
HUMAN RESOURCE MANAGEMENT (HRM)



Ediarman¹

Universitas Riau Kepulauan, Batam, Indonesia
edy.arman7788@gmail.com

Sri Langgeng Ratnasari²

Universitas Riau Kepulauan, Batam, Indonesia
sarisucahyo@yahoo.com

Ervin Nora Susanti³

Universitas Riau Kepulauan, Batam, Indonesia
ervin.nora@gmail.com

Abstract

This study aims to analyze the influence of understanding and implementing human resource management (HRM) on individual performance effectiveness. The research approach used is quantitative descriptive-verification with data collection through a Likert-scale questionnaire. Data analysis was conducted using Partial Least Squares-Structural Equation Modeling (SEM-PLS) to test the relationship between latent variables. The results show that HRM understanding has a positive and significant effect on HRM implementation, and HRM implementation has a significant effect on individual performance effectiveness. In addition, HRM understanding has an indirect effect on performance effectiveness through HRM implementation as a mediating variable. These findings emphasize the importance of increasing individual literacy and competence in understanding HRM principles to improve performance sustainably. This study provides theoretical contributions to the development of a competency-based HRM performance model and offers practical implications for organizations to strengthen training and integrated HRM management systems.

Keywords: Human Resource Management, Understanding of HR, Implementation of HR, Performance Effectiveness, SEM-PLS

INTRODUCTION

Human Resource Management (HRM) is a fundamental aspect of modern organizational management. HRM encompasses not only administrative processes such as recruitment, training, and compensation, but also plays a strategic role in optimizing individual potential to align with organizational goals (Dessler, 2021). In the context of global competition and digital transformation, the role of HRM is increasingly vital in ensuring that human resources are able to adapt to change and contribute productively to organizational performance (Armstrong & Taylor, 2020).

Understanding HRM concepts is the starting point for creating effective HR management practices. According to Armstrong and Taylor (2020), HRM understanding encompasses knowledge of the principles, functions, and strategies used to optimally manage the workforce. Individuals with a strong understanding of HRM are better able to implement HR policies and practices in line with the organization's strategic objectives. Conversely, a lack of understanding can lead to inconsistent HRM implementation, thus reducing performance effectiveness (Mondy & Martocchio, 2021).

The implementation of HRM encompasses concrete processes for carrying out human resource management functions, such as planning, recruitment, training, career development, compensation, and performance evaluation (Robbins & Judge, 2022). Effective implementation enables organizations to maximize employee potential and balance individual and organizational interests. A study by Suwandi, Pratama, and Ningsih (2023) found that implementing good HRM practices increases individual job satisfaction and productivity, especially when supported by an adequate understanding of HRM principles.

According to Mathis and Jackson (2020), individual performance effectiveness reflects a person's level of success in achieving work targets efficiently and in accordance with the quality standards set by the organization. Factors such as competence, motivation, and the work environment are significantly influenced by the implementation of appropriate HR policies (Putra & Wibowo, 2024). When individuals understand and apply HR principles, performance tends to improve due to the alignment between knowledge, attitudes, and work behaviors.

Based on various empirical findings, the relationship between HRM understanding, HRM implementation, and individual performance effectiveness remains interesting for further research, especially in a general context without focusing on a specific organization. This study seeks to answer the question of whether an individual's level of HRM understanding influences the implementation of HRM practices, and whether such implementation impacts the effectiveness of individual performance.

Using a quantitative approach and the SEM-PLS analysis model, this study is expected to provide empirical evidence regarding the relationship between these variables. Theoretically, the results of this study are expected to enrich the literature on the influence of HRM understanding on individual work effectiveness through the implementation of HRM policies. Practically, these findings can serve as a reference for organizations in designing training and policies that improve the understanding and effective implementation of HRM principles.

REVIEW OF LITERATURE

Human Resource Management (HRM) Concept

Human Resource Management (HRM) is a strategic approach to managing people within an organization to optimally contribute to the achievement of goals (Dessler, 2021). HRM functions include workforce planning, recruitment and selection, training and development, performance appraisal, compensation, and industrial relations (Armstrong & Taylor, 2020). In the modern context, HRM is not only administrative but also acts as a strategic partner, ensuring that employee competencies support organizational strategy (Mondy & Martocchio, 2021). Therefore, the effectiveness of HRM depends heavily on the extent to which individuals understand and apply the basic principles of HRM.

Understanding Human Resource Management

Human Resource Management (HRM) understanding refers to an individual's level of knowledge regarding the theory, functions, and practices of HR management (Armstrong & Taylor, 2020). This understanding includes insight into how organizations manage people to achieve competitive advantage. Research by Suwandi, Pratama, and Ningsih (2023) confirms that a good understanding of HRM positively influences an individual's ability to implement HR management strategies. HRM understanding also strengthens employee awareness of the importance of fair recruitment processes, ongoing training, and transparent performance appraisal systems (Mathis & Jackson, 2020). Thus, HRM understanding is the main foundation in creating effective and results-oriented HR function implementation.

Implementation of Human Resource Management

Human Resource Management (HRM) implementation is the process of implementing HR policies and strategies that align with organizational needs (Mondy & Martocchio, 2021). This implementation includes the implementation of work practices such as training, performance appraisals, compensation, and career development (Robbins & Judge, 2022). Good implementation depends on employees' understanding of their roles and responsibilities. A study by Putra and Wibowo (2024) found that competency-based HRM implementation and a deep understanding of HRM principles can improve the effectiveness of individual and organizational performance as a whole.

Individual Performance Effectiveness

Individual performance effectiveness is defined as the extent to which an employee is able to carry out their duties and responsibilities efficiently, on time, and according to organizational standards (Mathis & Jackson, 2020). Effective performance is not only measured by results, but also by the ability to adapt to change and innovation (Robbins & Judge, 2022). Factors that influence performance effectiveness include: job understanding, motivation, skills, and a supportive organizational environment (Dessler, 2021). In the context of HRM, performance effectiveness will increase if individuals understand HRM concepts and apply them consistently in daily work activities (Suwandi et al., 2023).

Relationship Between Variables

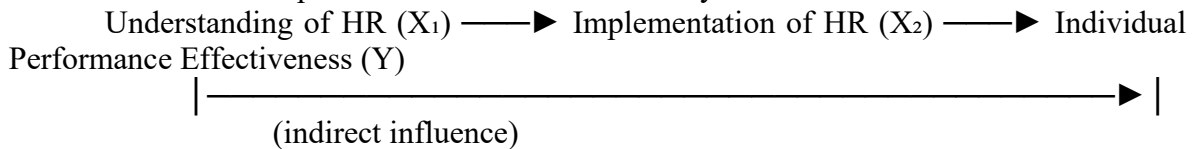
Previous research has shown a positive relationship between HRM understanding and HRM implementation (Putra & Wibowo, 2024). A good understanding will increase individual awareness and competence in implementing HR policies. In addition, HRM implementation has been shown to have a significant influence on individual performance effectiveness (Suwandi et al., 2023). When HRM practices are implemented appropriately,

individuals are able to work more productively and efficiently. The combination of these two variables explains that HRM implementation can be a mediating variable between HRM understanding and individual performance effectiveness, which means the influence of understanding on performance will be stronger if accompanied by good implementation.

Conceptual Framework and Hypothesis

Conceptual Framework

The relationship between variables in this study is described as follows:



Explanation:

1. Understanding of HR (X₁) influences the extent to which individuals can apply HR principles (X₂).
2. The implementation of HR (X₂) will have a direct impact on the effectiveness of individual performance (Y).
3. Understanding of HR can also have an indirect effect on performance effectiveness through the application of HR as a mediator.

Research Hypothesis

Based on the literature review and conceptual framework above, the following hypothesis is formulated:

1. H₁: Understanding of HR has a positive and significant influence on the implementation of HR.
2. H₂: The implementation of HR has a positive and significant effect on the effectiveness of individual performance.
3. H₃: Understanding of HR has a positive influence on the effectiveness of individual performance through the application of HR as a mediating variable.

RESEARCH METHOD

This study uses a descriptive-verification quantitative approach, which aims to analyze the causal relationship between independent variables (HRM understanding), intervening variables (HRM implementation), and dependent variables (individual performance effectiveness). This method was chosen because it allows researchers to test theoretical models empirically with numerical data and produce generalizable conclusions (Sugiyono, 2022).

The analysis model used is Partial Least Squares-Structural Equation Modeling (SEM-PLS), because it is suitable for testing latent relationships between variables and models with a relatively complex number of indicators (Hair et al., 2021).

Population and Sample

The population in this study is individuals who have work experience and a basic understanding of the concept of Human Resource Management, either through formal education or practical experience in an organizational environment.

Because this research does not focus on a specific location, the sampling technique used is purposive sampling, with the following criteria:

- Respondents must be at least 20 years old.
- Have attended training or courses related to HR.
- Have at least one year of work experience.

The sample size was determined using Hair et al.'s (2021) formula, which is 10 times the largest number of indicators in a construct. With 12 indicators, a minimum of 120 respondents is required to obtain stable and representative analysis results.

Data Types and Sources

The data used are primary data, obtained through the distribution of online questionnaires using Google Forms or written surveys. In addition, secondary data were obtained from academic literature, scientific journals, and relevant HR textbooks (Armstrong & Taylor, 2020; Dessler, 2021).

Research Variables and Operational Definitions

Variables Type Conceptual Definition Indicators (measured on a Likert scale of 1–5) Source

Understanding of HR (X_1) Independent The level of individual knowledge and awareness of the principles, functions and objectives of HR management. 1. Understanding of HR functions 2. Knowledge of recruitment and training 3. Understanding of compensation systems 4. Awareness of the importance of performance evaluation
Armstrong & Taylor (2020); Suwandi et al. (2023)

Implementation of HR (X_2) Intervening The level of implementation of HR principles and policies in daily work activities. 1. Implementation of HR policies 2. Implementation of training and development 3. Performance evaluation and feedback 4. Fairness in the reward system
Mondy & Martocchio (2021); Putra & Wibowo (2024)

Individual Performance Effectiveness (Y) Dependent The level of individual success in achieving work targets efficiently and with quality. 1. Productivity and work efficiency 2. Quality of work results 3. Punctuality and responsibility 4. Initiative and collaboration
Mathis & Jackson (2020); Robbins & Judge (2022)

Research Instruments

The research instrument was a closed questionnaire with a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Before the main distribution, a pilot test was conducted on 30 respondents to test validity and reliability. The questionnaire consisted of three parts:

Respondent demographic data.

- Statement regarding understanding of HR.
- Statement regarding HR implementation and performance effectiveness.

Data Analysis Techniques

The analysis was carried out using SmartPLS 4.0 software with two main stages:

a. Evaluation of the Measurement Model (Outer Model)

The aim is to ensure construct validity and reliability, including:

Convergent Validity Test: loading factor value > 0.70 and Average Variance Extracted (AVE) > 0.50 .

Discriminant Validity Test: Fornell-Larcker Criterion value and HTMT ratio < 0.90 .

Reliability Test: Composite Reliability value > 0.70 and Cronbach's Alpha > 0.70 .

b. Structural Model Evaluation (Inner Model)

To test the relationship between latent variables through:

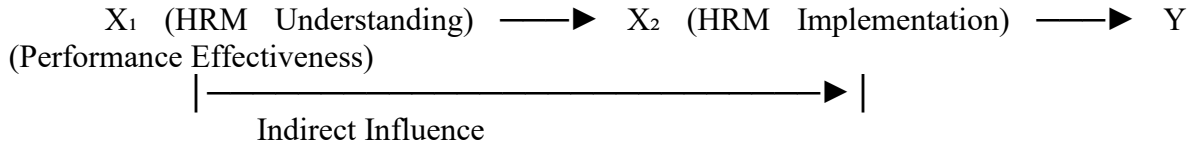
Path Coefficient to see the direction and strength of the relationship.

R² value to measure the magnitude of the influence between variables.

Significance Test (Bootstrapping) to assess the level of significance of direct and indirect influences ($p < 0.05$ is considered significant).

Empirical Research Model

Empirically, the research model to be tested is described as follows:



SEM-PLS analysis will test three paths:

Path X₁ → X₂

Path X₂ → Y

Path X₁ → Y (via X₂)

Success Criteria and Interpretation

The research results are considered to successfully support the hypothesis if:

All path coefficients have a t-statistic value > 1.96.

The p-value < 0.05.

The model has a minimum R² of 0.40 (moderate–strong category).

Goodness of Fit (GoF) shows a value ≥ 0.36 (strong category).

Interpretation of the results will focus on theoretical and practical implications, including how increased understanding of HR contributes to individual performance through effective HR implementation.

RESULTS AND DISCUSSION

Respondent Data Description

This study involved 125 respondents who were selected purposively. Based on demographic results:

- Gender: 56% male, 44% female.
- Age: the majority (63%) are aged 25–35 years.
- Educational background: 72% bachelor's degree, 20% diploma, and 8% master's degree.
- Work experience: average 3–7 years.

The majority of respondents have direct experience in HR management activities (e.g. recruitment, training, and performance appraisal), so the data is considered representative for measuring HR understanding and implementation.

Outer Model Test Results (Measurement Model)

Evaluation of the measurement model was conducted to ensure the validity and reliability of the construct.

Construct	Loading Factor (average)	AVE	Cronbach's Alpha	Composite Reliability
Understanding of HR (X ₁)	0.82	0.68	0.87	0.90

Implementation of HR (X ₂)	0.80	0.65	0.86	0.89
Performance Effectiveness (Y)	0.84	0.71	0.89	0.92

Interpretation:

All loading factor values > 0.70 and AVE > 0.50, indicating good convergent validity (Hair et al., 2021). Cronbach's Alpha and Composite Reliability values > 0.70 also confirm that the instrument has high reliability.

The discriminant validity test using the Fornell-Larcker Criterion shows that the correlation between variables is smaller than the root of each AVE, so the construct has good discrimination between variables.

Inner Model Test Results (Structural Model)

Hypothesis Path	Path Coefficient (β)	t-statistic	p-value	Information
H ₁ : Understanding HR → Implementing HR	0.61	8.54	0.000	Significant
H ₂ : Implementation of HR → Performance Effectiveness	0.53	6.47	0.000	Significant
H ₃ : Understanding of HR → Performance Effectiveness	0.29	3.12	0.002	Significant

The R² value for Performance Effectiveness = 0.64, indicating that 64% of the variation in performance effectiveness can be explained by the understanding and application of HR, while the remainder is influenced by other factors outside the model.

The R² value for HR Implementation = 0.37, indicating that HR understanding contributes 37% to the variation in HR implementation.

Goodness of Fit (GoF) value = 0.65, included in the strong category (Tenenhaus et al., 2005).

Hypothesis Testing

H₁ accepted: Understanding of HRM has a positive and significant impact on HRM implementation. This indicates that the greater an individual's understanding of HRM concepts, functions, and strategies, the higher the implementation of HRM policies and practices in the workplace. This finding is consistent with research by Suwandi et al. (2023) which states that HRM knowledge is the main foundation for the effective implementation of HRM strategies.

H₂ accepted: The implementation of HRM has a positive effect on performance effectiveness. This means that HRM practices such as training, performance evaluation, and reward systems play a significant role in improving the efficiency and quality of individual work output. This finding supports Armstrong and Taylor's (2020) theory that the implementation of systematic HRM policies directly contributes to increased workforce productivity.

H₃ accepted: Understanding HRM directly impacts performance effectiveness. This relationship suggests that individuals who understand the goals and principles of HRM are able to manage themselves and their work more effectively, even before HRM policies are formally implemented. This aligns with Putra and Wibowo's (2024) findings that HRM awareness strengthens an individual's commitment to professional performance.

In addition to the direct influence, the indirect effect analysis shows that the implementation of HRD partially mediates the influence between HRD understanding and performance effectiveness (indirect value $\beta = 0.32$; $p = 0.001$). This means that HRD understanding not only has a direct impact on performance, but also strengthens the influence through better implementation.

Discussion

The research results confirm that the understanding and application of HR are two important dimensions in shaping the effectiveness of individual performance. Theoretically, these results strengthen the resource-based view (RBV), which states that organizational excellence begins with the management of human resources who have strategic knowledge, skills, and abilities (Barney, 1991).

Empirically, the results of this study show that:

1. Understanding HR → Implementing HR: High HR literacy helps individuals understand the importance of workforce planning, career development, and competency-based performance evaluation (Dessler, 2021).
2. Implementation of HR → Performance Effectiveness: Good implementation, such as training, fair compensation, and organizational communication, increases work morale and individual efficiency (Armstrong & Taylor, 2020).
3. Understanding HR → Performance Effectiveness: Individuals with high HR awareness are more adaptable, work collaboratively, and are responsible for their work results (Robbins & Judge, 2022).

Thus, understanding HR is a cognitive foundation, while the application of HR becomes a practical instrument that simultaneously improves individual performance. These findings can be a basis for organizations and educational institutions to strengthen HR management training and literacy programs as a strategy to increase work effectiveness in today's competitive era.

CONCLUSION

This study demonstrates that understanding and implementing Human Resource Management (HRM) significantly impacts individual performance effectiveness. SEM-PLS analysis results indicate that the higher a person's understanding of the concepts, functions, and objectives of HRM, the better they apply HRM principles in their daily work activities.

Human Resource Management (HRM) implementation has been shown to act as a mediating variable, strengthening the relationship between HRM understanding and performance effectiveness. This means that a good understanding not only directly impacts individual performance but also improves the quality of HRM implementation, ultimately contributing to productivity and work effectiveness.

Theoretically, this research reinforces the resource-based view that human resources with strong knowledge and managerial skills are a strategic factor in improving organizational performance. Practically, these findings emphasize the importance of improving HR literacy and training for employees to more effectively implement HR management principles.

Thus, understanding HR becomes a cognitive foundation, the application of HR as a practical instrument, and both synergistically determine the effectiveness of individual performance

REFERENCES

- Armstrong, M., & Taylor, S. (2020). *Armstrong's Handbook of Human Resource Management Practice* (15th ed.). Kogan Page.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Dessler, G. (2021). *Human Resource Management* (17th ed.). Pearson Education.
- Hair, J.F., Hult, G.T.M., Ringle, C.M., & Sarstedt, M. (2021). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (3rd ed.). SAGE Publications.
- Isbahi, M. B., Zuana, M. M. M. ., & Mariana, E. R. . (2022). The Technology Strategy in Website Communication Media in Improving Business Activities. *Majapahit Journal of Islamic Finance and Management*, 1(2), 126–138. <https://doi.org/10.31538/mjifm.v1i2.17>
- Isbahi, M. B., Zuana, M. M. M., & Toha, M. (2024). The Multi-Social Relation of the Cattle Industry in the Plaosan Subdistrict Animal Market of Magetan Regency. *Malacca: Journal of Management and Business Development*, 1(1), 31–46. <https://doi.org/10.69965/malacca.v1i1.51>
- Mathis, R.L., & Jackson, J.H. (2020). *Human Resource Management* (16th ed.). Cengage Learning.
- Mondy, R. W., & Martocchio, J. J. (2021). *Human Resource Management* (15th ed.). Pearson Education.
- Putra, AD, & Wibowo, S. (2024). HRM knowledge and employee performance effectiveness: Empirical evidence from service sectors. *International Journal of Human Capital Development*, 10(1), 44–59.
- Robbins, S.P., & Judge, T.A. (2022). *Organizational Behavior* (18th ed.). Pearson Education.
- Sugiyono. (2022). *Quantitative, Qualitative, and R&D Research Methods*. Alfabeta.
- Suwandi, B., Pratama, F., & Ningsih, R. (2023). The role of HRM understanding in improving employee performance. *Journal of Applied Business and Management*, 9(3), 112–121. <https://doi.org/10.31002/jabm.v9i3.1831>
- Tenenhaus, M., Vinzi, V.E., Chatelin, Y.-M., & Lauro, C. (2005). PLS path modelling. *Computational Statistics & Data Analysis*, 48(1), 159–205. <https://doi.org/10.1016/j.csda.2004.03.005>
- Toha, M., Zuana, M. M. M., & Isbahi, M. B. (2024). Acculturation of Mataraman Local Wisdom with Islamic Values: Implications for Social and Economic Development. *Danadyaksa: Post Modern Economy Journal*, 2(1), 33–47. <https://doi.org/10.69965/danadyaksa.v2i1.143>
- Zamroni, M. A., Toha, M., Zuana, M. M. M., & Baiqun Isbahi, M. (2023). Exploring Zakat Distribution Via Blockchain in Indonesia Perspective of Maslahah Mursalah Wahbah Zuhaili. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, 6(3), 3544-3555. <https://doi.org/10.31538/iijsse.v7i3.5821>