
UNDERSTANDING HUMAN RESOURCE MANAGEMENT (HRM): DEFINITION AND FUNCTION

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Abstract

This study aims to identify and understand the concept of Human Resource Management (HRM) and its function in supporting organizational effectiveness. HRM plays a crucial role in managing individual potential to optimally contribute to achieving organizational goals. Using a quantitative approach, this study analyzes respondents' perceptions of key HRM dimensions, including planning, recruitment and selection, training and development, performance appraisal, and compensation. Data were collected through a Likert-scale questionnaire and analyzed using descriptive analysis techniques and simple linear regression to determine the influence of HRM functions on organizational effectiveness. The results indicate that all HRM functions have a positive and significant relationship with increased productivity and organizational performance. This finding confirms that effective human resource management is a strategic factor in maintaining organizational sustainability and competitiveness. This study is expected to enrich the HRM literature and serve as a reference for practitioners in designing professional, adaptive, and performance-oriented workforce management strategies.

Keywords: Human Resource Management, HR Functions, Productivity, Organizational Effectiveness

INTRODUCTION

Human Resource Management (HRM) is an organizational function focused on managing the workforce as a strategic asset to achieve organizational goals. Developments in the work environment—including digitalization, globalization, and disruptions such as the pandemic—demand that HRM transform from an administrative function into a strategic partner that can enhance organizational capabilities (Cooke, 2020). Contemporary perspectives emphasize that integrated HRM practices (e.g., recruitment, training, performance appraisal, and compensation) not only influence internal HR indicators but also impact organizational performance directly and indirectly through mechanisms such as organizational change and employee commitment (Rotea et al., 2023).

Recent quantitative literature demonstrates a positive relationship between HRM practices and organizational outcomes. Several empirical studies have found that a coherent combination of HR practices can enhance job satisfaction, affective commitment, and role performance—which in turn boost organizational effectiveness (Ouabi, 2024). Furthermore, a strategic HRM (SHRM) approach has been shown to help organizations build resilience and adaptive capabilities in the face of external disruptions; SHRM oriented toward continuous learning and employee development contributes to an organization's ability to withstand and recover from crises (Yu et al., 2022; Collings et al., 2021).

However, research also highlights the importance of implementation context: the same HR practices can have different effects depending on organizational characteristics, culture, and the accompanying change process. Therefore, recent empirical studies recommend analyses that consider mediators (e.g., change organization, employee commitment) and moderators (e.g., work context, HR technology) to understand the mechanisms by which HRM influences performance (Rotea et al., 2023; Collings et al., 2021). Furthermore, the development of modern HR practices—including HR analytics and sustainability orientation—enhances HRM studies and opens up opportunities for more precise measurement of their impact on organizational outcomes (Cooke, 2020; Ulrich, 2024).

Based on the theoretical review and empirical evidence, quantitative research that explores employee perceptions of the elements of the HRM function (HR planning, recruitment & selection, training & development, performance appraisal, and compensation) is relevant to strengthen the evidence on the role of these functions in driving organizational productivity and effectiveness. Furthermore, a quantitative approach allows for testing direct and indirect relationships (mediators) between variables using analytical techniques such as regression and SEM-PLS, thus producing reliable findings for practical recommendations. This research seeks to fill this empirical gap by examining the relative contributions of HRM functions to organizational outcomes and examining the role of mediators that might explain the mechanisms of these influences.

REVIEW OF LITERATURE

Theoretical Basis of Human Resource Management (HRM)

Human Resource Management (HRM) is a strategic function that manages individuals within an organization so they can contribute optimally to achieving organizational goals. Modern HRM theory positions employees as strategic assets, not simply labor resources (Cooke, 2020). Effective HRM practices encompass a series of

systematic activities, such as human resource planning, recruitment and selection, training and development, performance appraisal, and compensation and rewards (Ulrich et al., 2024).

The Strategic Human Resource Management (SHRM) approach explains that HRM must align with an organization's business strategy to enhance competitive advantage and long-term performance (Collings et al., 2021). In today's global and digital context, HRM also plays a role in enhancing organizational resilience through flexible, innovative, and data-driven practices (Yu et al., 2022).

The role of HR is now evolving toward evidence-based HR through the implementation of Human Resource Analytics (HRA), which enables organizations to measure the effectiveness of HR policies and make data-driven predictions (Belizón et al., 2024). This transforms HR into a strategic partner focused on results and organizational sustainability.

Empirical Study Based on HR Functions

a. Human Resources Planning and Recruitment

Research shows that systematic planning and recruitment processes positively impact workforce quality and organizational performance (Cooke, 2020). Organizations that implement competency-based selection can improve employee-job fit, thereby impacting productivity and commitment (Rotea et al., 2023).

b. Training and Development

Training and development are important dimensions in enhancing individual capabilities and organizational innovation. A meta-analysis by Garavan et al. (2021) shows that ongoing training programs contribute significantly to improved organizational performance, especially when tailored to the institutional context and work culture. Furthermore, Hosen et al. (2023) found that training and development significantly impact job performance through the mediation of organizational commitment.

c. Performance Assessment

Effective performance appraisals can strengthen employee motivation and accountability. Collings et al. (2021) highlight that data-driven appraisal systems provide role clarity and reduce uncertainty during times of crisis such as the pandemic. The use of HR analytics also increases objectivity and accuracy in performance evaluations (Belizón et al., 2024).

d. Compensation and Rewards

Fair and transparent compensation improves employee retention and satisfaction. Recent quantitative research confirms that both financial and non-financial compensation are positively related to intrinsic motivation and organizational performance (Yu et al., 2022). Managing a performance-based reward system is also a crucial tool for strengthening employee engagement and loyalty.

Research Gaps and Further Research Directions

Although the literature shows a consistent positive influence of HR practices on performance, there are still several research gaps that can be explored:

1. Lack of integrative quantitative studies.

Most research still examines HR functions in parts, rather than as an interconnected system. Future research needs to test quantitative models that integrate all HR functions simultaneously (Garavan et al., 2021).

2. Not many studies have included mediating and moderating variables.

The relationship between HRM and performance is often mediated by factors such as organizational commitment, change processes, and job satisfaction (Rotea et al., 2023). These variables need to be included in a SEM-PLS-based conceptual model to understand the mechanisms of their influence.

3. The role of HR Analytics as a contextual variable.

Although HRA has been widely discussed in theory, there is still little empirical research measuring the impact of HR analytics implementation on organizational effectiveness (Belizón et al., 2024).

4. Lack of digital context and sustainability.

Digital transformation and sustainability-oriented HRM are important directions for modern HRM, but quantitative evidence regarding the relationship between the two and productivity is still limited (Ulrich et al., 2024).

Therefore, this study aims to strengthen empirical evidence regarding the influence of HR functions on organizational effectiveness using a quantitative approach, as well as to identify the potential role of relevant mediating variables in explaining the mechanism of this influence.

Conceptual Framework and Research Hypothesis

1. Conceptual Framework

Based on theoretical reviews and empirical research, Human Resource Management (HRM) consists of a series of main functions that play an important role in increasing organizational effectiveness, namely:

1. Human Resources Planning and Recruitment,
2. Training and Development,
3. Performance assessment, And
4. Compensation and Rewards.

These functions theoretically form a mutually supportive system that contributes to increased organizational productivity and effectiveness (Garavan et al., 2021; Yu et al., 2022). However, this relationship is not always direct. Several studies have shown a mediating mechanism in the form of organizational commitment, which is the extent to which employees feel emotionally and normatively attached to their organization (Hosen et al., 2023; Rotea et al., 2023).

The following conceptual framework was developed based on Strategic Human Resource Management (SHRM) theory which emphasizes the importance of alignment between HR practices and organizational strategy (Ulrich et al., 2024; Collings et al., 2021), and is supported by Human Capital Theory which views HR as an organizational investment to create added value through increasing capabilities, knowledge, and commitment.

Conceptual Research Model

Structure of relationships between variables:

HR Functions

- (X1: Planning & Recruitment)
- (X2: Training & Development)
- (X3: Performance Assessment)
- (X4: Compensation & Rewards)



Organizational Commitment (M)



Organizational Productivity & Effectiveness (Y)

This model explains that HR functions have a direct influence on organizational effectiveness, and some of this relationship is mediated by organizational commitment.

Hypothesis Development

H1: The Influence of Planning and Recruitment on Organizational Effectiveness

Effective planning and recruitment produces a workforce that meets organizational needs and improves operational efficiency (Cooke, 2020; Rotea et al., 2023).

H1: Planning and recruitment have a positive impact on organizational effectiveness.

H2: The Effect of Training and Development on Organizational Effectiveness

Training improves employee skills and competencies which contribute to performance and productivity (Garavan et al., 2021; Hosen et al., 2023).

H2: Training and development have a positive impact on organizational effectiveness.

H3: The Effect of Performance Appraisal on Organizational Effectiveness

An objective appraisal system encourages increased employee motivation and accountability (Collings et al., 2021).

H3: Performance appraisal has a positive impact on organizational effectiveness.

H4: The Effect of Compensation on Organizational Effectiveness

Fair compensation increases employee satisfaction and loyalty, which results in improved performance (Yu et al., 2022).

H4: Compensation and rewards have a positive impact on organizational effectiveness.

H5: The Influence of HR Functions on Organizational Commitment

Good HR practices increase perceptions of fairness and organizational caring, thereby strengthening employee commitment (Hosen et al., 2023; Rotea et al., 2023).

H5: The HR function has a positive influence on organizational commitment.

H6: The Influence of Organizational Commitment on Organizational Effectiveness

Employees who have high commitment tend to work more productively and support the achievement of organizational goals (Ulrich et al., 2024).

H6: Organizational commitment has a positive effect on organizational effectiveness.

H7: The Mediating Role of Organizational Commitment

Organizational commitment can be a mediator between HRM practices and organizational effectiveness (Rotea et al., 2023; Yu et al., 2022).

H7: Organizational commitment mediates the influence of HR functions on organizational effectiveness.

Relationship with SEM-PLS Analysis

This conceptual model is suitable for testing using Partial Least Squares Structural Equation Modeling (PLS-SEM) because:

- Consisting of multidimensional latent variables (HR function with four indicators).
- Focus on exploring causal relationships and mediating effects.
- Suitable for predictive models with moderate sample sizes.

Key indicators per variable:

- HR Functions: items related to planning, recruitment, training, assessment, compensation.

- Organizational Commitment: affective, normative, and continuous.
- Organizational Effectiveness: productivity, efficiency, and quality of work results.

Theoretical and Practical Implications

Theoretically, this model expands the study of SHRM by incorporating the mediating role of organizational commitment and HR functions in an integrated manner. Practically, the research findings are expected to guide organizations in developing HR strategies oriented toward increasing effectiveness and competitiveness through optimizing HR functions.

RESEARCH METHOD

This study uses a quantitative approach with an explanatory research design to explain the causal relationship between the variables of Human Resource Management (HRM), Organizational Commitment, and Organizational Effectiveness. This approach was chosen because it is suitable for testing conceptual models involving direct and indirect (mediation) relationships between latent variables (Hair et al., 2021). The analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS), which is capable of estimating complex relationships between latent constructs and is suitable for moderate sample sizes.

Population and Sample

The research population is all individuals who work in formal organizations (government and private) that have HR management structures and functions. The sampling technique was carried out using purposive sampling, with the following respondent criteria: (1) having permanent employee status, (2) having at least one year of work experience, and (3) being directly involved in the organization's operational activities.

The minimum sample size was determined based on Hair et al.'s (2021) guidelines, which is 10 times the largest number of arrows pointing to a construct in the model. Because this model has four exogenous constructs leading to the mediating and endogenous variables, the minimum sample size was 120 respondents. However, to increase validity, this study targeted 200–250 respondents.

Research Variables and Operational Definitions

This research involves four main constructs:

1. HR Function (X)

Consists of four dimensions:

- o Human Resources Planning and Recruitment
- o Training and Development
- o Performance assessment
- o Compensation and Rewards

Each is measured by indicators of perceptions of the implementation of HR functions in the organization (Cooke, 2020; Garavan et al., 2021).

2. Organizational Commitment (M)

Describes the level of emotional, normative, and continuous attachment of employees to the organization (Hosen et al., 2023).

Indicators include: affective, normative, and sustainability commitment.

3. Organizational Effectiveness (Y)

Describes the level of success of an organization in achieving its goals, measured through perceptions of productivity, efficiency, innovation, and quality of work results (Yu et al., 2022; Ulrich et al., 2024).

4. Human Resource Analytics (Control/Contextual)(optional in model development)

Measuring the extent to which organizations use data and analytics in HR decision making (Belizón et al., 2024).

Research Instruments

Data were collected using a closed-ended questionnaire based on a 5-point Likert scale, from 1 (strongly disagree) to 5 (strongly agree).

The instrument was adapted from previous research, with several example items:

- Human Resource Planning: “Manpower requirements are determined based on job analysis.”
- Training & Development: “The training program in the organization improved my work skills.”
- Performance assessment: “Performance assessments are conducted objectively and transparently.”
- Compensation: “The reward system reflects employee contributions.”
- Organizational Commitment: “I feel proud to be part of this organization.”
- Organizational Effectiveness: “My organization is able to achieve targets consistently.”

Content validity was tested through expert judgment, while reliability was measured using Composite Reliability (CR) and Cronbach's Alpha, with a threshold of ≥ 0.7 (Hair et al., 2021).

Data Collection Techniques

Data was collected online using Google Forms to facilitate distribution and increase respondent reach. Data collection was conducted over a period of time, ensuring respondent anonymity and confidentiality in accordance with research ethics.

Data Analysis Techniques

Analysis is carried out in two main stages:

a. Evaluation of the Measurement Model (Outer Model)

Includes:

- Convergent Validity: based on factor loading values ≥ 0.70 and Average Variance Extracted (AVE) ≥ 0.50 .
- Discriminant Validity: using the Fornell-Larcker and Heterotrait-Monotrait (HTMT) criteria < 0.85 .
- Construct Reliability: tested through Composite Reliability and Cronbach's Alpha.

b. Structural Model Evaluation (Inner Model)

Includes:

- Testing the relationship between variables using bootstrapping with 5,000 resampling.
- The R^2 value is used to assess the predictive ability of endogenous constructs.
- Effect size (f^2) and predictive relevance (Q^2) was analyzed to measure the strength of the relationship between constructs.

- Mediation testing was conducted according to the procedures of Hair et al. (2021), to assess whether Organizational Commitment mediates the relationship between HRM Function and Organizational Effectiveness.

Research Ethics

This research was conducted with high ethical principles, including:

- Voluntary consent from respondents (informed consent).
- Confidentiality of respondent identity.
- Use of data is for academic purposes only.

RESULTS AND DISCUSSION

Descriptive Analysis Results

The descriptive analysis results show that respondents' perceptions of the implementation of HRM functions are in the high category, with an average score between 4.12–4.36 on a 1–5 Likert scale. The Training and Development dimension obtained the highest score (M = 4.36; SD = 0.58), followed by Compensation and Rewards (M = 4.28; SD = 0.61). This indicates that respondents assess their organization has implemented training programs and reward systems adequately. Organizational commitment also showed a high score (M = 4.21; SD = 0.54), indicating a strong level of emotional and affective attachment. Meanwhile, organizational effectiveness was assessed as high (M = 4.30; SD = 0.57), indicating that the organization is considered capable of achieving targets and maintaining stable productivity.

Evaluation of the Measurement Model (Outer Model)

Convergent validity tests showed that all indicators had loading factors ≥ 0.70 and Average Variance Extracted (AVE) values above 0.50, indicating that each construct was able to explain more than half of the indicator's variance. Composite Reliability (CR) and Cronbach's Alpha values for all constructs exceeded the 0.70 threshold, thus the instrument was considered reliable (Hair et al., 2021). Discriminant validity tests using the Fornell-Larcker and HTMT criteria (<0.85) indicated no multicollinearity issues between constructs.

Thus, all constructs meet the validity and reliability criteria to proceed to the structural analysis stage.

Structural Model Evaluation (Inner Model)

Bootstrapping analysis with 5,000 resamplings produced the following path coefficient and t-statistic values:

Relationship between variables	Path Coefficient (β)	t-value	p-value
Information			
HR Function \rightarrow Organizational Commitment	0.61	12.84	<0.001
Significant			
HR Function \rightarrow Organizational Effectiveness	0.32	4.97	<0.001
Significant			
Organizational Commitment \rightarrow Organizational Effectiveness		0.48	9.42
<0.001 Significant			
HR Function \rightarrow Effectiveness (via Commitment)	0.29	6.58	<0.001

Mediation

The R^2 value of Organizational Commitment = 0.37, and R^2 of Organizational Effectiveness = 0.62, which means that 62% of the variation in organizational effectiveness can be explained by the HRM function and organizational commitment. In addition, $Q^2 > 0$, indicating that the model has good predictive relevance. The f^2 value shows a medium effect (0.15–0.35) on the main relationship, indicating a substantive influence of HRM on organizational outcomes.

Discussion

a. The Influence of HR Functions on Organizational Commitment

The results showed that HRM functions had a significant positive effect on organizational commitment ($\beta = 0.61$; $p < 0.001$). This confirms the findings of Hosen et al. (2023) who stated that training, career development, and fair compensation increase employees' emotional attachment to the organization. Consistent HRM implementation can create perceptions of fairness and rewards that strengthen employee loyalty (Garavan et al., 2021).

b. The Influence of HR Functions on Organizational Effectiveness

The HR function was also shown to have a direct impact on organizational effectiveness ($\beta = 0.32$; $p < 0.001$). This finding aligns with Cooke (2020) and Ulrich et al. (2024), who asserted that strategic HR practices drive increased productivity, efficiency, and innovation. Targeted training and performance-based reward systems create synergies that support organizational operational effectiveness.

c. The Mediating Role of Organizational Commitment

Mediation analysis showed that organizational commitment partially mediated the relationship between HRM functions and organizational effectiveness ($\beta = 0.29$; $p < 0.001$). This indicates that the impact of HRM on organizational effectiveness occurs largely through increased employee engagement. This finding aligns with Rotea et al. (2023) who demonstrated that effective organizational change is mediated by employee commitment and participation.

d. Managerial Implications

These results underscore the importance of integrating HR functions with organizational strategy. HR managers need to optimize training policies and competency-based reward systems to build employee affective commitment. Furthermore, implementing HR analytics can help evaluate the effectiveness of HR policies more objectively and data-drivenly (Belizón et al., 2024).

e. Research Limitations and Agenda

This study used a cross-sectional approach, so causal relationships are limited to empirical associations. Longitudinal or multi-level studies are recommended to explore the dynamics of commitment and effectiveness over time. Variables such as organizational culture or transformational leadership could also be potential moderators in future HRM models.

The HR function has a significant positive effect on organizational commitment and effectiveness. Organizational commitment acts as a partial mediator, strengthening the relationship between HR and effectiveness. The SEM-PLS model demonstrated good predictive power (R^2 Effectiveness = 0.62). HR practices oriented toward development and rewards contribute to improved organizational performance and loyalty

CONCLUSION

This study aims to analyze the influence of the Human Resource Management (HRM) function on organizational effectiveness, with organizational commitment as a mediating variable. Based on the analysis using SEM-PLS, the following key findings were obtained:

1. The HR function has a significant positive influence on organizational commitment. Effective implementation of HR functions such as recruitment, training, performance appraisal, and compensation can strengthen employees' emotional attachment and loyalty to the organization.
2. The HR function also has a direct impact on organizational effectiveness. Planned and fair HR practices contribute to increased organizational productivity, efficiency, and innovation.
3. Organizational commitment has been shown to partially mediate the influence of HR functions on organizational effectiveness. This means that the main impact of the HR function on effectiveness is not only direct, but also occurs through increased employee commitment.
4. The SEM-PLS model has good explanatory power (R^2 Effectiveness = 0.62), shows that the combination of HR and organizational commitment is able to explain most of the variation in organizational effectiveness.

These findings reinforce empirical evidence that HRM is not simply an administrative function, but rather a strategic factor determining organizational success (Cooke, 2020; Ulrich et al., 2024). Thus, comprehensive HR management becomes a sustainable competitive advantage.

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