

CONTEMPORARY AND EMERGING HUMAN RESOURCE MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE: A SYSTEMATIC LITERATURE REVIEW

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ABSTRACT

Purpose of Study: The purpose of this review was to examine how organizations leverage on human resource management practices to sustain their performance in a contemporary business environment characterized by digital transformation, environmental consciousness and shifting workforce demographics.

Problem Statement: With a lack of clear understanding of the mechanisms through which human resource management practices affect organizational performance, there is need to delve into the mediating and moderating mechanism that try to explain this relationship in light of a volatile, uncertain, complex and ambiguous environment.

Methodology: The synthesized research predominantly utilized quantitative, cross-sectional survey designs to examine causal relationships between variables where data was collected was across a diverse array of sectors and regions.

Result: The results of the meta-analysis are categorized into four primary thematic areas: Performance Outcomes, Sustainability and Green Behavior, Psychological and Social Dynamics, and Technological Integration.

Conclusion: Innovative HRM practices enhance job performance though the relationship is often partially mediated by innovative work behaviour, human capital and organizational commitment. Training and development, green human resource management, and psychological dimensions have an influence on the relationship between human resource management practices and organizational performance.

Recommendation: Organizations should hire for attitude and train for skill. Managers should avoid universalistic approaches while organizations should support the formal HR policies through informal innovative or green culture.

Keywords: *HRM practices, Organizational Performance, Green HRM, environment*

INTRODUCTION

Human Resource Management (HRM) has undergone a fundamental paradigm shift from a traditional administrative function to a strategic pillar essential for organizational survival and competitive advantage (Hijazi, 2025). The reviewed research articles collectively investigate how organizations, ranging from small and medium-sized enterprises (SMEs) to multinational subsidiaries, leverage HRM practices to address contemporary and emerging challenges such as digital transformation, environmental degradation, and shifting workforce demographics (Jindal, et al., 2024).

The central problem addressed across these studies is the "black box" of HRM which refers to identifying the specific mechanisms through which HR policies translate into tangible outcomes like job performance, corporate sustainability, and innovative work behavior (Dang, Vuong, & Huan, 2025). Organizations face increasing pressure to adopt Green Human Resource Management (GHRM) to meet stakeholder environmental demands and Digital HRM to unlock performance in a volatile, uncertain, complex, and ambiguous (VUCA) market (Wang, Mansor & Leong, 2024). Furthermore, the retention of highly mobile "millennial" talent and the mitigation of burnout among knowledge workers have emerged as critical priorities for sustaining human capital (Salem, Al-Dubai & Bardai, 2024). The study objectives were specifically to examine the relationship between human resource management practices and organizational performance, relationship between green human resource management and sustainability, relationship between psychological dimensions and employee retention, and digital transformation and digital performance. This meta-analysis synthesizes evidence from 18 research articles to provide a comprehensive understanding of the influence of HRM practices on individual and organizational excellence.

LITERATURE REVIEW

Theoretical Literature Review

The reviewed literature is grounded in a multi-theoretical framework that explains the complex relationships between Human Resource Management (HRM) practices, employee psychological states, and organizational performance. The primary theoretical underpinnings include Social Exchange Theory, the Resource-Based View, Dynamic Capabilities Theory, and the Ability-Motivation-Opportunity (AMO) theory, among others.

Social Exchange Theory (SET)

The most frequently cited theory across the sources is the Social Exchange Theory (SET) by Homan (1958). SET posits that social change and stability result from a negotiation process between parties where individuals engage in behaviors to achieve reciprocity (Dang, Vuong, & Huan, 2025). When organizations invest in employees through supportive HR practices (e.g., training, fair rewards, or green initiatives), employees feel a moral obligation to reciprocate with positive attitudes and discretionary behaviors, such as Innovative Work Behavior (IWB) and

Organizational Citizenship Behavior (OCB). Similarly, SET is used to explain how Green HRM (GHRM) and Digital HRM foster a social exchange bond, increasing organizational trust and reducing turnover intentions among Millennials (Islam, 2022).

Resource-Based View (RBV)

The Resource-Based View (RBV) by Barney (1991) serves as the backbone for linking HRM to competitive advantage. RBV contends that a firm's human resources are unique, irreplaceable, and difficult for competitors to imitate. Effective HRM practices (especially Green and Inclusive HRM) transform human capital into a strategic asset that drives firm financial performance and long-term sustainability (Sajuyigbe, et al., (2024).

Dynamic Capabilities Theory (DCT)

Expanding on RBV, several sources utilize Dynamic Capabilities Theory (DCT) by Teece et al. (1997) to explain organizational adaptation in volatile digital and environmental landscapes. DCT emphasizes the organization's ability to integrate, build, and reconfigure internal resources to address rapidly changing environments. At the individual level, Employee Dynamic Capability (EDC) represents an employee's capacity to recognize threats and proactively solve problems, which is essential for Digital Performance (Wang, Mansor & Leong, 2024).

The AMO Theory (Ability, Motivation, Opportunity)

The AMO Theory by Appelbaum (2000) provides a functional lens for how HR practices influence performance (Wang, Mansor & Leong, 2024). This theory posits that performance is a function of an employee's ability (through recruitment and training), motivation (through rewards and appraisal), and opportunity (through participation and involvement) (Sajuyigbe, et al., (2024). Recent advancements utilize the Theory of Purposeful Work Behavior (TPWB) to further unpack the motivation dimension by aligning HR bundles with higher-order goal strivings like communion (belonging), status (influence), and achievement (competence) (Yim, et al., 2024).

Social Cognitive and Identity Theories

Social Cognitive Theory founded by Bandura (1986) is used to explain how inclusive climates influence proactive socialization. It suggests that the external environment determines individual cognition, which in turn drives behaviors like information searching and feedback-seeking (Dai, Fang, & Liu, 2025). The Social Identity Theory (SIT) by Jafel and Turner (1997) explains why employees gravitate toward organizations with strong corporate social responsibility (CSR) or green employer brands. Employees identify with prestigious, ethical groups to enhance their self-concept and self-esteem (Florez & Kanzler, 2025).

Technology Acceptance Model (TAM)

Grounded in digital transformation literature, Technology Acceptance Model by Davis (1989) explains that the strength of a Digital HRM system depends on employees' perceived usefulness and perceived ease of use of the digital tools provided (Nematollahi, et al., 2024).

Moral Foundations Theory (MFT)

This theory advanced by Haidt and Joseph (2004) specifically links GHRM to the moral passions of the environmental movement, suggesting that green behavior is driven by socio-cultural values (Sajuyigbe, et al., (2024).

Stakeholder Theory

This theory popularized by Freeman (1984) suggests that organizations must respond to environmental and social demands from various stakeholders to maintain their legitimacy and sustainability (Rahman, Shah, & Sethi, 2023).

EMPIRICAL LITERATURE REVIEW

This literature review synthesizes findings from 18 journal articles, examining the evolving role of Human Resource Management (HRM) practices across various sectors, including healthcare, education, telecommunications, and small and medium-sized enterprises (SMEs). The analysis explores how traditional HRM has transitioned into specialized frameworks such as Green HRM (GHRM), Digital HRM, and Inclusive HRM to drive organizational performance, sustainability, and competitive advantage (Hijazi, 2025, Khan, Niqab & Hanson, 2022). HRM practices have shifted from administrative functions to strategic partnerships essential for organizational success (Salem, Al-Dubai & Bardai, 2024). Core practices comprising recruitment, training, performance appraisal, and rewards significantly influence employee attitudes and outcomes.

Research indicates that higher levels of HRM practices significantly enhance employees' job performance. Specifically, practices such as broad training, fair compensation, and employee recognition are primary drivers of job satisfaction. The literature reveals that HRM practices foster Organizational Citizenship Behavior (OCB), where employees engage in voluntary, supportive actions beyond their formal job descriptions (Khan, Niqab & Hanson, 2022). In educational settings, performance appraisal has a particularly high relationship with OCB, encouraging teachers to work with greater zeal for school effectiveness. HRM practices promote Innovative Work Behaviour (IWB), the intentional creation and application of new ideas (Dang, Vuong, & Huan, 2025). This relationship is partially mediated by the psychological environment; for instance, a supportive "innovative climate" strengthens the link between HRM practices and IWB (Yim, et al., 2024).

As organizations face environmental pressures and resource scarcity, Green Human Resource Management (GHRM) has emerged as a critical strategy to align human capital with ecological sustainability (Rahman, Shah, & Sethi, 2023). GHRM integrates environmental management into HR functions, including green recruitment and selection (GRS), green training and development (GTD), green performance management (GPM), and green rewards (GR) (Chowdhury et al., 2025). Empirical evidence demonstrates that GHRM practices minimize carbon footprints and improve overall environmental performance (EP) (Sajuyigbe, et al., 2024). Internal green supply chain management (IGSCM) often serves as a mediator in this process, ensuring that green HR policies translate into sustainable operational activities (Tessema, 2025). Similarly, GHRM directly contributes to the "Triple Bottom Line" (social, economic, and environmental sustainability) (Sajuyigbe, et al., 2024; Tessema, 2025). The effectiveness of these practices is often moderated by stakeholder environmental demand and the organization's "green innovation" capabilities (Rahman, Shah, & Sethi, 2023). This has been shown to be supported by generational issues in the workplace. Millennials, who increasingly prioritize environmental values, are more likely to be retained in organizations that offer green training and rewards (Islam, 2022). A "green creativity climate" acts as a significant moderator, fostering a social exchange bond that reduces millennial turnover.

The digital era has necessitated the transformation of HRM into Digital HRM, utilizing technologies like AI, Big Data, and cloud computing to automate and strategize HR functions

(Nematollahi, et al., 2024). High-involvement HRM practices (HI-HRMPs) are vital for "unlocking" digital performance in SMEs. While HI-HRMPs do not always directly impact performance, they do so indirectly by fostering employee dynamic capabilities (EDC) and competitive attitudes and behaviors (Wang, Mansor & Leong, 2024). Digital transformation significantly influences HRM system strength which is the extent to which employees clearly perceive and share an understanding of HR practices (Nematollahi, et al., 2024). This relationship is mediated by employees' perceptions of the usefulness and ease of use of the digital tools provided.

A significant portion of the literature focuses on the "black box" of HRM—the underlying mechanisms through which HR practices influence organizational success. Psychological capital (PsyCap) comprising self-efficacy, hope, optimism, and resilience are reported to partially mediate the relationship between HRM practices and firm financial performance (Byarugaba, et al., (2022). Similarly, psychological safety and an inclusive climate are essential mediators for proactive organizational socialization among new young employees (Dai, Fang, & Liu, 2025). Organizational culture is a key moderator that can either enhance or hinder the effects of HRM on the knowledge economy (Salem, Al-Dubai & Bardai, 2024). In high-intensity work environments, such as the business services sector, innovative HRM practices reduce job burnout by increasing perceived organizational support and employee effort (Rogozińska-Pawelczyk, 2024).

Employee responses to HR bundles are contingent upon their personal goals. For example, communion-enhancing HR bundles are most effective for employees striving for social connection, while achievement-striving individuals may perform well even with less external achievement-based support (Yim, et al., 2024). The literature notes that SMEs represent a backbone of global economic activity, yet they often face unique resource constraints in managing human capital (Jindal, et al., 2024). In SMEs, recruitment, training, and performance appraisal are crucial antecedents to firm innovation, including product, process, and administrative innovation (Mathushan & Shantha, 2024). There is a growing shift toward recognizing HRM as a strategic organizational asset in SMEs rather than a mere administrative burden (Hijazi, 2025, Jindal, et al., 2024). Effective management of intellectual capital through HRM improves the sustainability and competitive position of these firms (Hijazi, 2025, Wang, et al., 2025).

The reviewed literature collectively indicates that modern HRM is no longer a "one-size-fits-all" administrative function. Instead, organizations must strategically bundle HR practices (whether through a green, digital, or inclusive lens) to align with organizational goals and individual employee needs. By fostering supportive climates, psychological safety, and dynamic capabilities, HRM practices provide a robust foundation for long-term organizational sustainability, innovation, and superior performance (Dang, Vuong, & Huan, 2025).

METHODS

The synthesized research predominantly utilizes quantitative, cross-sectional survey designs to examine causal relationships between variables (Dang, Vuong, & Huan, 2025). Data collection was conducted across a diverse array of sectors and regions, including:

Healthcare: (Public/Private), Banking, Education (Higher Secondary and University), Food and Beverage, Telecommunications, and the Business Services Sector (BSS).

Geographical Regions: Vietnam, China, Jordan, Nigeria, Ethiopia, Poland, Uganda, and Ireland.

Analytical Techniques: The majority of the articles employed **Partial Least Squares Structural Equation Modeling (PLS-SEM)** or **AMOS** to test complex mediation and moderation models. Reliability and validity were rigorously established through Cronbach's Alpha (typically > 0.70), Average Variance Extracted (AVE) (typically > 0.50), and Composite Reliability (CR) (Rogozińska-Pawelczyk, 2024). To mitigate Common Method Bias (CMB), several studies utilized Harman's Single-Factor Test (Dang, Vuong, & Huan, 2025).

FINDINGS AND DISCUSSION

The results of the meta-analysis are categorized into four primary thematic areas: Performance Outcomes, Sustainability and Green Behavior, Psychological and Social Dynamics, and Technological Integration.

Impact of HRM on Organizational and Individual Performance

There is a consensus that high-performance and innovative HRM practices directly enhance job performance.

Mediators: The relationship between HRM and performance is rarely direct; it is partially mediated by Innovative Work Behavior (IWB), Human Capital (HC), and Organizational Commitment (OC) (Dang, Vuong, & Huan, 2025).

Training and Productivity: Well-structured selection and training design significantly impact productivity, explaining up to 31.4% of the variance in financial performance in small businesses (Byarugaba, et al. (2022).

Green Human Resource Management (GHRM) and Sustainability

GHRM has emerged as a statistically significant predictor of Corporate Sustainability (CS) and Environmental Performance (EP) (Rahman, Shah, & Sethi, 2023). The most extensively studied aspects include Green Recruitment & Selection (GRS), Green Training & Development (GTD), Green Performance Management (GPM), Green Compensation (GC), and Green Employee Involvement (GEI) (Chowdhury et al., 2025). The link between GHRM and sustainability is strengthened by Stakeholder Environmental Demand and a Green Creativity Climate which act as moderators (Rahman, Shah, & Sethi, 2023). Internal Green Supply Chain Management (IGSCM) serves as a critical mediator, translating GHRM policies into sustainable outcomes by optimizing resource flow (Tessema, 2025).

Psychological Dimensions and Employee Retention

HRM practices significantly influence the psychological state of employees, which in turn drives retention (Rogozińska-Pawelczyk, 2024). The Psychological Capital (PsyCap) comprising self-efficacy, hope, resilience, and optimism, mediates the relationship between HR practices and financial performance (Byarugaba et al., (2022). Inclusive HR practices promote a sense of psychological safety and inclusive climate, which are vital for the proactive organizational socialization of young new employees (Dai, Fang, & Liu, 2025). For millennials, retention is driven by affective commitment, psychological ownership, and green training, particularly when a creative climate is present (Islam, 2022). Innovative HRM combined with perceived organizational support (POS) acts as a primary defense against job burnout in high-intensity sectors.

Digital Transformation and Digital Performance

The integration of digital tools into HRM has created a "digital workforce" (Wang, Mansor & Leong, 2024). High-involvement HRM (HI-HRM) influences digital performance through the mediating role of Employee Dynamic Capability (EDC) (Wang, Mansor & Leong, 2024). Digital transformation and the implementation of E-HRM significantly enhance the "strength" of the HRM system, provided employees perceive the technology as having high Perceived Usefulness (PU) and Perceived Ease of Use (PEU) (Nematollahi, et al., 2024).

DISCUSSION

Theoretical Contributions

The research validates and expands several theories in human resource management: The Social Exchange Theory (SET) confirms that employees reciprocate organizational investments (like training and CSR) with higher commitment and discretionary green behaviors (Sajuyigbe, et al., (2024). This positions the SET as a leading theoretical basis that underpins human resource management practices and organizational performance.

Resource-Based View (RBV) positions human capital as a unique, non-substitutable resource that generates a sustainable competitive advantage through innovation and sustainability (Dang, Vuong, & Huan, 2025). On the other hand, the Theory of Purposeful Work Behavior (TPWB) suggests that HR systems are most effective when they align with individual motivational goal strivings (communion, status, or achievement) (Yim, et al., 2024).

Practical and Managerial Implications

For practitioners and policymakers, the results offer specific actionable insights:

Strategic Recruitment: Organizations should "hire for attitude and train for skill," specifically seeking candidates with environmental consciousness or digital fluency to reduce long-term training costs (Mathushan & Shantha, 2024).

Customized HR Bundles: Managers should avoid "one-size-fits-all" (universalistic/best practice) approaches. For example, status-driven individuals perform better under recognition-based HR bundles, while communion-driven individuals thrive under teamwork-focused bundles (Yim, et al., 2024).

Fostering Culture: Formal HR policies must be supported by an informal Innovative or Green Culture (Dang, Vuong, & Huan, 2025). Without this alignment, the effectiveness of practices like performance appraisal or rewards is significantly diminished.

Digital & Green Integration: In healthcare and manufacturing, managers must bridge the gap between HR and operational supply chains to ensure that "green" and "digital" intentions become measurable performance results (Tessema, 2025).

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