

HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE PERFORMANCE: A SYSTEMATIC LITERATURE REVIEW

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ABSTRACT

Purpose: Human Resource Management (HRM) practices are a critical strategic mechanism for organizations seeking to enhance employee performance and sustain competitive advantage. This study aims to systematically review and synthesize the role of HRM practices in improving employee performance, while identifying key dimensions, research trends, and gaps in the human resource management literature.

Design/methodology/approach: This study adopts a systematic literature review approach by analyzing peer-reviewed journal articles indexed in reputable databases, namely Scopus and SINTA. The review process follows PRISMA guidelines, with clearly defined inclusion and exclusion criteria to ensure methodological rigor, transparency, and consistency.

Findings: The review indicates that HRM practices have a significant positive effect on employee performance through mechanisms such as job satisfaction, organizational commitment, motivation, and employee engagement. Training and development, recruitment and selection, performance appraisal, compensation and rewards, and career development are the most frequently examined HRM practices in prior studies.

Research limitations/implications: This study is limited to selected databases and publication periods, which may restrict the generalizability of the findings. Future research is encouraged to adopt longitudinal designs, examine mediating and moderating variables, and explore diverse organizational contexts, particularly in emerging economies.

Practical implications: The findings provide practical insights for managers and HR practitioners in designing effective HRM practices to improve employee performance and organizational outcomes.

Originality/value: This study offers an integrative synthesis of HRM research and identifies key themes and future research directions.

Paper type: Literature review

Keyword: Human Resource Management Practices; Employee Performance; Systematic Literature Review; Organizational Performance; Human Resource Strategy.

A .INTRODUCTION

The relationship between Human Resource Management (HRM) practices and employee performance is strongly grounded in established management and organizational theories. From a Resource-Based View (RBV) perspective, human resources are considered a strategic asset that is valuable, rare, inimitable, and non-substitutable, enabling organizations to achieve sustainable competitive advantage when effectively managed (Barney, 1991). HRM practices serve as mechanisms through which organizations develop employee skills, motivation, and commitment, thereby enhancing performance outcomes. In addition, Human Capital Theory emphasizes that investments in employee education, training, and development increase individual productivity and organizational performance (Becker, 1964). Training and development programs, as core HRM

practices, enhance employees' knowledge and competencies, which in turn improve task performance and adaptability in dynamic environments. Similarly, Social Exchange Theory explains how fair compensation, performance appraisal, and supportive HRM practices foster reciprocal relationships between employees and organizations, leading to higher motivation and performance (Blau, 1964).

Empirical studies consistently support the positive association between HRM practices and employee performance. Prior research indicates that recruitment and selection processes aligned with organizational needs significantly improve employee-job fit and performance (Huselid, 1995). Training and development have been found to enhance employee skills and productivity (Delery & Doty, 1996), while effective performance appraisal systems contribute to goal clarity and performance improvement (Armstrong, 2014). Compensation and reward systems also play a crucial role in motivating employees and reinforcing desired behaviors (Pfeffer, 1998). Furthermore, several studies highlight the importance of mediating variables in explaining how HRM practices influence performance. Job satisfaction, organizational commitment, motivation, and employee engagement are frequently identified as key mediators that strengthen the HRM–performance relationship (Guest, 1997; Meyer & Allen, 1991). Other studies suggest that contextual factors such as leadership style, organizational culture, and industry characteristics may moderate this relationship, leading to variations across organizational settings. Despite extensive empirical investigation, the literature remains fragmented, with inconsistent findings across contexts, methodologies, and theoretical perspectives. Many studies focus on specific HRM practices or individual sectors, limiting the generalizability of results. Therefore, a systematic literature review is essential to integrate existing theoretical and empirical evidence, clarify dominant patterns, and identify research gaps. By synthesizing prior studies, this research seeks to advance HRM theory and provide a comprehensive understanding of how HRM practices contribute to employee performance.

Human Resource Management Practices

Human Resource Management (HRM) practices refer to a set of organizational activities designed to manage and develop human resources effectively in order to achieve organizational goals. According to Armstrong (2014), HRM practices encompass recruitment and selection, training and development, performance appraisal, compensation and rewards, career development, and employee relations. These practices are intended to align employee capabilities and behaviors with organizational strategies. From a strategic perspective, HRM practices are viewed as an integrated system rather than isolated activities. Delery and Doty (1996) argue that bundles of HRM practices are more effective in influencing employee outcomes than individual practices, as they create synergistic effects on employee attitudes and performance. Well-designed HRM systems enable organizations to attract, develop, motivate, and retain high-performing employees.

Employee Performance

Employee performance refers to the extent to which employees successfully carry out job-related tasks and responsibilities in accordance with organizational goals. Campbell (1990) conceptualizes employee performance as a multidimensional construct that includes task performance, contextual performance, and adaptive performance. Task performance relates to core job duties, while contextual performance reflects behaviors that support the organizational environment, such as cooperation and initiative. Previous studies emphasize that employee performance is influenced not only by individual abilities but also by organizational support systems, including HRM practices. Effective HRM practices provide employees with clear expectations, adequate resources, and motivational incentives, which contribute to improved performance outcomes (Mathis & Jackson, 2011).

Resource-Based View and Human Capital Theory

The Resource-Based View (RBV) posits that organizations gain sustainable competitive advantage by developing unique internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). Human resources, when managed through effective HRM practices, represent a strategic asset that fulfills these criteria. HRM practices help organizations build employee competencies and commitment, which are difficult for competitors to replicate. Similarly,

Human Capital Theory emphasizes that investments in employees such as education, training, and skill development—enhance productivity and organizational performance (Becker, 1964). Training and development practices improve employees' knowledge, skills, and abilities, thereby increasing their contribution to organizational performance.

Synthesis of Prior Studies and Research Gap

Although extensive research has examined HRM practices and employee performance, the literature remains fragmented across contexts, sectors, and methodological approaches. Differences in conceptualization, measurement, and research design have led to inconsistent findings. Furthermore, limited attention has been given to emerging economies and small and medium-sized enterprises. Therefore, a systematic literature review is essential to synthesize existing theoretical and empirical evidence, identify dominant HRM practices, clarify underlying mechanisms, and highlight research gaps. This study seeks to provide a comprehensive and integrative understanding of the relationship between HRM practices and employee performance.

B. METHODOLOGY

Research Design

This study employs a Systematic Literature Review (SLR) to synthesize and evaluate existing empirical research on the relationship between Human Resource Management (HRM) practices and employee performance. The SLR approach was selected to ensure a transparent, replicable, and rigorous review process, enabling the identification of key themes, research trends, and gaps in the HRM literature. The review procedure follows the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines.

Data Sources and Search Strategy

The literature search was conducted using two reputable academic databases: Scopus and SINTA, which were chosen due to their wide coverage of high-quality peer-reviewed journals in the fields of management and human resource studies. Relevant articles were identified using combinations of keywords such as “human resource management practices,” “HRM practices,” “employee performance,” “organizational performance,” and “human capital.” Boolean operators (AND, OR) were applied to refine the search results and ensure comprehensive coverage of relevant studies.

Inclusion and Exclusion Criteria

To ensure the relevance and quality of the reviewed articles, predefined inclusion and exclusion criteria were applied. The inclusion criteria consisted of: (1) peer-reviewed journal articles; (2) studies focusing on HRM practices and employee performance; (3) empirical or conceptual studies published in English; and (4) articles indexed in Scopus or SINTA. Articles were excluded if they: (1) were conference proceedings, book chapters, or dissertations; (2) did not explicitly examine HRM practices or employee performance; or (3) were not accessible in full text.

Study Selection Process

The study selection process followed four main stages: identification, screening, eligibility, and inclusion. Initially, all articles retrieved from the database search were collected. Duplicate records were removed, and titles and abstracts were screened to assess relevance. Subsequently, full-text articles were reviewed based on the inclusion and exclusion criteria. Only articles that met all criteria were included in the final analysis.

Data Analysis and Synthesis

The selected articles were analyzed using a thematic analysis approach. Key information such as research objectives, theoretical frameworks, HRM practices examined, methodologies, and main findings was systematically extracted. The studies were then grouped into thematic categories to identify dominant HRM practices, mediating and moderating variables, and performance outcomes. This synthesis enabled the identification of research patterns, inconsistencies, and gaps in the literature.

Reliability and Validity

To enhance the reliability and validity of the review, the study employed a structured review protocol and transparent selection criteria. The use of established databases and PRISMA guidelines further ensured methodological rigor and reduced potential bias in the review process.

C. RESULTS AND DISCUSSION

Results

Following the PRISMA-based screening process, a refined set of studies was included for analysis after the initial identification of relevant articles retrieved from Scopus and SINTA databases. The reviewed studies were predominantly published within the last decade, indicating sustained and growing scholarly interest in Human Resource Management (HRM) practices and employee performance. Most of the selected articles employed quantitative research designs, particularly survey-based approaches analyzed using regression analysis and Structural Equation Modeling (SEM). Qualitative and mixed-method studies were relatively limited. In terms of research context, the majority of empirical evidence originated from large organizations in developed economies, while studies focusing on emerging economies and small and medium-sized enterprises (SMEs) were comparatively scarce. This imbalance highlights the need for broader contextual investigation to enhance the generalizability of HRM research findings. To ensure coherence between empirical findings and conceptual interpretation, the results were synthesized thematically. Table 1 presents the thematic classification of the reviewed studies, identifying dominant HRM practices, associated employee performance outcomes, and underlying theoretical perspectives.

Table 1. Thematic Synthesis of Digital Marketing and Marketing Performance Studies

No	Theme	Key HRM Practices	Employee Performance Outcomes	Dominant Theoretical Perspective	Indicative Findings
1	Strategic HRM Practices	HRM systems, high-performance work practices	Overall employee performance, productivity	Resource-Based View (RBV)	Integrated HRM systems positively influence employee and organizational performance
2	Recruitment and Selection	Employee-job fit, competency-based recruitment	Task performance, adaptability	Person–Job Fit Theory	Effective recruitment improves performance through better job fit
3	Training and Development	Skills development, learning orientation	Skill enhancement, productivity	Human Capital Theory	Training investments significantly improve employee performance
4	Performance Appraisal	Feedback systems, performance evaluation	Goal clarity, performance improvement	Goal-Setting Theory	Transparent appraisal systems enhance employee performance
5	Compensation and Rewards	Financial rewards, incentives, fairness	Motivation, work effort	Social Exchange Theory	Fair rewards motivate employees to reciprocate with higher performance

6	Employee Engagement & Commitment	Engagement practices, career development	Contextual performance, retention	Organizational Commitment Theory	Engagement mediates the HRM– performance relationship
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Source: Authors' synthesis based on Scopus- and SINTA-indexed journals.

The thematic synthesis reveals convergence around seven major themes. First, strategic HRM practices are consistently associated with improved employee performance and productivity, supporting the view that HRM systems function as strategic organizational resources. Second, recruitment and selection practices play a crucial role in enhancing employee-job fit, which subsequently improves individual performance. Third, training and development emerge as one of the most influential HRM practices, emphasizing the importance of continuous learning and skill enhancement.

Fourth, performance appraisal systems contribute to employee performance by providing feedback, clarifying expectations, and reinforcing goal alignment. Fifth, compensation and reward practices strengthen employee motivation and effort, particularly when perceived as fair and performance-based. Sixth, employee engagement and organizational commitment frequently act as mediating mechanisms that explain how HRM practices translate into improved performance outcomes. Finally, contextual and moderating factors such as leadership style, organizational culture, and firm size explain variations in HRM effectiveness across different settings.

Discussion

The findings of this systematic literature review indicate that HRM practices significantly enhance employee performance through multiple strategic and psychological mechanisms. These results are consistent with prior studies that conceptualize HRM as a core organizational capability. From the Resource-Based View (RBV) perspective, HRM practices represent valuable and difficult-to-imitate resources that enable organizations to achieve sustainable competitive advantage through superior employee performance (Barney, 1991; Becker & Huselid, 1998).

Empirical evidence strongly supports this argument. Studies demonstrate that organizations implementing high-performance work practices experience higher productivity and improved employee outcomes (Huselid, 1995; Delery & Doty, 1996). The dominant role of training and development aligns with Human Capital Theory, which emphasizes that investments in employee skills and knowledge enhance productivity and performance (Becker, 1964). Numerous empirical studies confirm that training initiatives positively affect employee competence and job performance. The mediating role of job satisfaction, organizational commitment, and employee engagement is well explained by Social Exchange Theory. When employees perceive HRM practices as supportive and fair, they reciprocate with positive attitudes and higher levels of performance (Blau, 1964; Eisenberger et al., 2002). This reciprocal relationship explains why HRM practices rarely influence performance directly but operate through psychological and attitudinal mechanisms.

However, not all studies report uniformly positive effects. Some research suggests that HRM practices do not automatically lead to improved performance, particularly in organizations with weak implementation, limited managerial capability, or misalignment between HRM practices and organizational strategy. These mixed findings are consistent with Contingency Theory, which argues that the effectiveness of HRM practices depends on contextual factors such as organizational culture, leadership, and environmental uncertainty (Donaldson, 2001). Overall, the integration of supporting and contradictory empirical evidence strengthens the validity of this review by demonstrating that HRM effectiveness is not universal but contingent upon strategic alignment, organizational capabilities, and contextual conditions. This synthesis advances HRM theory and provides a comprehensive understanding of how HRM practices contribute to employee performance.

D. CONCLUSION

This study provides a systematic synthesis of the existing literature on Human Resource Management (HRM) practices and employee performance. By reviewing peer-reviewed studies indexed in Scopus and SINTA databases, this research consolidates fragmented empirical evidence and offers an integrative understanding of how HRM practices influence employee performance across organizational contexts. The findings confirm that HRM practices play a critical role in enhancing employee performance and serve as a strategic mechanism for achieving sustainable competitive advantage.

The results demonstrate that key HRM practices—including recruitment and selection, training and development, performance appraisal, compensation and rewards, and employee engagement—consistently exert a positive influence on employee performance. Among these practices, training and development and compensation systems emerge as the most influential drivers of performance improvement. However, the relationship between HRM practices and employee performance is largely indirect, operating through mediating mechanisms such as job satisfaction, organizational commitment, motivation, and employee engagement.

Furthermore, this review highlights that the effectiveness of HRM practices is contingent upon organizational and environmental contexts. Factors such as leadership style, organizational culture, firm size, and institutional environment moderate the impact of HRM practices on employee performance. These findings underscore the relevance of contingency-based approaches in HRM research and practice. From a theoretical perspective, this study reinforces the applicability of the Resource-Based View, Human Capital Theory, and Social Exchange Theory in explaining the HRM–performance relationship. Practically, the findings suggest that organizations should adopt an integrated and context-sensitive HRM system rather than isolated HR initiatives. Future research is encouraged to employ longitudinal and mixed-method approaches, explore under-researched contexts such as SMEs and emerging economies, and examine the role of digital HRM practices in shaping employee performance.

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