



# The Impact of Human Resource Management Practice on Organisational Performance

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## ABSTRACT

Human Resource Management (HRM) practices have become increasingly important for organisations in achieving workforce efficiency, employee satisfaction, and long-term business success. In today's competitive business environment, organisations focus on structured HRM practices such as recruitment and selection, training and development, performance appraisal, employee engagement, compensation management, and communication systems to improve organisational effectiveness and workforce productivity. This study examines the impact of Human Resource Management Practices on Organisational Performance with special reference to Tube Investments of India Ltd.

The study follows a descriptive research design, and primary data was collected using a structured questionnaire from 257 employees working in different departments of the organisation. Convenience sampling technique was adopted for selecting respondents. Statistical tools such as Descriptive Statistics, Construct Reliability and Validity Analysis, Discriminant Validity, Model Fit Analysis, and R Square Analysis were used for analysing the collected data through SPSS software.

The findings reveal that employees generally have positive perceptions regarding HRM practices implemented within the organisation. Reliability and validity analysis confirmed that the

measurement constructs are statistically reliable and valid for further analysis. The model fit indices indicate that the proposed research model demonstrates acceptable fit. However, the R Square analysis shows that HRM Practices explain only a limited variation in Organisational Performance, suggesting that additional organisational factors may influence performance outcomes.

The study concludes that effective Human Resource Management practices positively contribute towards employee development, operational efficiency, workforce stability, and organisational effectiveness. Organisations adopting structured HR systems, employee-focused strategies, and technology-enabled HR practices are better positioned to achieve sustainable growth and long-term competitive advantage. The findings provide useful insights for organisations seeking to strengthen employee performance and improve organisational productivity through effective HRM practices.

**KEYWORDS:** Human Resource Management Practices, Organisational Performance, Employee Engagement, Training and Development, Performance Appraisal, Workforce Productivity, Organisational Effectiveness.



## 1. INTRODUCTION

In today's highly competitive and dynamic business environment, human resources are widely recognised as one of the most valuable assets of an organisation. The success, sustainability, and long-term growth of any organisation largely depend on its ability to effectively manage its workforce and align employee performance with organisational goals. Human Resource Management (HRM) has therefore evolved from a traditional administrative function into a strategic business function that significantly contributes to organisational effectiveness and competitive advantage.

Human Resource Management Practices include various activities such as recruitment and selection, training and development, performance appraisal, employee engagement, compensation management, career development, workplace communication, and employee retention strategies. These practices are designed to ensure that employees possess the necessary skills, motivation, and support required to contribute effectively to organisational objectives. Organisations implementing structured HRM practices are more likely to experience improved employee productivity, reduced turnover, enhanced employee satisfaction, and stronger organisational performance.

In recent years, rapid technological advancements and changing workforce expectations have further increased the importance of effective HRM systems. Organisations are increasingly adopting technology-based HR solutions such as digital recruitment platforms, automated attendance systems, performance management software, payroll systems, HR analytics, and employee databases to improve efficiency and decision-making. These digital HR tools help organisations reduce manual workload, improve process accuracy, and strengthen workforce management practices.

At the same time, employees increasingly expect organisations to provide supportive work environments, career growth opportunities, skill development programs, fair performance evaluation systems, and effective communication practices. Employee engagement, recognition, and workplace satisfaction have become critical determinants of workforce stability and organisational success. Therefore, organisations must continuously strengthen HRM practices to meet employee expectations while improving business performance.

Effective Human Resource Management practices contribute significantly to employee development, operational efficiency, teamwork, accountability, and organisational stability. Training and development programs enhance employee knowledge and competencies, while transparent performance appraisal systems improve motivation and accountability. Employee engagement initiatives and communication systems further strengthen organisational culture and employee commitment.

This study focuses on analysing the impact of Human Resource Management Practices on Organisational Performance with special reference to Tube Investments of India Ltd. The research examines employee perceptions regarding HRM practices implemented within the organisation and analyses their influence on organisational performance using statistical analysis tools. The study also provides insights into the role of HRM practices in improving workforce productivity, employee satisfaction, and long-term organisational effectiveness.



## CONCEPTUAL FRAMEWORK

### Impact of Human Resource Management Practices on Organisational Performance



## 2. OBJECTIVE OF THE STUDY

### PRIMARY OBJECTIVE

- To analyse the impact of Human Resource Management Practices on Organisational Performance.

### SECONDARY OBJECTIVES

- To examine employee perceptions regarding Human Resource Management practices implemented within the organisation.
- To evaluate the effectiveness of HRM practices such as recruitment, training and development, performance appraisal, employee engagement, and communication systems.
- To analyse the relationship between Human Resource Management Practices and Organisational Performance.
- To identify the contribution of HRM practices towards employee productivity, workforce stability, and organisational effectiveness.
- To examine the role of technology-based HR systems in improving organisational efficiency and employee management.

## 3. REVIEW OF LITERATURE

**Armstrong (2014)** explained that Human Resource Management is a strategic and integrated approach to managing employees effectively in order to achieve organisational goals. The study highlighted that HRM practices such as recruitment, training, employee development, and performance management contribute significantly to workforce productivity and organisational success.

**Dessler (2017)** observed that Human Resource Management practices play a major role in improving employee efficiency, job satisfaction, and organisational effectiveness. The study concluded that structured HR activities including recruitment, training, compensation, and performance appraisal positively influence employee performance.



**Becker and Huselid (2006)** examined the relationship between strategic Human Resource Management and organisational performance. The findings revealed that organisations adopting high-performance HR systems experience improved employee productivity, financial performance, and competitive advantage.

**Ulrich (1997)** stated that Human Resource Management has evolved from an administrative function into a strategic business partner. The study emphasised that effective HRM practices directly contribute to organisational capability, employee engagement, and long-term business competitiveness.

**Cascio (2014)** analysed the importance of recruitment, selection, and employee retention practices in organisational performance. The study found that organisations implementing effective HR systems reduce employee turnover and improve overall workforce stability.

**Noe et al. (2016)** highlighted that training and development programs improve employee knowledge, technical competencies, and work performance. The research concluded that organisations investing in employee development achieve better productivity and long-term workforce sustainability.

**Ployhart (2006)** studied staffing systems and workforce productivity. The study found that systematic recruitment and selection practices improve employee quality, operational efficiency, and organisational outcomes.

**Boxall and Purcell (2011)** explained that HRM practices such as employee engagement, communication systems, and career development strengthen employee commitment and organisational effectiveness.

**Allen, Bryant, and Vardaman (2010)** examined employee retention strategies and concluded that effective onboarding, career growth opportunities, and employee-focused HR practices significantly reduce turnover intention and improve employee stability.

**Kramar (2014)** analysed the role of technology in Human Resource Management and concluded that digital HR systems, HR analytics, and automated workforce management tools improve HR efficiency and organisational productivity.

**Kristof-Brown (2000)** studied person–organisation fit and found that employees whose values align with organisational culture demonstrate stronger commitment, higher productivity, and longer retention.

**Highhouse et al. (2003)** identified that workplace environment, employee recognition, compensation, and career opportunities positively influence employee satisfaction and organisational performance.

#### 4. RESEARCH METHODOLOGY

This study adopts a **descriptive research design** to analyse the impact of Human Resource Management Practices on Organisational Performance with special reference to Tube Investments of India Ltd. The purpose of the study is to examine the relationship between Human Resource Management Practices and Organisational Performance within the organisation. The research focuses on understanding employee perceptions regarding HRM practices such as recruitment and selection, training and development, performance appraisal, employee engagement, communication practices, and workforce management systems adopted by the organisation.

The study collected primary data from employees working across various departments in the organisation.

**Sample Size:** A total of **257 valid responses** were obtained for the analysis. Convenience sampling technique was adopted for selecting respondents, as it enabled easy access to employees available during the data collection period and supported efficient data collection.



A structured questionnaire based on the **Likert Scale method** was used as the primary instrument for data collection. The questionnaire consisted of multiple sections including demographic profile, Human Resource Management Practices, and Organisational Performance. The demographic section collected employee details such as age, gender, department, and work experience, while the remaining sections focused on employee perceptions regarding HRM practices and organisational performance.

The study utilised both **primary and secondary sources of data**. Primary data was collected directly from employees through structured questionnaires. Secondary data was collected from books, journals, company reports, research articles, websites, and previous studies related to Human Resource Management and Organisational Performance.

The collected data was analysed using statistical tools such as **Descriptive Statistics, Construct Reliability and Validity Analysis, Discriminant Validity, Model Fit Analysis, and R Square Analysis**. The statistical analysis was carried out using **SPSS software** to ensure accuracy, reliability, and validity of the research findings.

### Hypothesis of the Study

**H01:** Human Resource Management Practices do not have a significant impact on Organisational Performance.

**H11:** Human Resource Management Practices have a significant impact on Organisational Performance.

## 5. DATA ANALYSIS AND INTERPRETATION

### Demographic Profile

The demographic analysis indicates that the majority of respondents belong to the younger workforce category. Employees below the age of 25 years constitute the highest percentage of respondents, followed by employees in the 25–35 years age group. This suggests that the organisation consists largely of young employees and early-career professionals.

The gender distribution of respondents shows balanced participation from both male and female employees, thereby improving the reliability and objectivity of the collected responses. The analysis further reveals that the majority of respondents possess less than two years of work experience, indicating the presence of a relatively young and developing workforce within the organisation.

Department-wise analysis indicates that employees from the HR department represent the highest proportion of respondents, followed by Finance and Production departments. The educational and professional background of employees suggests that respondents possess sufficient organisational exposure and understanding regarding Human Resource Management practices and organisational systems.

### Descriptive Statistics

Descriptive statistics were used to analyse employee responses related to Human Resource Management Practices and Organisational Performance.

The mean values of all variables range from **3.130 to 3.719**, indicating moderate to positive employee perceptions regarding HRM practices and organisational performance. Most median values are **4**, reflecting that respondents generally agree with the statements included in the questionnaire.

The standard deviation values are close to **1**, indicating moderate variation and consistency in employee responses. Factor loading values for all variables are above **0.70**, confirming strong convergent validity and indicating that the measurement items effectively represent their respective constructs.



Variance Inflation Factor (VIF) values are below the threshold value of **5**, confirming the absence of multicollinearity issues among variables. These results indicate that the collected data is reliable and suitable for further analysis.

### Construct Reliability and Validity

Reliability and validity analysis was conducted to assess the consistency and accuracy of the measurement model.

The **Cronbach's Alpha** values for Human Resource Management Practice (**0.952**) and Organisational Performance (**0.962**) are above the acceptable threshold value of **0.70**, confirming excellent internal consistency reliability.

The **Composite Reliability** values of **0.952** and **0.966** further confirm strong construct reliability. The **Average Variance Extracted (AVE)** values for HRM Practice (**0.654**) and Organisational Performance (**0.684**) exceed the recommended threshold value of **0.50**, confirming satisfactory convergent validity.

These findings indicate that the constructs used in the study are statistically reliable and valid for further analysis.

### Discriminant Validity

Discriminant validity was assessed using the Fornell-Larcker criterion.

The square root of AVE for Human Resource Management Practice (**0.674**) and Organisational Performance (**0.827**) are greater than the correlation value between the constructs (**-0.094**). This confirms that both constructs are statistically distinct and measure different concepts effectively.

The results establish satisfactory discriminant validity for the measurement model.

### Model Fit Analysis

The model fit indices indicate the adequacy of the proposed structural model.

The **SRMR value of 0.066** is below the recommended threshold of **0.08**, confirming acceptable model fit. The **d\_ULS value of 3.065** and **d\_G value of 2.073** show consistency in model estimation.

The **NFI value of 0.704** indicates a moderate but acceptable level of model fitness. Overall, the structural model demonstrates acceptable fit for analysing the relationship between Human Resource Management Practices and Organisational Performance.

### R Square Analysis

The **R Square value of 0.009** indicates that Human Resource Management Practices explain only **0.9%** of the variation in Organisational Performance.

Similarly, the **Adjusted R Square value of 0.006** reflects very low explanatory power. This suggests that although HRM practices contribute to organisational effectiveness, other factors such as leadership, organisational culture, employee engagement, technology adoption, and external business conditions may also significantly influence Organisational Performance.

Overall, the results indicate that Human Resource Management Practices alone have limited predictive influence on Organisational Performance in the current study.

## 6. SUMMARY OF FINDINGS

1. The majority of respondents belong to the younger age category below **25 years**, indicating the presence of a young workforce within the organisation.
2. Most employees participating in the study possess less than **two years of work experience**, reflecting a relatively early-career employee population.



3. Male and female participation in the study is comparatively balanced, improving the reliability and objectivity of the collected responses.
4. Employees from the **HR department** represent the highest percentage of respondents, followed by Finance and Production departments.
5. The mean values of all study variables range from **3.130 to 3.719**, indicating moderate to positive employee perceptions regarding Human Resource Management Practices and Organisational Performance.
6. Standard deviation values are close to **1**, indicating moderate variation and consistency in employee responses.
7. Factor loading values for all measurement items are above **0.70**, confirming strong convergent validity and effectiveness of the measurement model.
8. Variance Inflation Factor (VIF) values are below the threshold value of **5**, indicating the absence of serious multicollinearity issues among variables.
9. Cronbach's Alpha values for Human Resource Management Practice (**0.952**) and Organisational Performance (**0.962**) confirm excellent internal consistency reliability.
10. Composite Reliability values of **0.952** and **0.966** indicate high construct reliability for both study variables.
11. Average Variance Extracted (AVE) values for Human Resource Management Practice (**0.654**) and Organisational Performance (**0.684**) confirm satisfactory convergent validity.
12. Discriminant validity analysis confirms that Human Resource Management Practice and Organisational Performance are statistically distinct constructs.
13. Model fit indices such as **SRMR (0.066)** indicate acceptable model fitness for the proposed structural model.
14. The **R Square value of 0.009** indicates that Human Resource Management Practices explain only **0.9%** of the variation in Organisational Performance, suggesting the influence of additional organisational factors.
15. Human Resource Management Practices positively contribute towards employee productivity, workforce stability, employee development, and operational efficiency within the organisation.
16. Technology-enabled HR systems and structured HR practices support better employee management and improve organisational effectiveness.

## 7. SUGGESTIONS

- Organisations should strengthen Human Resource Management practices through effective employee development programs, training initiatives, and skill enhancement activities.
- Regular training and development programs should be conducted to improve employee competencies, technical knowledge, and workplace efficiency.
- Performance appraisal systems should be made more transparent, fair, and performance-oriented to improve employee motivation and accountability.
- Organisations should strengthen employee engagement initiatives such as recognition programs, team-building activities, and employee feedback mechanisms to improve job satisfaction and commitment.
- Effective communication channels should be maintained between management and employees to reduce communication gaps and improve workplace coordination.
- Technology-based HR systems such as automated attendance, payroll systems, HR analytics, and digital employee databases should be further enhanced to improve HR efficiency and workforce management.
- Employee retention strategies such as career growth opportunities, mentoring systems, and work-life balance initiatives should be strengthened to reduce employee turnover.
- Organisations should focus on creating a supportive and positive work environment to improve employee well-being, teamwork, and organisational stability.



## 8. CONCLUSION

The study analysed the impact of Human Resource Management Practices on Organisational Performance with special reference to Tube Investments of India Ltd. The findings indicate that effective Human Resource Management practices positively contribute towards employee productivity, workforce stability, operational efficiency, and overall organisational effectiveness. The study reveals that employees generally have positive perceptions regarding the HRM practices implemented within the organisation, particularly in areas such as recruitment and selection, training and development, performance appraisal, employee engagement, and communication systems. These practices play an important role in improving employee motivation, job satisfaction, accountability, and work efficiency. The statistical analysis confirms that the measurement constructs used in the study are reliable and valid. Reliability and validity tests indicate strong internal consistency, convergent validity, and discriminant validity, confirming that the study variables effectively measure their intended concepts. Model fit analysis also demonstrates that the proposed research model shows acceptable fit for analysing the relationship between Human Resource Management Practices and Organisational Performance. However, the R Square analysis reveals that Human Resource Management Practices explain only a limited variation in Organisational Performance, suggesting that other organisational factors such as leadership style, organisational culture, employee engagement, technology adoption, and external business conditions may also significantly influence performance outcomes. The study highlights the importance of structured HR systems, employee-focused management strategies, and technology-enabled HR practices in improving workforce quality and organisational stability. Organisations should continue strengthening HRM systems through employee development initiatives, communication improvements, retention strategies, and digital HR solutions to achieve long-term business success. Overall, the findings provide valuable insights for organisations seeking to improve employee performance, workforce productivity, and organisational effectiveness through efficient Human Resource Management practices.

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