

Chapter 1

HRM Responses to Labor Shortages and Organizational Employee Retention from a Human-centric Management Paradigm



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1.1. Introduction

The subject of interest in the first chapter of this monograph is the impact of external environmental factors contributing to labor shortages on the organizations' HRM response to both these shortages and the need to retain employees from the perspective of the human-centric management paradigm. Referring to the short discussion in the Preface, it can be said that the human-centric management paradigm emphasizes placing the individual at the

forefront of all organizational activities and strategies (Gallup, 2023, p. 4; Stor, 2023, pp. 96-97) significantly departing from traditional views of employees as merely resources or capital. This paradigm shift reflects a profound transformation towards recognizing employees as vital elements within an organization's ecosystem (Boon et al., 2018), each with unique competencies, aspirations, well-being, and emotional, social, and spiritual needs. Moving away from earlier models that prioritized minimizing costs and optimizing resource use or considered employees as investments for generating return and added value (Urbaniak, 2017), this new approach champions a personalized and differentiated management (Anders, 2021) and leadership styles (Haromszeki, 2023). Transitioning from a transactional to a relational mindset, it sees employees not merely as economic agents but as partners and co-creators of value, integral to the dynamic fabric of the organization. This perspective acknowledges employees' roles in achieving organizational goals, their contribution to creativity and innovation (Bos-Nehles et al., 2017), and their function as ambassadors of the organizational brand (Saini, 2023). By addressing contemporary challenges such as digitalization (Nguyen Ngoc et al., 2022), the shift towards remote and hybrid work models, the importance of diversity (Rakowska, 2021) and sustainability (Cooke et al., 2022), this paradigm highlights the necessity of supporting employees' professional and personal growth (*c.f.* Garavan et al., 2023), safeguarding their well-being (Białas et al., 2023), and cultivating a culture of inclusivity and accountability (Ayoko and Fujimoto, 2023).

Against this backdrop, many organizations struggle on one hand with a low supply of workers in certain job categories on the labor market (*Employment...*, 2023), and on the other hand, encounter problems related to encouraging their own employees to remain within the organization (*Retention Report*, 2023). There are many different external factors relative to organizations that shape this situation. Some of these factors may have greater or lesser significance for businesses (Stor, 2023c), but certainly, companies must undertake appropriate actions in the HRM area to both attract specific talents to the organization and ensure that those already employed remain (Stor, 2023a). It is difficult for organizations to function, and sometimes it is even impossible if they do not know what human resources they will have at their disposal in the near or distant future (Cooke et al., 2022), as this prevents them from creating business plans, achieving intended goals, or formulating organizational strategies (Parmar et al., 2022), not to mention acquiring and maintaining a competitive advantage in the market against competitors (Contreras-Cruz et al., 2023).

Hence, **the main goal of this chapter** is to identify, analyze, and diagnose the impact of external environmental factors contributing to labor shortages on HRM practices within organizations in the context of the emerging human-centric management paradigm. To achieve this goal, the following structure has been adopted for this part of the monograph. Initially, the fundamental theoretical assumptions of the phenomenon of interest will be presented. For this reason, attention will be focused on characterizing two main groups of variables, namely, factors shaping labor shortages and HRM practices that can be applied to attract suitable job candidates, despite the limited supply in the labor market, and to ensure that employees do not want to leave the organization. Subsequently, the methodics of the empirical research will be described. This includes outlining **the research problem**, which aims to determine the

relationships between the factors that shape labor shortages and the HRM practices. These practices constitute the organizations' responses to both these shortages and the necessity to retain employees, viewed from the perspective of the emerging human-centric management paradigm. Following this, the results of these studies and the fundamental conclusions based on them will be presented.

1.2. The Theoretical Framework for the Variables Under Study

Within the scope of our study, the primary focus is on two fundamental groups of variables. The first group comprises external factors, which are generally beyond an organization's control yet significantly shape labor shortages. The second group covers HRM practices formulated in response.

In the realm of labor market dynamics, a comprehensive review of literature and findings from various studies illuminate the significance of certain external factors that directly influence labor shortages within organizations. Among these, the competitive draw of employees by rival firms emerges as a critical issue (Madgavkar et al., 2023). Organizations are not only vying with each other for the same pool of talent (Listwan, 2010) but are also grappling with the challenge of creating and maintaining work environments that can effectively retain this talent (Tu et al., 2023). This competition is further intensified by the prevalent issue of low wages (Gerbery and Miklošovič, 2023), which, when combined with the scarcity of skilled labor, creates a complex scenario for HR managers aiming to both attract and retain employees.

The scarcity of skilled labor, as highlighted in numerous studies, points to a mismatch between the skills available in the labor market (Employment..., 2023) and those required by organizations (Idrovo Carlier et al., 2019). This gap is often exacerbated by problems within the education system, which fails to equip individuals with the necessary skills for the evolving job market. Furthermore, the global trend of emigration, in search of better opportunities (*c.f.* Strzelec, 2022), further depletes the local labor pool (Liu-Farrer et al., 2023), intensifying the challenge of labor shortages.

External socio-economic events, notably the emergencies due to COVID-19 (Borucka et al., 2023) and the Russian-Ukrainian war (Pham et al., 2023), have also played a significant role in shaping the labor market landscape. These events have not only affected the immediate availability of labor but have also introduced long-term shifts in labor market dynamics, affecting both the supply and demand sides. For instance, the pandemic has accelerated the trend towards remote work, altering traditional work arrangements (Wells et al., 2023) and, in some cases, leading to new challenges in balancing work and private life for employees.

Additionally, the literature points to poor working conditions and transportation difficulties to the workplace as factors contributing to labor shortages (Deschacht and De Bruyne, 2020). These issues highlight the broader context in which labor shortages occur, encompassing not just the availability of talent but also the conditions under which work is performed. The difficulty in balancing work and private life emerges as a recurrent theme in the literature,

reflecting the growing importance of work-life balance in employee retention strategies (State of the Global Workplace, 2023).

Moving on to the second group of variables, we address HRM practices that have been identified through literature reviews as crucial in mitigating labor shortages and curtailing the departure of employees from organizations (c.f. Listwan and Sulkowski, 2016). This group encapsulates a variety of strategic initiatives designed to bolster employee motivation (Dawson et al., 2024) and engagement, foster loyalty, and enhance overall job satisfaction (Stor, 2024b).

The literature suggests that a well-thought-out compensation system, including competitive salaries and unique benefits like company cars, plays a crucial role in attracting and retaining talent (Bryant et al., 2013). These financial incentives, when coupled with long-term incentive programs, not only ensure that employees feel adequately rewarded for their efforts but also tie their success to the organization's long-term goals, promoting a sense of belonging and loyalty (Frankort and Avgoustaki, 2022).

Beyond financial incentives, the importance of employee development cannot be overstated. Career management programs, individual development plans, leadership talent development (Haromszki, 2024) and the provision of dual training opportunities are highlighted as key factors in ensuring employees not only see a future within the company but also feel that their personal and professional growth is valued (Garavan et al., 2023). These practices signal to employees that the organization is invested in their long-term development, leading to increased job satisfaction and a lower propensity to leave.

Wellbeing initiatives and the application of flexible working hours address the evolving expectations of the workforce regarding work-life balance and mental health (Molek-Winiarska and Mikołajczyk, 2022). By recognizing the importance of employee wellbeing, organizations can create a supportive work environment that prioritizes the health and satisfaction of its workforce (Białas et al., 2023), thus becoming more attractive to both current and prospective employees.

Furthermore, the construction of a strong employer brand and the utilization of atypical forms of employment are strategies that extend beyond the immediate organizational context to influence the broader perception of the company in the labor market (Saini, 2023). A strong employer brand can attract high-quality candidates, while atypical employment arrangements offer flexibility (Eichhorst and Kalleberg, 2023) that can be particularly appealing in today's dynamic job market.

Lastly, measuring employee satisfaction and commitment (Stor, 2024b) through regular performance evaluation systems (Stor, 2023b) and organizing training sessions (Garavan et al., 2023) are critical for maintaining an ongoing dialogue between employees and management. These practices ensure that employee feedback is heard and acted upon, fostering a culture of continuous improvement and mutual respect.

These HRM practices, as derived from the literature (c.f. Stor, 2024a), embody a holistic approach to managing human resources in the face of labor shortages. By investing in comprehensive strategies that address both the financial and non-financial needs of employees, organizations can navigate the complexities of the current labor market more effectively, ensuring both the retention of valuable employees and the attraction of new talent.

1.3. The Methodics of the Conducted Empirical Research

The research presented in this chapter is part of a broader international research project titled *Research and Analysis of Employment Strategies in V4 Countries*, funded by the Scientific Grant Agency (VEGA), operating under the auspices of the Ministry of Education, Science, Research, and Sport of the Slovak Republic, in collaboration with the Slovak Academy of Sciences. The grant number for this project is VEGA 1/0688/21. This larger project encompasses several Central European countries (c.f. Poór et al., 2023a, 2023b) and this chapter presents findings made exclusively in Poland.

The main research problem, as mentioned in *Introduction*, was to determine the relationships between the factors shaping labor shortages and HRM practices that constitute the organizations' response to both these shortages and the need to retain employees from the perspective of the emerging human-centric management paradigm. To achieve this goal, **seven research questions** were formulated as follows:

1. What are the fundamental external environmental factors of organizations that contribute to labor shortages?
2. From the perspective of organizations, how are external environmental factors evaluated in terms of their significance in shaping labor shortages?
3. Are there any differences in this assessment due to the selected job categories?
4. What HRM activities do organizations take to both tackle labor shortages and retain employees?
5. How do organizations prioritize HRM practices in response to labor shortages and retain their employees?
6. How do external environmental factors affect HRM practices within organizations?
7. Do the above findings confirm the emergence of a human-centric management paradigm, and if so, to what extent?

Based on the literature review, 10 external environmental factors were identified as the most significant in shaping labor shortages. They are presented in Table 2. The respondents were asked to evaluate them on a 5-point scale, where 1 means not at all typical and 5 means very typical. At this point, it should also be clarified that these factors were evaluated across four job categories, namely, professionals with a higher education qualification, salespeople, administrative staff, and manual workers. Regarding the HRM practices that were evaluated by respondents for their orientation towards countering labor shortages on one hand, and retaining employees within the organization on the other, the literature review led to the identification of 13 such HRM practices, which are presented in Figure 1. Here, a 5-point scale was also used for evaluation, where 1 means the least important and 5 means the most important.

The empirical research included 120 organizations. The sample varied in ownership structure, sector of the economy, type of operation, size measured by the number of employees, and annual revenue in Euros. Detailed characteristics of the sample are provided in Table 1.

Table 1. The structure of a research sample of 120 organizations

Category of Characteristics	Precise Characteristics	Number of organizations	Percentage of organizations
Type of economic activity	Agriculture	4	3.33
	Commerce	21	17.50
	Construction	2	1.67
	Education	4	3.33
	Energy	3	2.50
	Financial sector	7	5.83
	FMCG	8	6.67
	Information technology	9	7.50
	Logistics services	6	5.00
	Manufacturing	19	15.83
	Mining Industry	2	1.67
	Public administration	4	3.33
	Service	24	20.00
	Telecommunications	5	4.17
Transport	2	1.67	
Size by employees	above 1000 people	26	21.67
	501-1000 people	14	11.67
	251-500 people	18	15.00
	101-250 people	15	12.50
	51-100 people	14	11.67
	10-50 people	16	13.33
	1-9 people	17	14.17
Range of turnover in Euro	> 300.000.000	29	24.17
	30.000,001-300.000.000	24	20.00
	3.000.001-30.000.000	26	21.67
	300.001-3000.000	23	19.17
	30.001-300.000	13	10.83
	< 30,000	5	4.17

Source: own empirical research.

The research was conducted in the fourth quarter of 2022 and employed the Computer-Aided Telephone Interviewing (CATI) method, using a structured questionnaire for data collection. The respondents were specialists or individuals in managerial positions well-versed in HRM and labor market issues, and in the case of the smallest enterprises, their owners.

Regarding the statistical analyses conducted, in addition to descriptive statistics, an Analysis of Variance (ANOVA) was also used to analyze the data. ANOVA was performed for

each of the ten factors across four different occupational categories. This statistical method assessed whether there were statistically significant differences in the organizations' evaluations of how much each factor contributed to labor shortages across the specified categories. Upon identifying statistically significant differences through the ANOVA, a Tukey's Honest Significant Difference (HSD) test was conducted as a post-hoc analysis. This step was essential to identify exactly between which occupational categories significant differences in the evaluations existed for each factor. The Tukey HSD test provides a detailed comparison between pairs of categories, clarifying which specific factors are assessed differently in their contribution to labor shortages by different types of organizations. Additionally, regression analysis was conducted to further explore the relationships between external factors and HRM practices. This analysis aimed to quantify the impact of each factor on specific HRM practices, providing insights into how changes in these external factors could influence organizational strategies for addressing labor shortages and retaining employees.

1.4. The Empirical Research Findings

An initial analysis of the collected empirical data was conducted based on the average ratings of 10 factors influencing labor shortages, as perceived by organizations across four job categories. The results, detailed in Table 2, showed distinct assessments of each factor's influence on labor shortages. However, to verify the statistical significance of these differences across job categories, an Analysis of Variance (ANOVA) was utilized, followed by a Tukey's HSD post-hoc analysis to identify precisely where the significant differences in organizational evaluations occurred.

The statistical analyses not only confirmed the statistical significance of the variations in ratings across job categories but also paved the way for a deeper exploration into the nature of these differences. This exploration reveals notable differences and similarities across job categories in terms of how external factors contribute to labor shortages. For instance, "Competitors drawing employees away" ($\bar{x}_{AC} = 3.58$) and "Too low wages" ($\bar{x}_{AC} = 3.39$) are significant concerns across all categories ($\bar{x}_{AC} = 3.58$), indicating common challenges in retaining talent due to competitive market conditions and compensation issues. These trends underscore the centrality of human factors in organizational strategy, as firms must address these human-centric concerns to retain and attract talent effectively.

However, the impact of factors like "Emergency due to Covid 19" (respectively: $\bar{x}_p = 1.82$; $\bar{x}_s = 3.46$; $\bar{x}_a = 1.39$; $\bar{x}_m = 1.86$) and "Emergency due to Russian-Ukrainian war" (respectively: $\bar{x}_p = 1.29$; $\bar{x}_s = 2.00$; $\bar{x}_a = 1.00$; $\bar{x}_m = 2.20$) varies, suggesting that some job categories may be more vulnerable to external socio-economic events than others. This variation further reflects the importance of a human-centered approach, tailoring strategies to the unique needs of each job category in the face of global challenges.

As for the factors rated lowest across all job categories, indicating less impact on labor shortages, they include "Problems with the education system" ($\bar{x}_{AC} = 1.06$), "Poor working

conditions” ($\bar{x}_{AC} = 1.00$), and “Transportation difficulties in accessing workplace” ($\bar{x}_{AC} = 1.00$). The lower impact ratings of these factors suggest a secondary influence on labor shortages, yet they still play a role in the holistic view of human-centric organizational challenges. These low mean values suggest that while these factors are recognized, they are not perceived as the primary contributors to labor shortages across the surveyed organizations. This insight directs attention to more significant factors, guiding strategic priorities in addressing labor shortages.

Table 2. The mean values of ratings of factors contributing to labor shortages by job category

External factor	Job categories				
	Professionals (\bar{x}_P)	Salespeople (\bar{x}_S)	Admin staff (\bar{x}_A)	Manual workers (\bar{x}_M)	All categories (\bar{x}_{AC})
Competitors drawing employees away	4.15	4.28	2.47	3.42	3.58
Too low wages	3.76	4.03	2.47	3.30	3.39
Lack of skilled labor	3.44	3.00	1.00	2.00	2.36
Emigration abroad	1.49	1.00	1.00	1.08	1.14
Problems with the education system	1.19	1.00	1.00	1.06	1.06
Poor working conditions	1.00	1.00	1.00	1.00	1.00
Emergency due to COVID-19	1.82	3.46	1.39	1.86	2.13
Emergency due to Russian-Ukrainian war	1.29	2.00	1.00	2.20	1.62
Transportation difficulties in accessing workplace	1.00	1.00	1.00	1.00	1.00
Difficulties in balancing work and private life	1.15	2.60	1.00	1.26	1.50

Note:

Scale: from 1 to 5, where 1 means not at all typical and 5 means very typical.

Source: own empirical research.

Figure 1 displays the ranking of HRM practices that organizations apply to address both labor shortages and the retention of employees within the organization. This ranking was compiled based on the mean values from evaluations made by the organizations studied. It illustrates a prioritization among HRM practices, with performance evaluation systems ($\bar{x} = 4.94$) and organizing training sessions ($\bar{x} = 4.89$) at the forefront, indicating a significant emphasis on performance management and skill development as key strategies to tackle labor shortages and boost retention. These practices, by focusing on the individual’s achievements and growth, inherently place the human at the center of organizational strategies, fostering a culture where employees feel valued and integral to the company’s success.

The focus on reforming compensation systems ($\bar{x} = 4.68$) further reflects the importance of financial rewards in retaining talent. Interestingly, more tangible benefits such as long-term incentive programs ($\bar{x} = 3.54$) and company cars ($\bar{x} = 3.50$) are ranked lower, suggesting a shift towards valuing intrinsic motivators and professional growth over extrinsic rewards. This shift

emphasizes a more human-centric approach, where the emphasis is on creating meaningful work and development opportunities rather than just financial incentives. This data underscores a broader trend in HRM towards creating a supportive work environment that promotes employee engagement and job satisfaction, highlighting the organization’s commitment to prioritizing the individual’s well-being and development within its strategic planning framework. Recognizing these elements as crucial for retaining a skilled and motivated workforce in the face of labor market challenges reiterates the importance of human-centric values in the contemporary workplace.

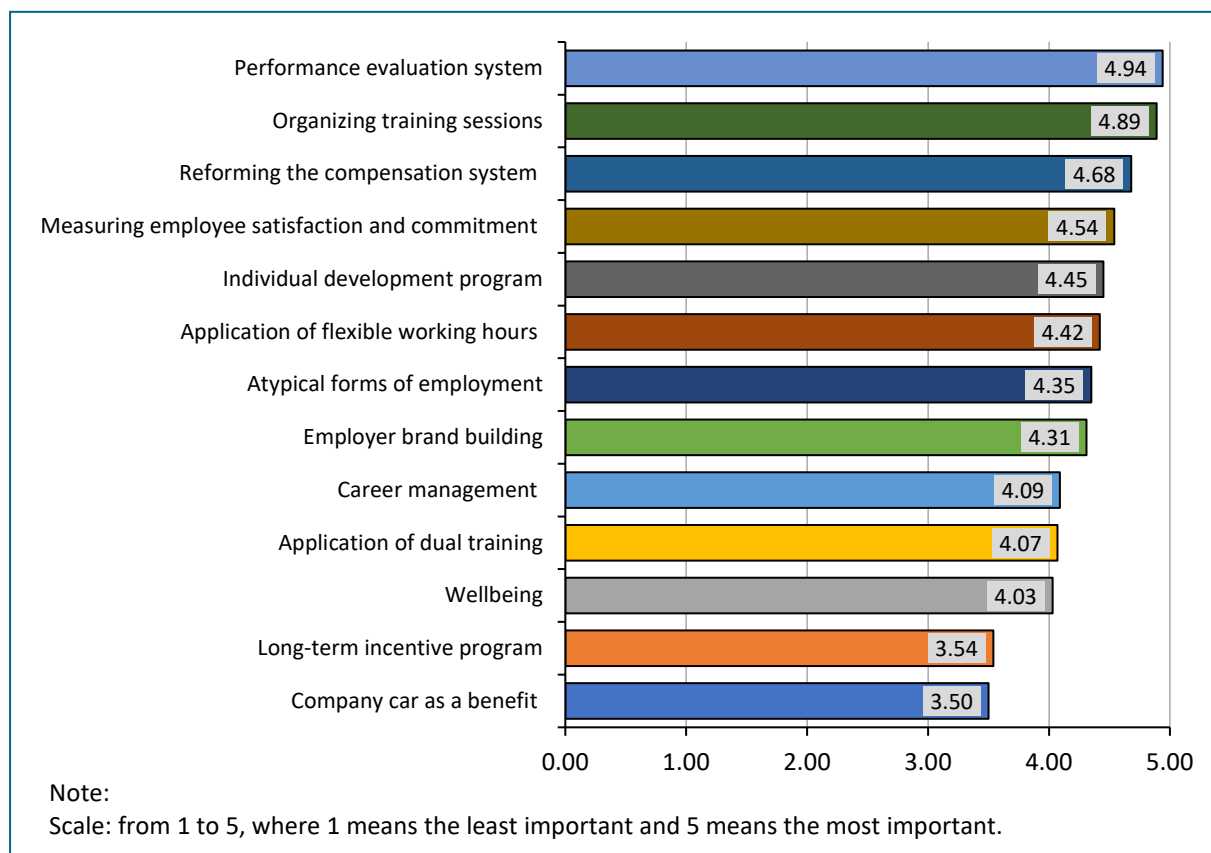


Figure 1. The ranking of HRM practices organizations apply to address labor shortages and retain employees by mean evaluation values

Source: own empirical research.

The gathered empirical data was also subjected to a more advanced statistical analysis, i.e. regression analysis. This analysis, detailed in Table 3, offers a comprehensive look at the impact of external factors on HRM practices within organizations, quantifying their influence through coefficients (β) and significance levels. This analysis is focused on pinpointing which external pressures have a measurable impact on specific HRM initiatives, allowing for targeted interventions by quantifying the strength of these impacts through the β coefficient. This

coefficient the change in the dependent variable (HRM practice) for every one-unit increase in the independent variable (external factor), holding all other variables constant. In simpler terms, if the β coefficient for an external factor is positive, it indicates that as the external factor increases by one unit, the HRM practice is expected to increase by the β coefficient's value. Conversely, if the β coefficient is negative, it suggests that an increase in the external factor by one unit will result in a decrease in the HRM practice by the β coefficient's value. This interpretation allows organizations to understand the magnitude and direction of the impact that specific external factors have on their HRM practices.

Table 3 also includes the "baseline levels" or "Intercepts" which refer to the expected value of the dependent variable (in this case, each HRM practice) when all the independent variables (external factors) are set to zero. Essentially, it represents the starting point or base level of the HRM practice before considering the impact of any external factors. It provides a point of reference to understand how each significant external factor shifts the HRM practice away from this baseline. A positive coefficient β for a significant predictor indicates that the HRM practice increases above the baseline as the factor increases, while a negative coefficient indicates a decrease below this baseline.

At this point, it's worth clarifying that Table 3 does not include all external factors alongside each HRM practice due to the statistical significance and impact of each factor on the specific HRM practice. Factors that do not show a statistically significant relationship or do not contribute meaningful variance to the model for a particular HRM practice are omitted from the final model. This focused approach allows for identifying which specific external pressures are most impactful for each HRM practice, enabling targeted strategies for addressing labor shortages and enhancing HRM effectiveness.

Regarding the outcomes of the regression analysis, the significant impact of external competitive pressures, particularly the influence of "Competitors drawing employees away," is a critical finding. This factor is a significant predictor for multiple HRM practices, including "Reforming the compensation system" ($\beta = 0.308$), "Long-term incentive program" ($\beta = 0.555$), and "Employer brand building" ($\beta = 0.421$). The strategic adjustments made in response to this pressure clearly illustrate the central role of human considerations in organizational strategy, demonstrating a proactive approach to retaining and attracting talent in a competitive market.

Moreover, the influence of work conditions and socio-economic challenges on HRM practices is highlighted by factors such as "Poor working conditions" ($\beta = -0.1875$ for "Performance evaluation system") and "Too low wages" ($\beta = -0.7811$ for "Company car as a benefit"). These findings underscore the importance of addressing human-centric issues, emphasizing that improving work conditions and offering fair compensation are essential for employee satisfaction and commitment, further reinforcing the human-centric approach of organizations. Furthermore, "Competitors drawing employees away" ($\beta = 0.805$) and "Poor working conditions" ($\beta = -0.725$) appear to be critical, showing that competitive pressures and work conditions significantly affect well-being initiatives. This underscores the importance of creating a positive work environment as a countermeasure to external competitive threats.

Table 3. Detailed regression analysis results for HRM practices and external factors

HRM Practice	Adjusted R ²	Significant Predictor	Coefficient β	P-value
Reforming the compensation system	0.042	Intercept (const)	4.305	<0.001
		Competitors drawing employees away	0.308	0.031
Long-term incentive program	0.051	Intercept (const)	3.122	<0.001
		Competitors drawing employees away	0.555	0.044
Performance evaluation system	0.165	Intercept (const)	4.2894	<0.001
		Poor working conditions	-0.1875	0.026
		Difficulties in balancing work and private life	0.1564	0.023
Company Car as a Benefit	0.165	Intercept (const)	3.0768	<0.001
		Too low wages	-0.7811	0.031
		Lack of skilled labor	0.7415	0.038
		Difficulties in balancing work and private life	-0.4982	0.045
Measuring employee satisfaction and commitment	0.264	Intercept (const)	3.791	<0.001
		Competitors drawing employees away	0.430	0.002
		Poor working conditions	-0.367	0.014
		Emergency due to Russian-Ukrainian war	0.194	0.029
Application of flexible working hours	0.078	Intercept (const)	4.391	<0.001
		Too low wages	-0.562	0.039
		Difficulties in balancing work and private life	0.493	0.009
Atypical forms of employment	0.026	Intercept (const)	4.377	<0.001
Wellbeing	0.265	Intercept (const)	2.566	<0.001
		Competitors drawing employees away	0.805	<0.001
		Poor working conditions	-0.725	0.002
		Emergency due to Russian-Ukrainian war	0.371	0.008
Career management	0.352	Intercept (const)	2.426	<0.001
		Competitors drawing employees away	0.679	<0.001
		Poor working conditions	-0.623	0.002
		Emergency due to Russian-Ukrainian war	0.251	0.036
Application of dual training	0.154	Intercept (const)	3.641	<0.001
		Competitors drawing employees away	0.486	0.029
		Poor working conditions	-0.546	0.025
Individual development program	0.189	Intercept (const)	3.008	<0.001
		Poor working conditions	-0.458	0.015
Employer brand building	0.173	Intercept (const)	3.361	<0.001
		Competitors drawing employees away	0.421	0.011
		Emigration abroad	-0.556	0.003
		Problems with the education system	0.486	0.011
Organizing training sessions	0.173	Intercept (const)	4.163	<0.001
		Competitors drawing employees away	0.256	0.001

Source: own empirical research.

The strategic responses of organizations to the “Emergency due to Russian-Ukrainian war” affecting HRM practices like “Measuring employee satisfaction and commitment” ($\beta = 0.194$) and “Wellbeing” ($\beta = 0.371$) demonstrate the adaptability of HR strategies to external shocks, prioritizing employee wellbeing and showcasing the importance of humans in the resilience and adaptability of organizational strategies.

The significant predictors related to career management strategies, particularly “Competitors drawing employees away” ($\beta = 0.679$) and the impact of the “Emergency due to Russian-Ukrainian crisis” ($\beta = 0.251$), highlight the dynamic nature of career management in addressing both ongoing competitive pressures and acute external crises. This suggests that career management is a key area where the human-centric approach is vital for navigating complex market challenges and crises.

The role of flexible working hours as a strategy to enhance work-life balance and compensate for lower wages, indicated by significant predictors like “Too low wages” ($\beta = -0.562$) and “Difficulties in balancing work and private life” ($\beta = 0.493$), further illustrates the organization’s commitment to addressing the socio-economic challenges and satisfaction of employees, placing human considerations at the center of organizational strategies.

Lastly, the emphasis on improving work conditions for the effectiveness of individual development programs, as suggested by “Poor working conditions” ($\beta = -0.458$) being a significant negative predictor, reinforces the interconnectedness between employee development, workplace quality, and the overarching theme that human-centric values are paramount in shaping organizational strategies. In this context, the key predictors of performance evaluation system include “Poor working conditions” ($\beta = -0.1875$) and “Difficulties in balancing work and private life” ($\beta = 0.1564$), suggesting that the quality of the work environment and work-life balance are crucial considerations in assessing employee performance. These factors highlight the necessity to adapt evaluation criteria to reflect broader employee well-being and satisfaction.

Furthermore, the variance in adjusted R^2 values across different HRM practices suggests that the influence of external factors is not uniform across all areas of HRM. This indicates a need for a nuanced and strategic approach to HRM, where HR professionals must tailor their strategies to address the specific human-centric challenges and opportunities presented by the external environment.

These detailed findings from the regression analysis not only highlight the direct impact of external factors on HRM practices but also solidify the argument that human-centric considerations are at the core of effective organizational strategies. The proactive adaptation to competitive pressures, the strategic emphasis on employee wellbeing, development, and satisfaction, and the resilience in the face of external shocks all underscore the central role of humans in achieving organizational success.

1.5. Summary and Final Conclusions

In this final section, we revisit **the main goal of the chapter** which was to identify, analyze, and diagnose the impact of external environmental factors contributing to labor shortages on HRM practices within organizations in the context of the emerging human-centric management paradigm. Reflecting on the findings presented in this article, it can be asserted that this goal has been successfully achieved. The thorough examination of both the external factors influencing labor shortages and the HRM responses has provided a comprehensive understanding of the intricate dynamics at play. This achievement is further underscored by the resolution of **the research problem** stated at the outset, which sought to determine the relationships between these external factors and HRM practices. The empirical evidence gathered and analyzed offers a clear depiction of how organizations navigate these challenges, underpinning the effectiveness of adopting a human-centric management approach.

The essential conclusions drawn from this study, in alignment with the research questions, underscore the significant role of external environmental factors, such as competitive pressures and socio-economic challenges, in shaping labor shortages and influencing HRM practices. The strategic responses of organizations, highlighted by the adaptation of HRM practices such as reforming compensation systems, applying flexible working hours, and emphasizing employee development and well-being, illustrate a strong alignment with the human-centric management paradigm. These practices not only address the immediate challenges of labor shortages but also contribute to creating a work environment that fosters employee satisfaction, commitment, and retention.

In light of the above, it is essential to address the seventh research question, which asks if the findings confirm the emergence of a human-centric management paradigm. The evidence strongly supports this shift. The adoption of HRM strategies that prioritize employee well-being, development, and engagement as fundamental in addressing labor shortages and retention challenges is a testament to the evolving organizational ethos. This paradigm, which places the individual at the core of organizational strategies and practices, is not just emerging but is increasingly recognized as a fundamental approach to managing human resources in today's dynamic and challenging labor market.

The transition to a human-centric management paradigm is evidenced by the strategic emphasis on human factors, such as creating meaningful work, supporting personal and professional growth, and ensuring a positive work-life balance. These strategies reflect a significant departure from traditional, transactional approaches to HRM, signifying a broader recognition of the value of human capital in achieving organizational success and sustainability. The extent to which this paradigm has taken hold is demonstrated through the comprehensive and strategic adjustments organizations are making in response to both internal and external pressures, aligning HRM practices with the principles of individual value, respect, and development.

In conclusion, the exploration of HRM responses to labor shortages and organizational employee retention through the lens of a human-centric management paradigm has not only

affirmed the effectiveness of this approach but also highlighted its growing prominence in contemporary organizational strategies. This shift towards prioritizing the human element in management practices represents a crucial evolution in addressing the complex challenges of the modern labor market, emphasizing the importance of fostering environments where employees feel valued, supported, and integral to the organizational mission.

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