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Examining the role of human resources management with the company's performance based on the mediating role of employee cooperation

Abstract. Today, in the global economy, human resources have replaced financial and physical capital as the most important capital, and the business environment based on human resource management (HRM) requires an approach that includes new intangible organizational assets such as human resource innovations, relationships with employees and customers. In an economy based on HRM, the role of intellectual capital in creating value for organizations is greater than the role played by physical capital; therefore, organizations need to identify and systematize their human and intellectual capital to gain a sustainable competitive advantage; therefore, the present study was conducted with the aim of investigating the relationship between HRM and financial performance based on the mediating role of employee loyalty in 2024. The present work is an applied study from the perspective of the purpose and a descriptive correlational study from the perspective of the data collection method. The statistical population of the present study was considered to be 345 employees of financial companies in Uzbekistan, the sampling

method was group-based and the sample size was determined to be 125 through the Cochran formula. In order to collect desired data and measure the research variables, a standard questionnaire was used. The LISREL 8.8 software was used to analyze the data. The results of path analysis showed that HRM dimensions have a significant relationship with financial performance and employee relations. In other words, it was found that the use of strategic HRM practices and principles improves the performance of companies. Further, the results confirm that companies with pursue strategic HRM activities perform better than ones traditional. There is a strong relationship between human capital and company performance, which can be a key path in developing of companies.

Keywords: Human Capital; Company Performance; Business; Human Resource Management; HRM; Business Environment; Employee Cooperation; Intellectual Capital; Strategy

JEL Classifications: E24; E41; E64; I18; J28; J31

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1. Introduction and Brief Literature Review

Intellectual capital has been recognized as crucial for the long-term success of a company, and the importance of knowledge as an important and valuable asset for contemporary organizations has made its acquisition, development, exploitation, proper management, and promotion one of the fundamental responsibilities and challenges of organizations. Today, HRM plays a very important role in promoting and improving core competencies to the extent that knowledge management can be used as a process for sharing, creating, storing, and applying knowledge. Knowledge as an intellectual capital is considered a hidden asset of the organization, which, although it may not be seen on the balance sheet of annual reports, is a potential source of value creation and revenue for the organization (Siraj et al., 2022). Knowledge sharing, which implies the voluntary sharing of knowledge between individuals and teams in the organization, is a fundamental concept (Otoo, 2019). When organizational individuals share knowledge, they can increase collective learning and synergistic benefits to identify environmental opportunities and generate ideas for new products and services (Nugroho et al., 2025). According to Olan et al. (2022), knowledge sharing reduces costs, improves performance, provides customer service, and reduces the time to develop new products. The main issue of this research is to examine the role and importance of intellectual capital in the real value of companies and their financial performance; an issue that has a decisive importance and position in the success or failure of companies. Financial performance is defined as profitability, which is the ability of capital used to earn profit (Jahangir et al., 2025). In the concept of financial performance, in an economic enterprise that aims to increase the wealth of owners, paying attention to increasing profits provides the achievement of the goal. In fact, calculating the level of financial performance means the level of achievement of organizational goals. Many decisions made by managers of a company, its investors, and its creditors are based on evaluating the company's performance (Rajâa & Mekkaoui, 2025). Financial ratios that use data from a company's financial statements and specific data from the market are often used when evaluating a company's financial performance (Siraj et al., 2022). Based on literature review, the present study aimed to investigate the relationship between intellectual capital and financial performance based on the mediating role of knowledge sharing.

Performance is a multidimensional construct that shows how well an employee performs his or her duties and how well he or she uses the resources at his or her disposal. Therefore, it must be considered from different angles to accurately evaluate it (Abedelrahim et al., 2024). Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning it with the strategic goals of the organization. Therefore, it requires setting goals, observing performance, coaching, and providing feedback continuously so that the performance of individuals is in line with the goals of the organization (Buallay et al., 2021). The real experience of successful companies and organizations has shown that performance management has many positive results. First, individuals gain a good understanding of themselves and managers gain a good understanding of their subordinates and establish better relationships with each other. Second, it motivates employees, and past successes become the driving force for future successes. Third, providing real and reliable feedback increases the status, self-esteem and self-confidence of the individual. Fourth, promotion and reward are given based on justice and merit, and a meritocracy system prevails and the difference between diligent and

leisurely people is identified. Fifth, organizational goals are clearer and expectations from each job are specified, and the ground is prepared for improving performance and skills in line with organizational goals and greater employee responsibility, client and customer satisfaction. According to Vuong & Nguyen (2022), employee evaluation is a formal process for measuring and providing feedback to employees about the characteristics and manner in which they perform their activities, as well as recognizing their potential talents in order to flourish in the future. In an economic enterprise whose goal is to increase the wealth of owners, is, paying attention to increasing profits provides the means to achieve the goal. In fact, calculating the level of financial performance means the level of achievement of organizational goals. Considering the definition of organizational effectiveness and organizational performance and considering the operational goals that are considered in financial performance (Alecsoiu et al., 2022).

By studying the research background, in this article, the variables are divided into three categories: independent, mediating, and dependent. The dependent variable in this study is financial performance. The independent variables are HRM, which includes dimensions D1-D7 (training, compensation, recruitment, performance appraisal, participation, job security, environmental condition). Finally, the mediating variable of this study is employee cooperation (M1). Finally, according to the above-mentioned materials, the conceptual model of the study and the relationship between the variables of this study were presented in Figure 1.

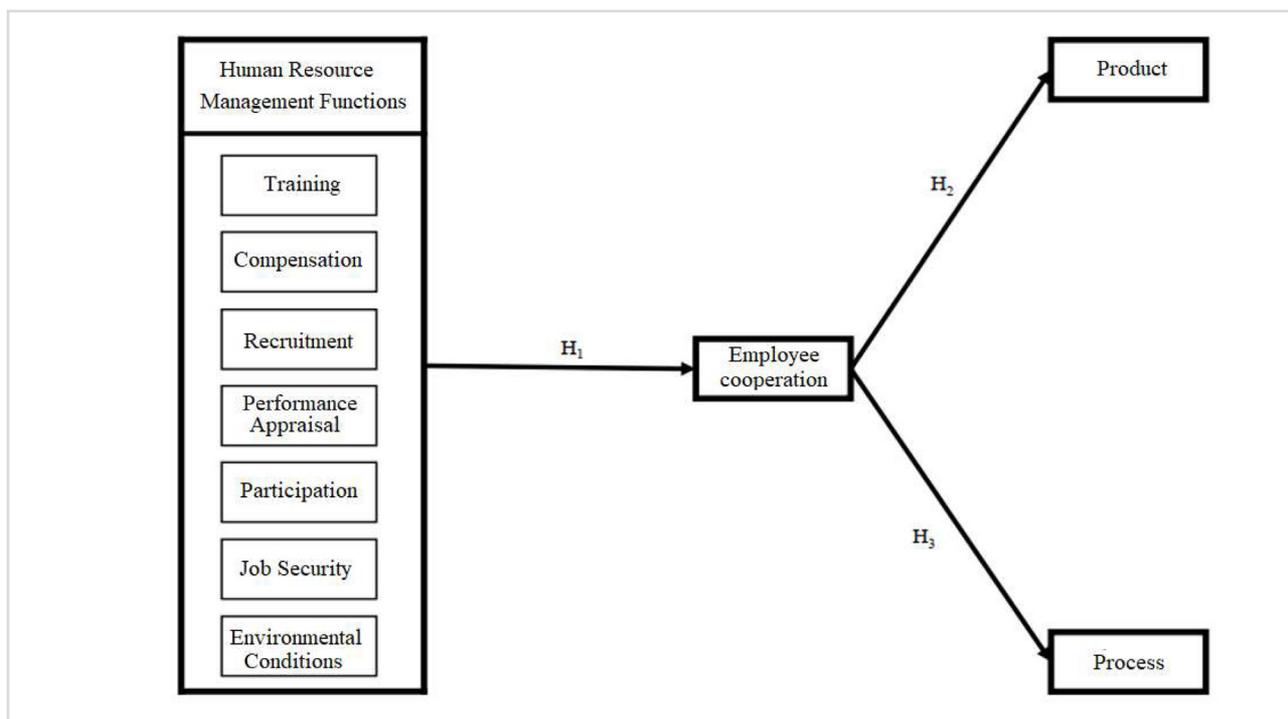


Figure 7:
Conceptual model

Source: Compiled by the Authors

The hypotheses can be listed as follows:

- H1: The impact of HRM on employee collaboration;
- H2: The impact of employee collaboration on product;
- H3: The impact of employee collaboration on process;
- H4: The mediation of cooperation in the impact of HRM on product;
- H5: The mediation of cooperation in the impact of HRM on process.

2. Method

The present study is applied in terms of purpose and is a descriptive-survey study in terms of nature and method. The statistical population of the study is financial companies in Uzbekistan, which at the time of the study consisted of 125 companies. A questionnaire was used to collect data. Also, a non-probability sampling method was used to distribute the questionnaires in the form of a census; in this way, the questionnaire was distributed to all the established companies,

and about 107 of the returned questionnaires were correct and usable. The questionnaire responses were also divided into a five-point Likert scale. In this study, structural equation modeling and the partial least squares method were used using SmartPLS software to test hypotheses and analyze data.

To examine the reliability of the questionnaire, Cronbach's alpha coefficient and composite reliability (CR) were used, the results of which in Table 1 indicate that the reliability of the research questionnaire is (more than) 0.7. The validity of the questionnaire was examined by two criteria of convergent and divergent validity, which are specific to structural equation modeling. Convergent validity refers to the ability of indicators of a dimension to explain that dimension, and divergent validity indicates that the structures of the research model should have a greater correlation with their questions than with other structures. To evaluate the convergent validity, the criterion of average variance extracted (AVE) was used, a value of 0.4 or higher is considered sufficient for this average, results of this criterion are shown in Table 1.

Table 1:
Reliability and validity of the final research model

Index	Variable	Questions	Cronbach's alpha	CR	AVE
HRM Functions	-		0.94	0.95	0.66
	Training	3	0.86	0.92	0.76
	Compensation	4	0.88	0.87	0.65
	Recruitment	3	0.81	0.86	0.72
	Performance appraisal	3	0.89	0.88	0.78
	Participation	4	0.75	0.91	0.66
	Job security	3	0.86	0.83	0.71
	Environmental condition	3	0.85	0.90	0.86
	Employee cooperation	5	0.87	0.89	0.67
	Product	2	0.78	0.83	0.71
	Process	3	0.81	0.88	0.69

Source: Authors' own findings

3. Results

The three basic criteria for evaluating a structural model are the coefficient of determination, the path coefficient, and the *t*-statistic. The coefficient of determination is the main criterion for evaluating the endogenous latent variables of a structural model. The numbers displayed on the path between the constructs are called the path coefficient. This number represents the standardized beta in the regression or the correlation coefficient of the two constructs. After testing the model and the output of the PLS software, the factor loading coefficients had an acceptable value above 0.4, which are shown in Table 2.

Table 2:
Fornell-Larcker Test

	D1	D2	D3	D4	D5	D6	D7	M1	O1	O2
D1	0.81	-	-	-	-	-	-	-	-	-
D2	0.55	0.77	-	-	-	-	-	-	-	-
D3	0.47	0.43	0.87	-	-	-	-	-	-	-
D4	0.72	0.66	0.56	0.92	-	-	-	-	-	-
D5	0.71	0.69	0.45	0.77	0.83	-	-	-	-	-
D6	0.43	0.61	0.41	0.43	0.41	0.84	-	-	-	-
D7	0.41	0.75	0.47	0.41	0.40	0.63	0.80	-	-	-
M1	0.51	0.68	0.44	0.71	0.62	0.44	0.61	0.81	-	-
O1	0.49	0.66	0.43	0.62	0.55	0.61	0.45	0.62	0.82	-
O2	0.55	0.73	0.61	0.65	0.60	0.51	0.46	0.51	0.55	0.88

Source: Authors' own findings

The value of the coefficient of determination is always a number between zero and one. The values of the coefficient of determination equal to 0.33, 0.67 and 0.19 in the PLS path models are described as significant, moderate and weak, respectively. According to Figure 2, the values of the coefficient of determination for the product and process variables and employee cooperation are 0.34, 0.50 and 0.57, respectively, which are between 0.33 and 0.67.

The significance test of the *t*-test is used to test the hypotheses. If the value of these numbers exceeds the absolute value of 1.96, it indicates the correctness of the relationship between the structures and, as a result, the confirmation of the research hypotheses at a confidence level of 95%. The output of the PLS software in the standard mode for path analysis and hypotheses testing is shown in Figure 2.

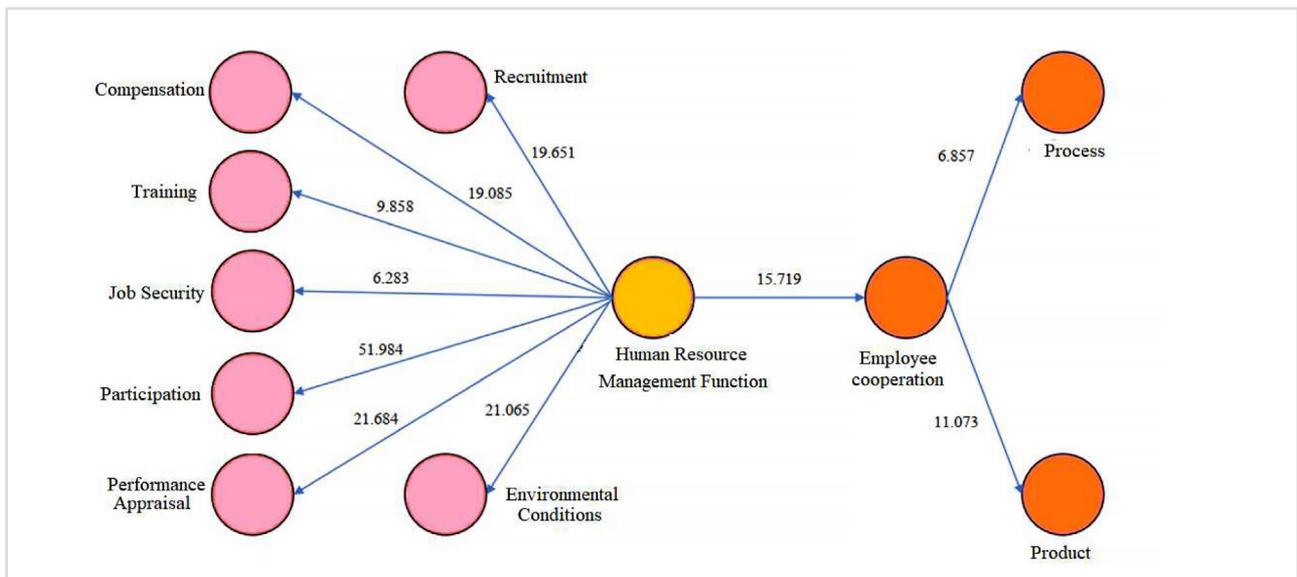


Figure 7:
t-test results

Source: Compiled by the Authors

According to the tested model in Figure 2, the *t*-value of all variables is above 1.96, which indicates the significance of the relationships. To examine the fourth and fifth hypotheses, which examine mediating role of employee collaboration variable in the impact of HRM functions on product and process, the Sobel test was used.

In order to examine the overall fit of the model (see Table 3), the GOF criterion is used, which is related to the general section of structural equation models and shows how expressive the model is (Sarstedt, et al., 2022). Three values of 0.01, 0.25, and 0.36 are considered as weak, medium, and strong values for this criterion, respectively, which is obtained by substituting the average of the common indices multiplied by the average of the coefficients of determination, which in this study is equal to 0.626. This number indicates the high quality of the entire model and indicates that this model has a predictive ability of up to 62%.

Table 3:
Hypotheses results

Hypotheses	Path coefficient	Sig. value	R2	Results
H1	0.776	16.661	0.556	confirm
H2	0.721	12.033	0.501	confirm
H3	0.618	7.116	0.487	confirm
H4	0.602	8.451	-	confirm
H5	0.538	6.689	-	confirm

Source: Authors' own findings

4. Conclusion

In the present study, the effect of HRM on performance was evaluated through employee relations as a mediating variable. Considering the results obtained from the estimation of economic growth equations, in both the long-term and short-term periods, the coefficients of the variables of employee cooperation and human capital were shown to be positive, which is consistent with the results of previous studies, such as Buallay et al. (2021), which all indicate the existence of a positive relationship between these variables and performance. On the other hand, based on the proposed requirements and the tests conducted, a positive relationship between the two variables of performance and human resources has generally been confirmed, and these two variables indirectly affect the growth of the system by influencing each other. Human resources, as the most key organizational resources, will be used efficiently and effectively when they are managed with a strategic approach. The strategic approach in HRM is the concept of using new techniques and methods that the organization can rely on to respond appropriately to an unstable environment and mobilize human resources to gain a competitive advantage. There is a strong relationship between human capital and company performance, which is why it can help the system grow. Individuals have a diverse set of skills and knowledge, this relationship can be measured by amount

of investment in individual education. HRM through the dimension of the training, compensation, recruitment, performance appraisal, participation, job security, environmental condition, can affect Employee cooperation, product, and process of companies. So governments that are aware of the relationship between human capital and economy provide higher education at little or no cost. When human capital increases in areas like science, education, and management, it leads to increased innovation, social welfare, equality, and increased productivity, improved participation rates, all of which contribute to economic growth, and ultimately increased economic growth leads to improved life quality.

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