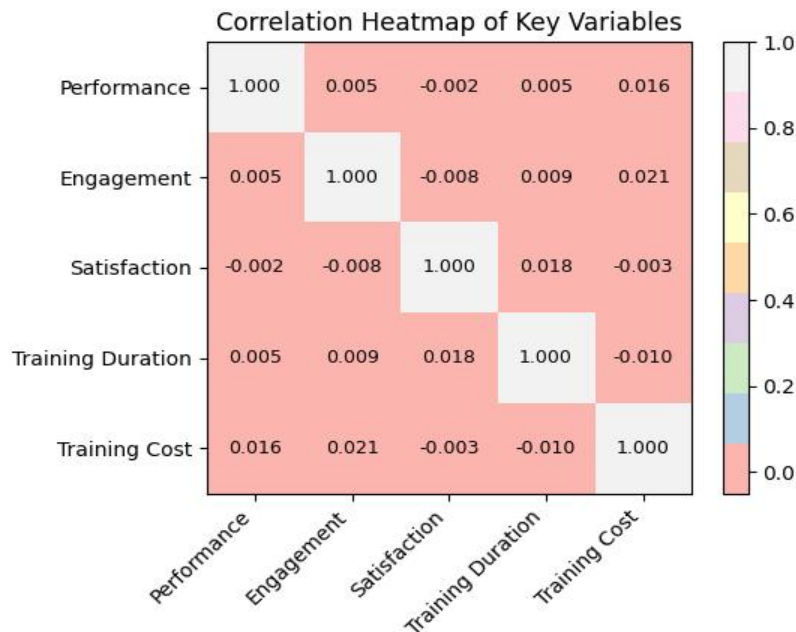


Figure 1: Correlation Heatmap of Strategic Management Practices and Employee Performance

The figure 1 shows the pair-wise correlation between the performance of the employees, engagement, satisfaction, training duration and training cost. The small variance of the shading and the low correlation coefficients reveal the existence of weak linear relationships between strategy management practices and long term employee performance, which implies that the explanatory variables are not highly multicollinear.

3.3 Regression Results

Table 3 shows the outcomes of the multivariate OLS regression. The statistic estimates reveal that there are no statistically significant effects of the strategic management practice variables such as the training duration, training cost, employee engagement, satisfaction or work-life balance on the long-term employee performance. Neither is the tenure of the employees significantly related to performance.

These results are indicative of the fact that in this sample, strategic people-management practices do not have a significant direct effect on formal performance ratings, as well as, the influence of employee traits and organizational variables.

Table 3: OLS Regression Results

Variable	Coefficient	Std. Error	t-value	p-value
Engagement Score	0.0017	0.007	0.246	0.806
Satisfaction Score	-0.0006	0.007	-0.088	0.930
Work-Life Balance	0.0006	0.007	0.082	0.934
Training Duration	0.0022	0.007	0.309	0.757
Training Cost	0.00003	0.00004	0.888	0.374
Tenure	-0.0016	0.006	-0.278	0.781

3.4 Training Intensity and Performance

Table 4 shows the mean performance based on the quartile of training intensity. As illustrated, there is a slight difference in average performance with the variation in training intensity. Workers of the third quartile are slightly higher in the average performance, and the upper quartile in terms of training intensity is not equated with the upper performance level. This figure 2 illustrates the average performance of the employees in terms of training intensity quartiles (Q1-Q4). The figure indicates that performance variations among the four quartiles are minor and non-monotonic with performance average a bit bigger in the third quartile and smaller in the highest training intensity quartile. This image pattern is in line with the general regression

findings and justifies the inference that the intensity of training is not strongly directly correlated to the long-term employee performance.

Table 4: Average Performance by Training Intensity Quartile

Training Intensity Quartile	Average Performance
Q1 (Lowest)	0.993
Q2	1.002
Q3	1.023
Q4 (Highest)	0.982

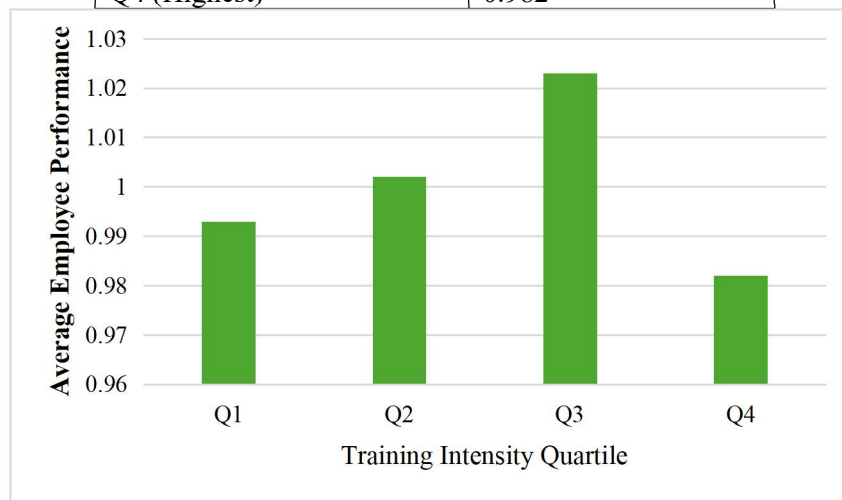


Figure 2: Training Intensity and Long-Term Employee Performance

Comprehensively, the empirical findings suggest that the strategic management practices in terms of training, employee engagement, and other HR practices fail to display statistically significant direct impact on the long-term employee performance in this data. Descriptive patterns indicate that performance differs slightly when there is a difference in training and engagement levels, but such relationships are not strong in multivariate analysis. The results indicate the complexity of employee performance and imply that there are other organizational and leadership variables and situational elements that can have a more detrimental role in defining formal performance results.

4. Discussion

The strategic human resource management has been the role of strategic management practices in the determination of the long-term employee performance. However, the existing theories are concerned with the performance enhancing effect of HR practices, the empathetic situations demonstrate that training and development and employee engagement have no statistically significant direct relationship with the formal long-term employee performance ratings. These findings can be added to the growing body of knowledge on the premise that HR-performance relationships are more complex and conditional than frequently assumed. HRM, in its strategic approach, cannot be treated as an ineffective strategy since it does not have any strong direct impacts. Strategic HR practices tend to theorize the creation of competitive advantage due to the development of human capital and the involvement of employees (Albrecht et al., 2015). Perhaps, however, formal performance appraisal systems are too insensitive to capture the net benefits of such practices on more behaviorally and attitude-general benefits. Managerial discretion and organization norms tend to restrict the range of performance ratings and it is this aspect that makes rating compression reduce the observability of connections between HR practices and performance outcomes.

The weak relationship between engagement and long performance of an employee is congruent with the emerging findings that engagement is not always synonymous with better measurable performance. Despite the fact that engagement has been linked with the positive employee attitudes and discretionary behaviors, its influence on the official results of performance may be contingent upon a situational level and organizational constraints. In an organization where job autonomy, resource support or managerial support is low, employees may feel motivated and highly engaged but cannot deliver a better performance rating. Moreover,

the impact of engagement may be indirect such as well-being or reduction in withdrawal behaviours and not through direct performance returns on the basis of appraisal.

The findings on training and development have also enhanced the fact that training provision and training effectiveness should be made a distinction. Training is the foundation of strategic HR systems, but its impact on the performance relies on the transfer of the learning to the workplace and empowering organizational environment (Ford et al., 2018). The low correlation between intensity of training and the performance levels at the end of the long-term period suggests that participation in the training programs alone may not be sufficient to influence the formal results of the performance unless the employees have a chance, motivation, and administration to apply new skills in the working process. This is in accordance with the research that has revealed that training benefits are mediated by post-training settings and alignment of the organization.

The results also correlate with the high-performance work practices research that underlines the indirect and multilevel interrelations of the HR systems and the performance. As the previous researches show, the HR practices are likely to influence the outcome (happiness, health, and psychological well-being) of the employees that are not always expressed in official performance scores (Ogbonnaya and Valizade, 2018; Shi et al., 2024). Long-term indications show that long-term performance can be maintained with gains in well-being even though short-term effects of performance are either small or medium to detect.

Direct explanations could also be further explained by leaders of larger organizations and settings. The performance of employees does not only depend on the HR practices but also on the interpersonal dynamics and the leaders behavior and climate in the workplace. Any negative experience at work place, including bullying, can result in poor employee outcomes despite the HR supportive systems (Sheehan et al., 2020). Similarly, the effectiveness of HR practices and the classical correlations between HR and performance may be influenced by the periods of organizational instability, such as the one that was created due to the COVID-19 pandemic and its aftermath (Zhiqiang et al., 2021). The impact of strategic HR practices when it comes to formal performance indicators can be diluted by such behavioral conditions.

Combining these findings, there is an assumption that the relationship between the HR performance is contextually and fundamentally complex. Strategic HR practices may be facilitating mechanisms, instead of being actual predictors of the performance ratings, which foster the ability, strength and flexibility of employees. They can be valued based on long-term outcomes or some of the terms that are stipulated within organizations, but not immediate positive outcomes in appraisal based performance indices.

It is on the basis of these insights that theoretical implications are involved. Strategic HRM models might be enhanced with regards to a greater focus on the performance measurement systems and contexts that moderate affect the HR-performance relations. The findings provided indicate the importance of giving significant consideration to operationalization and measurement of the performance particularly where it comes to measuring the usefulness of the HR investments. The formal appraisal systems may be unable to reflect all the component of the value that is built by the strategic HR practices, and thus may be necessary to widen the conceptualization of performance in the studies of HRM.

In practice, the results of the findings caution managers against the presumption that the investments in the programs of training and engagement will automatically raise the performance ratings. Instead, organizations should strive to ensure the uniformity of HR practices, job design, the actions of the management, and performance management systems.

5. Conclusion

Elucidating the impact of strategic management practices on long-term employee performance has been the key issue of study in the field of strategic human resource management. The results show that popular HR practices like training and employee engagement programs do not always result in the measurable increase in formal performance ratings in case performance is evaluated with the help of standardized organizational appraisals. Instead of diminishing the strategic utility of the HR practices, these findings demonstrate the need to rethink the conceptualization and measurement of performance effects. Theoretically, the facts point to the fact that strategic HRM frameworks might hypothetically exaggerate the timeliness and the manifestation of HR-based performance results. Formal appraisal systems are influenced by institutionalization, managerial discretion and evaluative limitations that may serve to blur the overall value of the HR investments. This means that the value that is produced through strategic HR practices can be more aptly considered as facilitating employee competence, flexibility and continued organizational operations, as opposed to generating direct and directly measurable performance differentials. The findings warn a manager against the simplistic thinking that all investment in training and engagement programs

would be paid off. The match of the HR practices with the leadership practices, job design, and performance management systems that allow the employees to convert skills and motivation into actual contributions is likely to result in the effective performance outcomes. Further, overreliance on performance measurement schemes based on appraisals could contribute to organisations underestimating HR programs that improve employee well-being, resilience and long-term development.

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