

Human Resource Management Practices Develop Product Differentiation and Cost Leadership Strategy, Enabling Organizations to Attain Competitive Advantage: A Narrative Review

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Abstract

Human resource management practice (HRMP) has been broadly acknowledged and widely recognized by almost every organization. Many studies have been conducted to review the application of human resource management (HRM) and other aspects that have manifested and been determined to be true in a variety of scenarios. HRM practices are essential and effective in the delivery of services and socioeconomic growth. In well-established organizations, up-to-the-level performance and competition are impossible without the required skilled, well-motivated people working in a good human resource management programme development. In both small and big educational institutions, a framework that relies on human resources management strategies for programme implementation is required in an educational setting the most essential practices of human resource management are selection and recruitment, appraisal of performance, training and development and reward remuneration systems. It is very pertinent for an organization to comprehend methods of attracting, retaining boast the Morales of those in the marketplace who are skilled and competent. Organizations by the virtue of implementation of soft dimensions of HRM become able to gain a competitive edge. From the available literature, it is evident that through the procedures and practices of human resource management not only the performances of an organization are enhanced but it becomes able to get what is called “competitive advantage”.

Keywords: HRM practices; organizational performance; competitive advantage; educational settings.

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1. Introduction

Traditional economics has moved to a knowledge-based economy, with employment manifesting as knowledge application; simply put, we are now in the era of the knowledge economy (Awan & Saeed, 2014; Muhammad, 2015). Business practices have changed, with tangible assets accounting for 20% of business assets and intangible assets/intellectual capital accounting for 80% of an organization's assets (Roos et al., 2001). One can easily see how much change has occurred by comparing two eras, i.e. the present and the past. According to Bhasin (2012), in the past, 70% of investments were made in the form of material, and approximately 30% of investments were made for the growth of intellectual capital (IC), which was the training of employees to make them more skilled, but in the last few years, 67 % of investments were allotted for research and development, IT, Education, skills and abilities while 33% of the investments were allocated for tangible assets. These data reveal that the production, measurement, appraisal, and observation of intellectual capital currently requires a great deal of thought. Human resource management (HRM) is viewed as a venture in human capital when employees perform exceptionally well and bring value to their employer's business (Snell & Dean, 1992).

Human resource management is an essential function of administration that regulates the performance of employees in any organization. Human resource management has a critical administrative role that oversees employee performance in any organization. Recruitment, training and development, performance evaluation, pay management, well-being and health, and trade interactions are all HRM practices. While Obeidat and Abdallah (2014) added that job nature activities and teamwork as essential HRM practices. HRM, as a method of dealing with human abilities to fulfill an organization's goals, will necessitate the most effective use of employees (Fong et al., 2011; Gope et al., 2018). Educational Human resource management in the education sector is the process of inspiring people to get the most out of their performance to accomplish exceptional performance even from the day they were inducted, as educational institutes are organizations like any other. This proves that using people to fulfill their jobs and tasks at school is a good idea. This affirms the use of people to perform various activities and roles in the school (Oduma & Ile, 2012).

There has been very extensive literature available regarding the practices of HRM which is based on different types of data; however, the instant study has taken four of the famous human resource technique and practices which include: the process of making selection and recruitment, assessment and appraisal of performance, development and training and system of reward and compensation. It was the enhancement of performance of organizations and efficient delivery of services of an organization that have often been referred in HRM literature became of the reason of justification of the selection of the above said four HRM practices for the current study. Consequently, the current study has given priority and preference to the four practices over others because these four are mainly responsible for the

enhancement of the performance of an organization as well as getting a competitive advantage.

2. Literature Review

Human Resource Management (HRM) will be more effective in any organization if new information systems are implemented, followed by effective administration and management of these systems for the benefit of other stakeholders (Cegarra-Navarro et al., 2016; Teymournejad & Shahtaheri, 2019).

For the execution of their plans, all educational institutions are today heavily reliant on human resource management systems. Similarly, Nwaka and Ofojebe (2010) stated that teachers can play an important role in the shaping and implementation of desired classroom objectives. A manager in the private or public sector is well aware that employees are the essential pillars of any organization for accomplishing organizational goals; without them, these organizations will neither be productive nor efficient (Oduma & Ile, 2012). Similarly, these are the teachers who are responsible to make school plans more effective and ensure that the policies mentioned in the school curriculum are implemented. In the end, it is the teacher who evaluates and implements policy (Omojunnwa, 2007). It is simply possible to sustain and humanize educational standards by having teachers work in their particular institutions. As a result, teachers are the most important people in the school. These teachers are the most valuable resource for acquiring knowledge. The ability to teach the curriculum successfully is hampered by a lack of or poor management of instructors. It is critical to remember that efficient human resource management in educational settings can only be achieved if teachers promote the learning process for self-actualization and national growth.

The literature review focuses on two core aspects: human resource management practices and competitive advantage, as well as the potential impact of human resource management practices on competitive advantage in educational settings in Pakistan, a third-world country.

2.1 *Human Resource Management Practices*

This study focuses on four core HRM practices: recruitment and selection, training and development, performance appraisals, compensation and reward, based on the extensive literature available. While the rationale behind selecting these practices is that the aforementioned practices appear frequently in HRM literature for the sake of engineering and service trades know-how.

2.1.1 Recruitment and selection

Most employers agree that their employees are their most valuable asset, thus recruitment and selection methods are vibrant and ensure that a newly recruited employee can become adept and provide desired results in a short period. In a nutshell, an institute's success is influenced by having the right amount of people, as well as having the right skills and talents cited in Obeidat et al. (2019). The process of assessing potential employees and encouraging and motivating them to apply for jobs in a business is known as recruitment and selection (Edwin, 1980). Recruiting, according to Khanna (2014), is defined as the practice of advertising vacancies in any valued capacity most appealingly and equitably possible with the only objective of attracting to the role as many competent people as possible. In contrast, the selection is a way of categorizing the most eligible job applications in order to determine who will be hired or fired as a result of their performance.

However, recruiting and selection are two linked forms; we may say that recruitment is a technique for creating a pool of talented people to apply for jobs in a business, whereas willpower is the process of applying certain procedures to select the most equitable applicant for work (Gold & Bratton, 2003). Furthermore, before the recruitment and selection process, an advertisement may be prepared for the announcement of vacancies based on job descriptions; following that, the position that has been widely advertised attracts a large number of candidates, and then the scrutiny begins for shortlisting candidates and identifying them through validated trials and interviews (Adetunji, 2015). Methods of recruiting individuals can be divided into two categories i.e. internal and external. Present employees and employee recommendations make the internal units of recruitment whereas external elements of recruitment include professional associations, printed announcements, unsolicited candidates, referring organizations, and the use of the internet/ Facebook/websites in the internal method of recruitment (Absar, 2012). A number of selecting approaches may include difficult procedures, while others may place a greater emphasis on conducted interviews and the use of credible sources (Tabassum, 2011).

Human resource professionals understand how to locate and pick the best employee through the selection process, as well as how to keep the most qualified and capable employee. They also have access to critical information that aids in the decision-making process (Longenecker & Fink, 2013). A high level of commitment can be achieved as a result of effective recruitment and selection. Activities related to human resource management (HRM); if carried out properly, these activities can have a substantial impact on institutional performance, hence contributing to a more pleasant organizational image (Pilbeam & Corbridge, 2006). Caldwell et al. (1990) studied 291 employees from 45 organizations and discovered that rigorous recruitment and meticulous selection led to a high level of organizational commitment (Whitener, 2001). Even if the candidates are in danger of losing a potentially crucial representative, philosophical quality to them may give the sense of genuineness (Meyer &

Allen, 1997). Clear induction, suitable applicants, and selecting candidates are the three steps in the recruitment and selection process (Armstrong, 2001). The better the job, enthusiasm, effective results, and impassioned workforces are, the more impartial induction and selection procedures and protocols are used in organizations (Rioux & Bernthal, 1999). This results in slight variations in the selection process from one institute to the next. The following steps, however, are generally followed: completion of application forms, preliminary tests (including on-paper examinations), broad interviews (including reference checks), and finally an offer of employment (Absar, 2012).

2.1.2 Training and Development

Training and development are primarily focused on obtaining an understanding of how the organization's strategies, methodologies, and practices are implemented. Training and development is the most important practice in human resource management; it improves the job setting and employee performance, promotes mutual respect, and advances the institute's level (Ahmad et al., 2014). In the training and development process, there are five steps: first, understanding the worker's abilities, profession-based performance skills required for the position, and second, instructional strategy, which describes how the training programmed element is determined, carefully chosen, and intended. While there will be another level of validation, at this step, the defects in the training package are identified and divorced from it by handing it over to a less representative community. Similarly, the provision of training to the targeted workforce team is advised as the fourth step of implementation. Finally, in the fifth phase which is an evaluation, the administration analyses the program's achievements and failures (Obeidat et al., 2019).

According to the little page, a variety ranges of training and development methods are available, which can be divided into three categories: cognitive improvement techniques, behavioral change approaches, and managerial improvement approaches. Cognitive methods, which might contain printed or verbal information as well as visual representations of connections between ideas, are used to determine how to do any task successfully. They are connected with changes in knowledge and confidence as a result of stimulating education, whereas behavioral techniques are related to giving trainees hands-on experience and allowing them to participate in an actual real-world situation.

These techniques and methods are extremely effective when employed to develop someone's talents. Finally, administration development strategies are a well-thought-out and forward-thinking approach. And there's a big emphasis on employee learning. Exercise and comprehension training is included in a lot of these strategies.

Training and development play a critical role in keeping businesses and government organizations operating and gaining a competitive advantage in their circles, as well as achieving the best results because training and development programmed improve workers' skills, which leads to increased employee productivity (Chaudhary & Bhaskar, 2016). It is critical in the commercial sector and government institutions to maintain and support individual employees in learning first-hand experience and information in order to increase their presentation skills and understanding of various organizations (Joardera et al., 2011). Furthermore, define training and development as a set of competencies, methodologies, and pieces that come together to form a consistent strategy that is driven by the organization's desire to increase the capabilities of its employees. These training and improvements are very beneficial in terms of developing staff competencies as well as enhancing networking, experiences, and learning through social capital (Choo & Bowley, 2007).

Training is essential for organizational growth since it enhances employees' knowledge, such as technical, abstract, and administrative abilities, and these skills aid individual success in institutes (Kulkarni, 2013). Training and development have a positive influence on creating relationships between managers and coworkers in the institute, resulting in a productive working environment (Vuta & Farcas, 2015). Training and development improve individual abilities and increase job satisfaction among employees, resulting in raises in pay, promotions, and incentives (Chaudhary & Bhaskar, 2016). They went on to say that if a company wants to compete in the market, it needs to have a comprehensive employee development programme in place. Because good training and development improve organizational performance, employee excitement, satisfaction, and responsibility (Lashley, 2002).

2.1.3 Performance Appraisal

Performance appraisal is an occasional but formal system by which workers are assessed by organizations is that supervisors assess workers' performance based on already set goals and aims and assign a score based on their appraisal (DeNisi & Murphy, 2017). According to Mondy and Noe (2005), performance appraisal is a technique for identifying, measuring, appraising, improving, uplifting and compensating individuals for their contributions to organizations. The organization's main focus is on performance appraisal, which is beneficial in developing the organization, identifying potential workers, and assessing employee performance, all of which are required for the organization's prosperity and uplift (Lau et al., 2008). Performance appraisals track how well and how much individuals complete job-related tasks and they aid in identifying the most capable workers (Ishizaka & Pereira, 2016). Performance appraisal is becoming increasingly used as a tool for efficiently managing and improving employee performance (Buchner, 2007; Selvarajan et al., 2018).

The goal of performance appraisal is to motivate people to improve and develop their performance in the workplace (DeNisi & Pritchard, 2006; Selvarajan et al., 2018). Performance appraisal is thought to be especially important for motivating, encouraging, and developing the highly competent knowledge personnel needed for a successful and competitive education sector (Gu & Nolan, 2017). When compensation and awards are conditional on performance, performance appraisal helps people to learn and enhance their abilities as well as achieve their aims, goals, and objectives (Ma et al., 2017).

According to Mondy and Noe (2005), performance appraisal is a technique for identifying, measuring, appraising, improving, uplifting and compensating individuals for their accomplishments in the workplace. The organization's key consideration is performance appraisal, which is beneficial in strengthening the organization, identifying potential workers, and assessing employee performance, all of which are important for the company's prosperity and uplift (Lau et al., 2008). Fair and honest employee evaluation based on the logical principle of performance can excite employees in the organization and increase their expectations to stay with the company, which will have a direct impact on the company's performance and achievements.

2.1.4 Compensation and Rewards

Compensation is a component of HRM practices in which organizations provide some type of reward based on an individual, workgroup, and long-term performance (Jimenez Jimenez & Sanz Valle, 2013). Compensation is defined as remuneration received by a worker in exchange for his or her services to the organization, and it is considered an integral part of human resource management. It is obtained through both financial and non-financial benefits that aid in motivating employees and humanizing the organization's usefulness.

Organizations that, under all circumstances, compensate employees based on their job-related performance (Alkahtani, 2015). Employees in the organization are compensated based on relevant input on resources invested, recommendations, and pay performance size compensations (Noe et al., 2015).

2.3 Competitive Advantage

Reserchers, Yaseen et al. (2016) established that when an organization has a competitive advantage it stands in a high position in comparison to other organizations in terms of outcomes. In competitive advantage, an organization produces something valuable but something which is unusual and its production is difficult for other competitors; in addition to this, the superiority of human resource further enhance the growth of the organization (Tiwari & Saxena, 2012).

Performance evaluation, payment, selection procedures, service security, job metaphors, career opportunities, and preparation and development procedures are all examples of HRM practices that can be used to inform employees about the necessary skills and attitudes to produce and maintain a competitive advantage (Adil, 2015). As a result of well-managed human resources, HRM has the potential to be a source of sustainable competitive advantage. It will have an impact on fundamental objectives such as quality, revenue, and customer satisfaction (Absar, 2012). Furthermore, HRM techniques can be utilized to enhance a company's skills and introduce organizational knowledge, resulting in the possibility of sustaining a competitive advantage (Lazim et al., 2015).

Similarly, cited in Obeidat et al. (2019), state a competitive advantage is fundamental for satisfied customers who want a better standard on newly launched products in order to earn a higher revenue compared to the value suggested by the owners to the management; such proposals can be achieved through production organization, increased application, and bringing products to the market; A value-creating strategy that is not forced by their competitors, or the use of tactics that have previously been employed by competitors, but done in a more sophisticated manner, are two ways to achieve this objective. In addition to building bad internal and external business ties, variables that provide a competitive advantage are responsible for developing a reputation for manufacturing exceptional products (Sachitra & Chong, 2016).

2.4 *Strategies for Competitive advantage*

Two main strategies mainly focus on competitive advantage. These strategies are differentiation and cost leadership.

2.4.1 *Differentiation Strategy*

Customers are mentally prepared to pay a greater price for manufactured items if they find them to be distinct from other products on the market. The distinction could be in the form of better service, higher quality, or a unique feature. Differentiation strategies are frequently established based on various characteristics, such as item quality, expertise, novelty, trustworthiness, brand image, company reputation, stability, and customer convenience. When using a realistic approach, competitors will find it extremely difficult to replicate (Acquaah, 2011).

2.4.2 *Cost Leadership*

The cost leadership policy has a procedure for manufacturing products or refers to those facilities which are attractive to the customers for having low cost compared with other competitors (Obeidat et al., 2019). According to Tanwar (2013), technological revolutions

that wipe out previous investments and outdated earlier knowledge, imitation by late competitors who benefit from the low-cost culture, a lack of consideration for clients' needs and inclinations due to excessive cost-cutting concerns, and unexpected price increases are some of the threats that cost leadership is vulnerable to.

2.5 *Human Resource Management Practices and Competitive Advantage*

Although the most significant prerequisites for gaining a competitive advantage are production capabilities, research test centers, right of entry to economic resources, supply networks, or large-scale cost-cutting. In today's business world, however, these are insufficient for success. However, only human capacity is highly valued because it has the capability of learning new knowledge, propagating it, and making a contribution in the current world market; all other forms of assets are merely seen as entities that can be purchased easily at market rates. It is an only human ability that is highly regarded because it has the capability to gain new knowledge while also spreading and contributing (Coff & Kryscynski, 2011).

3. Methodology

Keeping in view the vital role of the HRM practices in boosting the performance of the organizations' several research papers were downloaded from different databases, especially with reference to educational institutes. These papers are thoroughly examined, consequently, theoretical and conceptual frameworks developed to proceed and conclude this comprehensive study. Hypothesis arrayed to justify and verify the theoretical and conceptual frameworks in light of existing discussions and conclusions of selected studies.

This study is delimited to the four pivotal practices of the HRM namely: 1) Selection and Recruitment, 2) Training and development, 3) Appraisal System, 4) Reward and Compensation.

3.1 *Theoretical Framework*

Human resource management (HRM) is a broad term that refers to managing institutional employees through proper strategic resource management, acquiring competitive advantages, and creating more value than other organizations (Obeidat et al., 2019). Human resource management includes policies, procedures, processes, and practices that influence employee behavior, skills, and productivity. Cited in Obeidat et al. (2019), found that high-value HRM strategies such as appropriate recruiting, training, performance evaluation, and remuneration had a positive impact on innovation.

HRM practices in a well-organized company will be responsible for achieving competitive advantage through the use of cost leadership phenomena and the implementation of a product differentiation strategy. As a result, according to Shouman and Othman (2016), Differentiation tactics are exclusively based on supplying customers with something distinctive or different that distinguishes the company’s product or company’s service from those of competitors. All and above cost leadership of an institution can be found in its ability to make available products/ services which are not only cheaper but also has quality when compared to the other such competitors (Aziz & Samad, 2016).

Human resource management is widely regarded as the most essential factor in increasing the efficiency of an organization and so gaining a competitive advantage in the marketplace (Obeidat & Abdallah, 2014). Competitive advantage refers to a group of abilities that allows an organization to generate higher-quality work than its competitors, whereas “competitive advantage” refers to a set of talents that enable an organization to produce higher-quality work than its competitors (Bobillo et al., 2010). Because of this, businesses can only gain a competitive advantage by offering the same profits as their competitors but at lower prices, thereby providing customers with an economic benefit; similarly, they can gain an advantage by providing benefits that exceed those of competing items, demonstrating a differentiation advantage to customers (Obeidat et al., 2019).

3.2 Conceptual Framework

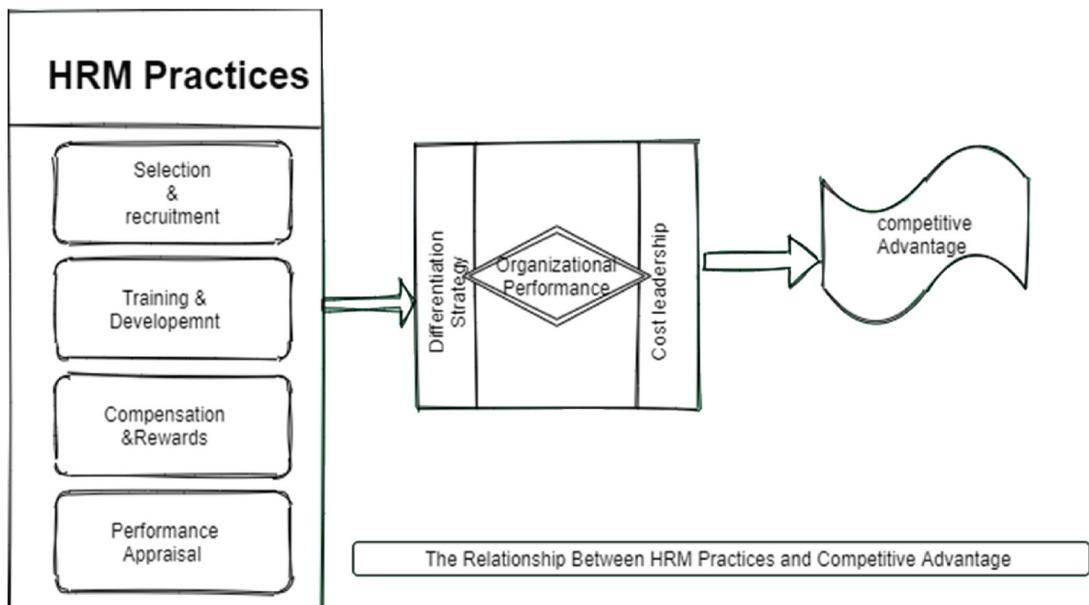


Figure 1: Conceptual Framework

3.3 Hypotheses

H1: Selection and recruitment practices significantly affect organizational performance.

H2: There is a significant relationship between training and development practices and organizational performance.

H3: Compensation and rewards significantly enhance organizational performance.

H4: The performance appraisal system of an organization improves its performance.

H5: There is a strong relationship between organizational performance and competitive advantage.

4. Discussion

Available literature responds to the first hypothesis (H1), Khanna (2014) articulated that staffing is the process of announcing through print or electronic media that certain vacant positions are available and offering a generous package to the most qualified and talented candidates with valuable skills, whereas selection is the process of reviewing applications after they have been submitted for the advertised jobs and then scrutinized. Most organizations believe that their employees are their most precious asset; as a result of this, enlistment and selection procedures are critical in ensuring that a newly employed employee can become productive and achieve the required outcomes in a short period of time after being hired. Recruitment and selection are two intertwined concepts: recruitment is the process of selecting a group of qualified individuals to apply for work with a company, and selection is the tool by which certain procedures are used to select the most suitable applicant for the job (Gold & Bratton, 2003).

There are three distinct parts in the recruitment and selection process: identifying recruiting requirements, enticing prospects, and selecting aspirants (or candidates for hire) (Armstrong, 2001). Recruitment and selection procedures typically begin with the publication of a job advertisement that is based on job investigative process and job description of a vacant position; following that, the position is advertised widespread in order to gain a maximum number of applicants; and finally, the most eligible applicant is chosen through authentication mechanism trials and interviews (Adetunji, 2015). It is possible to divide recruitment methods into two categories: internal and external recruitment methods). Existing employees and employee referrals are among the members of the internal recruitment team; expert associations, printed advertisements, unsolicited candidates, management referring companies, and the company's website are among the members of the external recruiting team (Absar, 2012). A number of selection processes may include testing measures, while others may place a greater focus on interviews and the recommendations of some industry experts (Tabassum, 2011). The success of a company can be influenced by having the appropriate amount of employees with the appropriate skills and aptitudes on hand). In an organization, recruitment and selection is the process of scouting for potential employees and encouraging and inspiring them to apply for positions within the organization (Edwin, 1980).

As mentioned in the research study conducted by Caldwell et al. (1990), it is possible to acquire a high degree of commitment by following effective recruitment and selection procedures. A total of 291 employees from 45 companies participated in the study, and the researchers discovered that rigorous recruitment and careful selection processes resulted in a high level of organizational commitment (Whitener, 2001). Even if the candidates are in danger of losing a potentially crucial representative, the philosophical quality of the candidates might create an image of genuineness (Meyer & Allen, 1997). Employees' performance, motivation, effective results, and passion will all improve when institutions have fair recruiting and selection policies and regulations in place, according to research (Rioux & Bernthal, 1999).

A key reason why human investigation leaders are so successful in their work is that they understand how to attract, select, and retain top talent in an elegant manner. At regular intervals, they also keep themselves updated on critical issues, such as the correct number of people and roles in their offices, as well as the status of their projects (Longenecker & Fink, 2013). Recruiting and selection work together to form the foundation of human resource management accomplishments; if these activities are completed successfully, they can have a significant impact on organizational achievements, thereby contributing to the formation of a more positive institutional image (Pilbeam & Corbridge, 2006). As a result, Pilbeam and Corbridge (2006) provided a useful outline of possible positive and negative characteristics, stating that: The process of recruitment and selection of employees is critical to the operation of a business, and there are several compelling reasons for conducting it accurately. Mistaken selection decisions impair the organizational performance, because remuneration and development plans to be thrown off track, are frequently unjust, especially to newcomers, and can be stressful for managers who are forced to work with inappropriate employees.

4.1 *Second hypothesis (H2) can be cleared from the existing literature such that*

Training and development are primarily concerned with the achievement of an understanding of how strategies, processes, and practices are implemented in organizations, which is referred to as organizational understanding. Training and development is the most important practice in human resource management since it helps to make the workplace more productive and increases the performance of individuals while also promoting mutual respect and raising the overall level of the business (Ahmad et al., 2014).

Because training and development packages increase staff skills, which in turn increases team performance in the firms, the role of training and development is extremely important in all types of businesses, educational institutions, and public organizations in order to keep organizations successful and achieve competitive advantage and further to get the best outcomes. Training and development packages increase staff skills, which in turn increases team performance in the firms (Chaudhary & Bhaskar, 2016). In the worlds of

commercial and public organizations, it is critical to assist and enable the individual employee in becoming aware of new capabilities, familiarize themselves with objectives, and expand their existing skills and knowledge in order to further their careers (Joardera et al., 2011). explain that training and development is a collection of techniques and approaches that are rewarded in order to establish a purposeful attitude that is adopted by the firm's efforts to improve the know-how of its employees, which they define as follows: The benefits of training and development go beyond simply enhancing an employee's knowledge; they also involve the chance to connect with and learn from people who come from a variety of different backgrounds and experiences (Imran & Tanveer, 2015).

Training builds competencies among employees, such as technical, conceptual, and management abilities, which are necessary for organizational success. These competencies aid in the improvement of individual performance in the organization (Kulkarni, 2013). Training and development also help to strengthen the bonds that exist between managers and their employees, which helps to establish a productive working environment in the firm (Vuta & Farcas, 2015). Individual skills and high levels of job satisfaction are enhanced through training and development, and as a result, increases in salary, promotions, and incentives are realized by employees (Chaudhary & Bhaskar, 2016). Found that training and development boost the productivity of a company. They went on to say that organizations that want to compete in the marketplace must set up employee development programmes within their own organizations. Training and development that is effective improve organizational performance, employee motivations, employee satisfaction, and staff commitment (Lashley, 2002). Learning new technology and skills allows small firms to grow into large enterprises by educating their existing employees as well as newly hired employees, and by utilizing innovative technologies, small businesses may thrive in a competitive environment. To summarize, training can boost the productivity and inspiration of employees, resulting in an increase in both productions and work satisfaction for the organization (Alaraqi, 2017).

4.2 *Third hypothesis (H3) are responded through certain studies*

Chaudhry (2011) went on to say that organizations' incentive systems improve the performance and concentration of their employees and that when a company improves the performance of an employee in an impartial manner, the organization's effectiveness and efficiency are increased as a result. However, according to Frye (2004), rewards are lifelong motivations that authenticate employee perceptions. Furthermore, human capital is the most important significant benefit for any organization's performance, and the damage done to valuable human capital as a result of deprivation of inducements may be extremely costly to the company. It was also stated that there is a positive relationship between skills and experience-based compensation and the performance of a business. It aids in enhancing the motivation of high-skilled employees, as well as attracting and retaining them. Inclusion in the category of compensation and rewards benefits are all forms of payment and prizes such

as bonuses, commissions, leaves of absence, appreciation programmes, flexible work hours, and medical protection (Sherman & Snell, 1998). While investigated the intrinsic and extrinsic payment instruments in the education sector of Pakistan and found that compensation has an organizationally positive relationship with motivation; increases worker spirit and maintenance; increases representative commitment; and increases profitability. Furthermore, compensation can help to stabilize and retain people, as well as to reduce employee turnover within a company (Odunlami & Matthew, 2014).

Because of this, the institute's reward system should be an effective instrument for fostering desired employee behavior and a positive mood throughout the organization (Beck-Krala & Scott, 2014). In contrast to this, Delery and Doty (1996) found that performance-based compensation was the only reliable predictor of a company's performance. Similarly, Paul and Anantharaman (2003) pointed out that the compensation arrangement has a direct impact on the employee's ability to accomplish their job duties. For the avoidance of doubt, reward and compensation policies must be considered vital to the achievement of company objectives.

4.3 *Fourth hypothesis (H4) well explained in literature invaluable words*

In businesses, performance appraisal is a formal system through which employees are evaluated. Supervisors analyze employees' performance in accordance with a predetermined set of objectives and goals, and they then assign a score to the employee based on their evaluation (DeNisi & Murphy, 2017). It measures how well and to what extent individuals perform in the performance of job-related activities and tasks, and it aids in the identification of the more competent employees (Ishizaka & Pereira, 2016). In recent years, performance appraisal has become more recognized as a tool for efficiently managing and improving employees' performance (Buchner, 2007, Selvarajan et al., 2018).

The purpose of performance appraisal is to stimulate employees so that they can ultimately improve and develop their performance in their respective workplaces (DeNisi & Pritchard, 2006; Selvarajan et al., 2018). Performance evaluation is seen as particularly important for the inspiration, encouragement, and improvement of highly skilled knowledge, and employees will require an effective as well as competitive evaluation system in educational settings to be effective and competitive in their jobs (Gu & Nolan, 2017). Compensation and rewards based on performance encourage employees to develop and enhance their abilities as well as to achieve their aims, goals, and objectives when compensation and awards are conditional on performance (which is the case in most organizations) (Ma et al., 2017). The performance view offers significant potential for increasing the value of employees based on their individual and collective performance. On top of all this, highly valued employee performance appraisal and reporting lead to a boost in employee engagement, inspiration, and job fulfilment. The objectives of performance reporting are to increase individual and

group performance while also assuring employee commitment, excitement, and enjoyment in the workplace (Aguinis, 2009). Employee working behaviour can be transformed through performance review and reporting, which also improves job satisfaction and working circumstances for the employees involved (Islam & bin Mohd Rasad, 2006). There is a dire need for an effective performance appraisal system for the effective functioning of any organization (Alaraqi, 2017).

H5: There is a strong relationship between organizational performance and competitive advantage.

The competitive advantage gained through human resource management strategies may be more sustainable than the advantage gained through other means. As a result, a company's human resource management methods need to be regularly improved in order to maintain its competitive advantage. In order to ensure that the provision of skilled and competent persons, as well as the competencies of existing employees, are aligned with the company's current and upcoming business strategies, the division of human capital is motivated to achieve this milestone. This will allow the company to take full advantage of profit on financing, understanding, close monitoring and digital systems (Obeidat et al., 2019).

The most effective human resource management strategy Firstly, organizations provide internal career opportunities as well as proper recruitment and selection of employees; second, organizations provide a wide range of training opportunities for their employees; third, performance appraisals are hypothesized on the basis of outcome performance evaluations and the extent to which subordinates are taken into consideration in these evaluations; fourth, generous incentives and reimbursements are provided to workers in exchange for motivation, desirableness, and reducing turnover; and fifth, workers are encouraged to participate in company activities (Akhtar et al., 2008). Differentiation and cost leadership strategies are two of the most widely recognized programmes that place a strong emphasis on achieving competitive advantage.

It has been discovered that clients of differentiated items are less sensitive to rate changes, which is one of the advantages of the differentiation strategy. Another advantage is that these strategies are built on the foundation of exceptional quality, which in turn increases the potential market share that a company might earn in the future. In addition, items that are incredibly popular and trustworthy make it harder for new rivals to enter into competition with the surviving firms that already hold these qualities (Altaf & Khalil, 2016).

When it comes to companies that successfully follow cost leadership, Hilman and Kaliappen (2014) identified six key cost benefits or ways of gaining cost advantages. These include size variances and cost-cutting of scale, high volume utilization, knowledge differences and learning-curve financial prudence, differential low-cost entry to fruitful inputs and technological benefits that are independent of scale, as well as policy adoptions.

4.4 *Conclusion*

The impact of human resource management practices on competitive advantage has a direct correlation to the organization. Previous empirical research investigated the relationship between human resource management strategies and acquiring a competitive edge (Bhattacharjee & Bhattacharjee, 2015; Takeuchi et al., 2003; Waiganjo et al., 2012). Among other things, human resource management has the potential to be a source of long-term competitive advantage, and it would have an impact on primary objectives such as excellence, yields, and customers satisfaction (Absar, 2012). As a result, human resource management (HRM) is critical for attaining competitive advantages in education (Usrof & Elmorsey, 2016). Continuous changes are taking place around the world in educational settings, and these changes have a significant impact on the long-term stability of institutions. As a result, businesses must employ a variety of strategies, either directly or indirectly, to manage and address the changes that threaten their existence in order to remain viable (Teymournejad & Shahtaheri, 2019).

The emergence of new knowledge and awareness has prompted competition between educational institutions. Consider human resource management (HRM) as a change strategy, which is the most significant function that it can play in an organization's success (Teymournejad & Shahtaheri, 2019). Navarro-Gómez and Rueda-Narvaez (2015) argue that human resource management (HRM) might be the most significant changing element in an organization by bringing in new information into the system from one side and successfully managing that information from the other. This simply indicates that when pedagogues in the educational settings are effectively recruited, selected and directed, inducted and sufficiently compensated, and provided for, appropriately developed, assessed and promoted to the next rank, they will be found committed to their jobs, will remain devoted and will be creative in the education systems (Omebe, 2014).

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