

HUMAN RESOURCE MANAGEMENT PRACTICES AND COMPETITIVE ADVANTAGE: THE MEDIATOR ROLE OF PERSON-ORGANIZATION FIT

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ABSTRACT: *Competitive advantage has been viewed as an essential tool for organizations to compete in the current business environment. Kuwaiti manufacturing companies strive to cope with new changes and adopt competitive advantages to survive and continue in the global economy. The purpose of this study is to examine the direct relationship between human resource management (HRM) practices and competitive advantage for Kuwaiti manufacturing companies, as well as the indirect relationship between HRM practices and competitive advantage by means of person-organizational (P-O) fit. The respondents were employees working in sixty-three manufacturing companies. The findings indicate that HRM practices have a significant positive impact on competitive advantage. In addition, the P-O fit has a mediation impact on the relationship between HRM practices and on competitive advantage. Our results showed that only eleven of twenty HRM practices were found to have effects on competitive advantage. These results are consistent with previous research, which suggested that there is lack of consensus in the existing literature on which HRM practices are best. A discussion of the study's findings and limitations are provided.*

KEYWORDS: Human Resource Management Practices, Competitive Advantage, Person-Organizational Fit, Kuwaiti Manufacturing Companies.

INTRODUCTION

The notion that human resources can develop into a source of competitive advantage for the organization is not novel (Huselid, 1995; Pfeffer, 1998; Schuler and Jackson, 1987; Wright et al., 1995). Many studies have demonstrated that human resource management (HRM) practices have great potential to boost institutional performance (Arthur, 1994; Chang & Chen, 2002; Delaney & Huselid, 1996; Huselid, 1995; Ichniowski, Shaw, & Prennushi, 1997; MacDuffie, 1995; Singh, 2000; Youndt, Snell, James, & Lepak, 1996). It is also commonly acknowledged that firms can generate a competitive advantage from human resources and their management practices. Effective human resource (HR) management can attract and hold employees who are competent and driven to perform well. The advantages of having satisfactory and competent employees are plentiful: higher lucrativeness, less rotation, higher product quality, less expense in manufacturing, and a more rapid acceptance and employment of the organizational strategy (Patricia & Miltiadis, 2008).

Despite the increasing attention of researchers to the issue of HRM, there is lack of consensus in the existing literature on which HRM practices are best (Clinton & Guest, 2013). In addition, few studies have comparatively analyzed the best HRM practices in Kuwait. To date, none of the existing studies has investigated the role of HRM practices in achieving competitive advantage for

Kuwaiti manufacturing companies. How P-O fit relates to HRM practices and competitive advantage has not yet been fully investigated.

This study is one of the first to emphasize the role and importance of HRM practices in helping Kuwaiti manufacturing companies achieve a competitive advantage. This research adds to the academic field because not much literature exists on the HRM practices in Kuwaiti manufacturing companies.

The major purpose of this research study was to explore the the best HRM practices in Kuwaiti manufacturing companies, as well as to examine the impact of using HRM practices in achieving comparative advantage. In addition, the dimensions of the competitive advantage of manufacturing companies were identified. Finally, the mediator effects of P-O fit on the relationship between HRM practices and comparative advantage was examined.

HRM Practices and Competitive Advantage

Rapid developments in the global economy, including privatization, liberalization, and globalization, have exerted great pressure on organizations to cope with changes and adopt competitive advantages to achieve survive and continue. Achieving a competitive advantage for these organizations no longer depends merely on potential and material resources but also relies heavily on human resources and how these people distinguish themselves in the workplace. Human resources and management have recently been viewed as vital to the attainment of competitive advantage (Kamoche, 1991; Pfeffer, 1994; Becker & Gerhart, 1996), prompting many organizations to pay more attention to their most valuable resource, their employees.

HR practices are the primary means by which firms can influence and shape the skills and behaviors of individual people to do their jobs and thus achieve organizational goals (Collins & Smith, 2006; Chen & Huang, 2009). HRM practices have been described as having numerous characteristics. Schuler and Jackson (1987) defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members. In addition, HRM is thought to be a collection of internally steady strategies and practices intended and executed to guarantee that a firm's human capital contributes to the accomplishment of its business objectives (Delery & Doty, 1996). Therefore, HRM practices relate to specific practices, formal policies, and attitudes that are made to attract, improve, inspire, and preserve employees who ensure the operative functionality and subsistence of the organization (Tan & Azzat, 2011). Clinton and Guest (2013), however, suggested that there is lack of consensus in the existing literature on which HRM practices are best. Li et al. (2006) defined *competitive advantage* as the capacity of an organization to create and maintain a defensible position over its competitors. Tracey et al. (1999) argue that competitive advantage includes characteristic proficiencies that set an organization apart from competitors. A company achieves competitive advantage when its actions in a market or domain create economic value and when only a few competitors are engaged in similar activities (Barney, 2002). Porter's (1985) and Barney's (1991) provide an economic foundation for examining the possible role of HRs in firms' competitive advantage (Fulmer et al., 2003).

Most researchers think that staff performance is the key to the success of the institution. Whenever employees perform to the best of their ability, the institution is more successful. Lack of interest

in the organization's HR not only leads to failure to achieve goals but also affects the performance of the organization (Robbins & Coulter, 2006). Price (2004) stated that a philosophy of people management is based on the belief that an organization gains competitive advantage by using its people effectively and efficiently. Recent research suggests that human capital attributes have a clear impact on organizational results (Barney, 1991; Huselid, 1995; Pennings et al., 1998; Pfeffer, 1998; Wright et al., 1995). Boxall (1998) confirmed that the HR advantage occurs when a company adopts and maintains a competitive advantage with the quality of its human capital and organizational processes.

To be a source of competitive advantage, human resources must create organizational value, where the resources are worthwhile if they allow the organization to develop strategies to improve efficiency and effectiveness (Barney, 1991). This standard requires that both the demand for and supply of jobs is homogeneous. Organizations therefore must provide employment opportunities that require different types of skills and allow individuals demonstrate those different skills and skill levels. Individual contributions to the company can vary, and different people can bring different values to the company (Wright et al., 1995). The size of a company's competitive advantage is the difference between the economic value that the company makes and that of its rivals (Barney & Hesterly, 2006).

This article focuses specifically on HRM practices in these functions: HR planning, staffing, compensation, performance appraisal, and training. Aspects of competitive advantage include price, introducing new products, improving quality, speed in product delivery, and market share. The study hypothesizes that HRM practices relate positively to competitive advantage.

Person-Organization Fit and HRM Practices

The concept of the P-O fit has attracted the attention of both researchers and managers recently. Briefly put, this concept means harmony between the two parties as far as goals (Valentine, 2000.) Many researchers have proposed that persons and institutions are most effective when their values, requirements, and interests align. This alignment is called P-O fit, and it includes employee commitment, satisfaction, and retention (Chatman, 1991; Meglino, Ravlin, & Adkins, 1989; O'Reilly, Chatman, & Caldwell, 1991; Sheridan, 1992), as well as organizational performance (Govindarajan, 1989; Meglino et al., 1989).

P-O fit occurs when individuals and organizations fulfill mutual needs and share fundamental characteristics. This type of fit has been found to be related to individual and organizational pre-hire processes (e.g., Kristof, 1996; Turban & Keon, 1993; Cable & Judge, 1996; Adkins, Russell, & Werbel, 1994; Saks & Ashforth, 1997). Previous research shows that organizational attractiveness and job career decisions depend greatly on the match between an organization's characteristics (e.g., culture, reward system, work environment, and management style), and an individual's characteristics (e.g., values, self-esteem, need for achievement, locus of control, self-efficacy, and personality; Turban & Keon, 1993; Cable & Judge, 1994; Bretz & Judge, 1994; Judge & Cable, 1997; Saks & Ashforth, 1997).

From this perspective, HR systems and recruiting practices do send signals to job seekers about important organizational characteristics, and these signals influence the quantity and quality of applicants attracted by the firm (Turban & Greening, 1996). Organizations can adopt HR practices

that correspond to organizational values and goals to attract applicants with similar values and goals. Research in P-O fit has stated that the employment process can affect this fit. Rynes et al. (1991) thought that job applicants should assess their fit degree with the organizations that conduct personal interviews depending on several factors: interactions with official representatives of the organization, public reputation and financial situation of the organization, opportunities for training and promotion, and the organization's geographic location. The employment form, which includes information about the organization, creates more positive feedback to job seekers by demonstrating increased perceptions of fit with the organization, thereby motivating potential employees to join up, compared with an employment form that does not include such information (Saks et al., 1995). Cable and Judge (1996) emphasize that the applicant's perception of his or her fit with the organization substantially affects the harmony between his or her values and the organization's values.

The concept of P-O fit is based on the idea that organizational productivity and individual performance will improve because of congruity between an individual's and the organization's values, beliefs, and goals (Chatman, 1991, & Schneider et al., 1995). Bowen et al. (1991) confirm the importance of compatibility between the individual and the organization as an indicator vital to the recruitment process. They also indicated that the fit between individual and organization has become the most important factor when choosing workers both for building a long-term relationship employment and achieving organizational flexibility. By implementing best HRM practices, the right employees can be recruited, developed, and retained (Chand, 2001; 2012; Bahn, 2012; Najeeb, 2013). Moreover, applicant job, choice behavior, and organizational hiring practices are major antecedents of P-O fit (Cable & DeRue, 2002). For that reason, the researchers think that organizations that recruit and select employees whose values are compatible or fit the organization's values will be more productive, and the employee turnover rate will be lower, leading organizations to gain competitive advantage. This study hypothesizes that HRM practices are positively related to competitive advantage through the mediation of P-O fit.

RESEARCH METHODOLOGY

This study explores HRM practices in achieving competitive advantage in Kuwait. The research relies on the descriptive and analytical approach to studying the concept of competitive advantage for manufacturing companies on the one hand and HRM practices in these companies.

Instrument and Data Collection

This is an exploratory study based on primary data; the data have been collected through a survey. A self-administered questionnaire was developed for this particular study, consisting of two components. The first part of the instrument identified the employee's demographic data, such as age, gender, education level, and current job position. The second component of the questionnaire included questions sought to assess HRM practices, competitive advantage, and P-O fit.

The items designed to measure HRM practices and competitive advantage were gathered from several sources. HRM practice items include HR planning, staffing, compensation, performance appraisal, and training (Suwastika and Chand, 2014; Choo and Aizzat, 2014; Isabel M^a Prieto and

M^a- Pilar Pe´rez-Santana, 2014; Rola, 2011; Al-Kasasbeh et al., 2010), whereas competitive advantage items focused on price, introducing new products, improving quality, speed in product delivery, and market share (Attiany, 2014; Shlash, 2011; Schulerand and Jackson, 1987; Porter,1985) . P-O fit was assessed with a five-item questionnaire based on measures used by Cable and DeRue (2002) and Saks and Ashforth (1997). Respondents were requested to select from a five-point Likert-type scale (i.e., 1, strongly disagree, to 5, strongly agree).

Participants

The sample represents manufacturing companies operating in Kuwait. To ensure the best representation of the sample, some criteria have been adapted for the selection of manufacturing companies. These criteria included first the questionnaire addressed to companies that operate in Subhan industrial area, which is considered one of the best industrial zones in terms of organizing and the diversity of companies. Second, the number of employees in these companies should not be fewer than 100; this figure ensures the presence of clear managerial hierarchy. After the implementation of these criteria, the number of manufacturing companies representing the sample comes to sixty-three. The researchers then contacted these companies to obtain their consent to participate in the research. As a result, 300 questionnaires were distributed for all population levels; 228 valid questionnaires were considered in this study. The valid questionnaires were coded and entered through SPSS (version 21). Table 1 shows the frequencies of study demographics information. The total number of male respondents was 167 (73.20% of the total sample), and the total number of female respondents was 61 (26.80%). Age group levels were between 31 and 40 years, with the total number equaling 186 (82.5% of the total sample size). Most of the respondents were Kuwaiti (53.90%), whereas 46.10% belonged to other nationalities.

Table 1. Respondents' Demographics.

		No.	Percent (%)
Gender	Male	167	73.20
	Female	61	26.80
Age Group	Less than 24 yrs	0	0.00
	25 to 30 yrs	17	7.50
	31 to 35 yrs	90	39.50
	36 to 40 yrs	96	42.10
	41 to 45 yrs	24	10.50
	Older than 46 yrs	1	0.40
Nationality	Kuwaiti	123	53.90
	Other nationalities	105	46.10
Educational	High school or less	19	8.30
	Diploma degree	45	19.70
	University	124	54.40
	Higher degree (Master's or Ph.D.)	31	13.60
	Others	9	3.90
Activity that you work with	Human resources/personnel affairs.	49	21.50
	Production/maintenance	66	28.90

	Purchasing/warehousing	60	26.30
	Financial affairs	27	11.80
	Sales/customer service	26	11.40
Experience	Less than 5 years	33	14.50
	5 to 10 years	29	12.70%
	11 to 15 years	66	28.90
	16 to 20 years	59	25.90
	21 to 25 years	15	6.60
	More than 25 years	26	11.40

N=228.

Statistical Methods

SPSS (version 21) software was used to conduct the statistical analysis for computing the frequencies and the other statistical measures (e.g., Cronbach's alpha [CA], mean, standard deviation, and factor analysis using principle component analysis [PCA]). PLS (version 3.1) was used to measure the structure equation model (SEM) using regression. Cronbach's alpha was used here to measure the reliability for all items in the questionnaire, which is 0.936; this indicates a high level of reliability in the respondents' feedback. In addition, Cronbach's alpha for each study factor was calculated to measure the internal consistency of the study items (Table 2). The reliability for competitive advantage, HRM practices and Person-Organization fit factors was equal 0.922, 0.861 and 0.833.

Table 2. Items, Factor Loadings, Mean S.E. and Standard Deviation

Items	CA	HRP	PO	Mean	Std. Error	Std. Deviation	VIF	Cronbach's Alpha	AV E	Composite Reliability
CA1	0.83			3.474	0.069	1.043	2.300	0.922	0.760	0.940
CA2	0.89			3.504	0.069	1.039	3.200			
CA3	0.87			3.597	0.072	1.088	2.830			
CA4	0.91			3.425	0.069	1.045	3.820			
CA5	0.86			3.452	0.073	1.104	2.810			
Compen1		0.6		3.908	0.060	0.908	1.430	0.861	0.56	0.9
Compen4		0.71		3.680	0.060	0.904	2.080			
HRP3		0.68		3.316	0.069	1.044	2.120			
SATFF1		0.66		3.588	0.063	0.946	2.340			
SATFF3		0.66		3.272	0.071	1.073	2.790			
Training1		0.71		3.364	0.066	1.000	2.060			
Training2		0.75		3.417	0.065	0.974	1.380			
Appraisal1		0.66		3.750	0.056	0.842	1.850			
Appraisal2		0.73		3.811	0.053	0.804	1.760			
Appraisal3		0.69		3.776	0.061	0.928	1.890			
Appraisal4		0.63		3.711	0.055	0.831	2.130			

PO1	0.79	3.724	0.063	0.956	2.060	0.833	0.66	0.89
PO2	0.85	3.689	0.063	0.955	2.460			
PO3	0.82	3.566	0.064	0.962	2.250			
PO4	0.78	3.290	0.065	0.986	1.680			

SEM Criteria for Study Model

The SEM shows acceptable chi-square value in its final output (see Table 5). Not all of the output values have to be taken into consideration when producing a model; this gives the researcher the freedom to select only the most appropriate results according to needs and requirements.

Hairs et al. (1998) recommended the fitness measure. A model is considered to be a good fit when it has the following qualities: the ratio of chi-square to the degree of freedom (X^2/df) is less than 6.0 (Hayduk, 1987). Goodness-of-fit index (GFI), comparative fit index (CFI), and normed fit index (NFI) should exceed 0.9 (Bagozzi & Yi, 1998). Adjusted goodness-of-fit index (AGFI) should exceed 0.8, and the Scott and root mean square error of approximation (RMSEA) should be less than 0.08 as well. As shown in Table 5 (Bagozzi & Yi, 1998), the values of X^2/df , AGFI, CFI and RMSEA all met the criteria. To sum up, the overall results suggest that the research model provides an adequate fit to the data (see Table 5). The research model presented earlier was tested using the structural equation model (SEM) approach. Overall, the goodness of fit of the structural model was analogous to that of the preceding CFA model and provided evidence of adequate fit.

Table 3. Quality Criteria for Research Model.

Fit indicators		Criteria	Research results
Absolute fit	GFI	>0.9	0.9150
	AGFI	>0.8	0.8210
	χ^2/df	<3	2.20
	RMSR	<0.1	0.088
Incremental fit	NFI	>0.9	0.854
	CFI	>0.9	0.860
HRP	AVE	>0.5	0.560
PO	AVE	>0.5	0.660
CA	AVE	>0.5	0.760

Key: n=228, GFI=goodness-of-fit index; AGFI=adjusted goodness-of-fit; NNFI=non-normed fit index; CFI= comparative fit index; RMSR= root mean square residual; RMSEA= root mean square error of approximation. *Source:* Schumacker and Lomax (2004).

RESULTS AND ANALYSIS

Before starting the factor analysis and SEM, the data collected were cleaned and double checked; the conversely worded study items from the different scales were coded (i.e., 1 for strongly

disagree; 5 for strongly agree), and the scales were saved into an SPSS file. Finally, reliability was checked for each study dimension. Researchers found that all study dimensions had high alpha scores, indicating a high level of internal consistency and validity (alpha score for HRM practices was equal to 0.861; alpha score for P-O fit was equal to 0.833; and alpha score for competitive advantage was equal to 0.922; see Table 2).

In accordance with Anderson and Gerbing (1988), and Fornell and Larcker (1981), this study measured the properties of measurement scales for convergent validity and discriminant validity, and construct composite reliability (construct CR). Tables 2 and 3 show the criteria's items of the construct scales, standardized coefficient loadings of the confirmatory factor analysis results, construct CR and average variance extracted (AVE) for each multi-item construct in the research model. The measurement model of this study provided a good general fit with the data (GFI and AGFI are greater than 0.80; CFI, NFI and NNFI >0.9; $(\chi^2)/(d.f) < 3$; RMR and RMSEA are less than 0.08). Composite reliability for all constructs in our research model were more than 0.8, respectively. In general, the measurement scales used in this study were found to be reliable. The AVEs for all constructs were more than 0.5.

Factor analysis was conducted using SPSS to simplify and reduce the items of the study. The varimax rotation method was used here to investigate the underlying factors of the burnout scale between the study items. The KMO value was 0.894, and Bartlett's test was significant at the 0.00 level. This demonstrates the sampling adequacy for conducting factor analysis (Malhotra, 2005). Items exhibiting low factor loadings (<0.45), high cross loadings (>0.40), or low communalities (<0.30) were eliminated (Hairs et al., 1998). The factor solution accounted for approximately 66.867 percent of the total variance. Furthermore, all factors had high alpha reliability coefficients, ranging between 0.80 and 0.95. The factors were labeled as HRP for HRM practices, PO for person-organization fit, and CA for competitive advantage (Table 1).

Model Analysis

The graphical presentation of results is shown in Figure 1. The figure shows the standardized path coefficients, illustrating the significant relationships among the study variables. Hypothesis 1 proposed that HRM practices are positively related to competitive advantage; this hypothesis is answered through SEM. The direct path from HRM practices to competitive advantage is significant because the regression coefficient is 0.323, with t value of $t = 6.828$, and $p < 0.01$. Therefore, hypothesis 1 is supported.

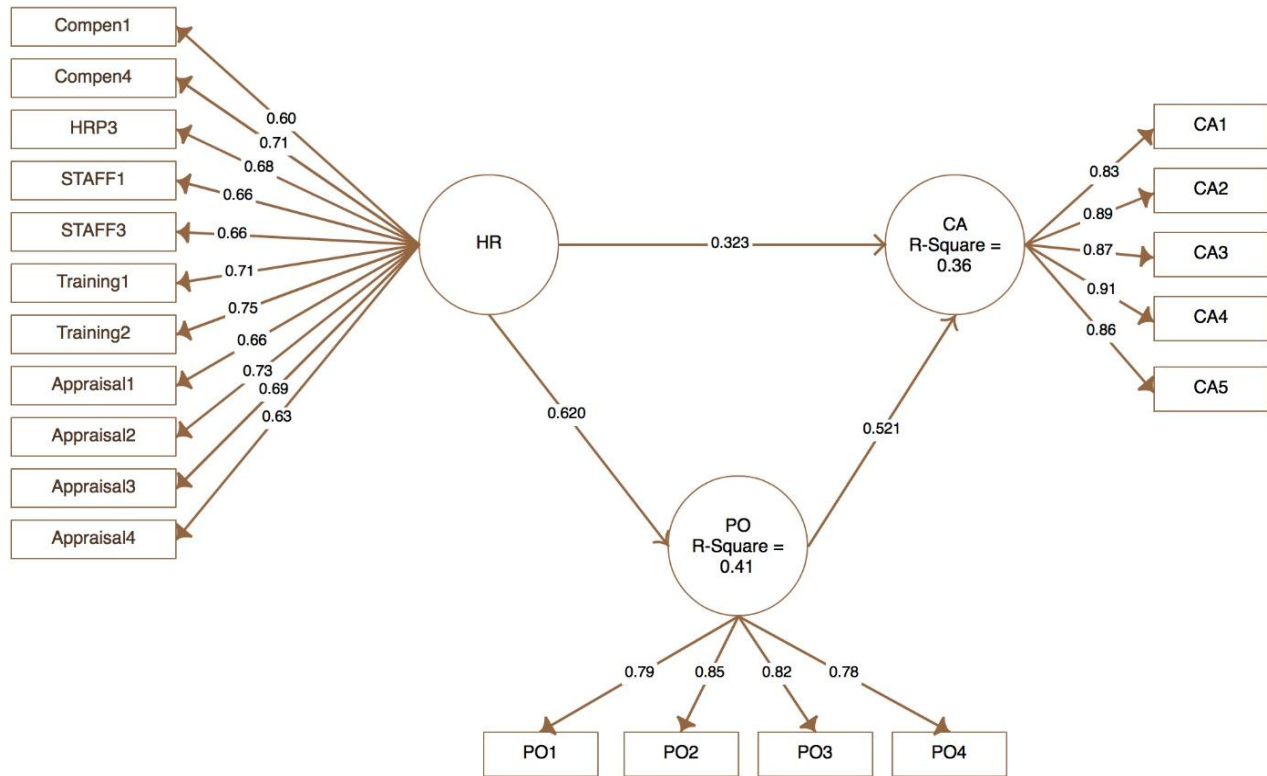


Table 4. Mean, St. Dev., T-Values, and P-Values.

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (O/STERR)	P Values
HRP -> CA	0.323	0.333	0.047	6.828	0.000
HRP -> PO	0.620	0.625	0.042	14.766	0.000
PO -> CA	0.521	0.531	0.055	9.534	0.000

Hypothesis 2 proposed that HRM practices are positively related to competitive advantage through the mediation of a P-O fit. Mediating effects was measured by SEM approach using Smart PLS package. The relationships among constructs in PLS-SEM can be complex and not always straightforward. To gain a better understanding of the role of PO in our model, its potential mediating effect on the linkage between HR and CA (see Figure 1). This is accomplished by following the Preacher and Hayes (2008) procedure, which involves the use of bootstrapping in a 2-step procedure: (i) the significance of direct effect is first checked using bootstrapping without the presence of the mediator PO in the model, and (ii) the significance of indirect effect and associated T-Values are then checked using the path coefficients when the mediator PO is included in the model. Therefore, in step 1, the direct path from HRM practices to PO is significant because the regression coefficient is 0.620 with t value of $t = 14.766$ and $p < 0.01$. In step 2, the direct path

from P-O fit to competitive advantage is significant because the regression coefficient is 0.521 with t value of $t = 9.534$, and $p < 0.01$ as shown in Table 4. HRM practices to competitive advantage have low regression weight compared with the association HRM practices to competitive advantage passing through P=O fit (Table 4). Those give us an indication that the association is higher from HRM practices to competitive advantage through P-O fit, which supports the second hypothesis. In Table 5, for the HR factor, the most loaded item having higher effects between HRM practices concerns the training items, with loading between 0.730 and 0.772. For P-O fit, the match between personal values and organizational values with culture has the highest load between P-O fit items. For competitive advantage, the speed of product delivery to customers (an integral part of the product itself) has the highest load between the competitive advantage items.

Table 5. Items Effects.

	Original Sample (O)	Sample Mean (M)	Bias	Confidence Interval Low	Confidence Interval Up
CA1 <- CA	0.833	0.835	0.001	0.779	0.885
CA2 <- CA	0.892	0.892	0.000	0.860	0.921
CA3 <- CA	0.862	0.860	-0.002	0.807	0.901
CA4 <- CA	0.909	0.909	-0.001	0.874	0.933
CA5 <- CA	0.868	0.867	-0.001	0.825	0.898
Compen4 <- HR	0.707	0.705	-0.002	0.615	0.790
HRP3 <- HR	0.722	0.721	-0.001	0.634	0.798
PO1 <- PO	0.790	0.788	-0.002	0.705	0.855
PO2 <- PO	0.852	0.848	-0.004	0.751	0.910
PO3 <- PO	0.818	0.816	-0.002	0.757	0.863
PO4 <- PO	0.784	0.785	0.001	0.745	0.827
STAFF1 <- HRP	0.693	0.694	0.001	0.619	0.771
STAFF3 <- HRP	0.689	0.687	-0.002	0.592	0.758
Training1 <- HRP	0.730	0.730	0.000	0.660	0.797
Training2 <- HRP	0.772	0.771	-0.001	0.712	0.830
Appraisal2 <- HRP	0.705	0.705	0.000	0.615	0.789
Appraisal3 <- HRP	0.673	0.670	-0.003	0.550	0.761

DISCUSSION AND CONCLUSION

The aim of this study was to examine the direct relationship between HRM practices and competitive advantage, as well as the indirect relationship between HRM practices and competitive advantage through P-O fit. The statistical results acquired in this study showed that HRM practices have a significant positive impact on competitive advantage. In addition, the P-O fit has a mediation impact on the relationship between HRM practices and competitive advantage. Our

statistical results showed that only eleven of twenty HRM practices were found to have effects on competitive advantage. These results are consistent with previous research, which suggested that there is lack of consensus in the existing literature on which HRM practices are best (Clinton & Guest, 2013). The HRM practices that have a significant positive impact on competitive advantage are indicated in Figure 2.

Training was discovered to have greater effects on HRM practice in the competitive advantage. When organizations have higher implementation levels of training, they will improve the growth of employees' skills and that will be useful for organization to gain a competitive advantage. Regarding performance appraisal, all of the items in the questionnaire (four items) were found to affect the competitive advantage. This means that the higher the level of implementation of reasonable performance appraisal, the higher the level of employee motivation toward their tasks, helping to increase employees' willingness to work harder. Feedback acquired from performance appraisals can help organizations to better advance their employee performance, which reflects on the competitive advantage of the organization. The findings in this paper are similar to the findings of previous research, which emphasizes of the important of HRM practices in achieving a competitive advantage (Patricia & Miltiadis, 2008; Boxall 1998).

The results clearly indicate that Kuwaiti manufacturing companies have the capabilities to enable them to achieve a competitive advantage. The high degree of agreement between the participants on all elements of competitive advantage used in the questionnaire clearly indicates this. Providing products to customers at competitive prices, compared with other companies, achieved higher competitive advantage elements. Directly after that was the ability to provide new products swiftly and constantly to customers.

For P-O fit, it enhances the effect of HRM practices on competitive advantage as a mediator. Our results showed that there are high degrees of agreement between the participants on all elements of P-O fit. The match between personal values and organizational values (with culture) has the highest effect between P-O fit items; after that is the match between employee personality and the personality or image of organization. The direct path from P-O fit to competitive advantage was found to be significant, a result consistent with most previous research (e.g. Cable & Judge, 1996; Chatman, 1991; Lovelace & Rosen, 1996) that stressed the importance of consensus values between the individual and the organization as a determinant of work trends. The researchers think that this result illustrates the importance of compatibility between the values of the individual and the organization in the creation of work-positive trends. Organizations whose values fit those of their employees (and vice versa) can increase their competitive advantage.

Our results deliver several significant administrative implications. First, manufacturing companies can improve their competitive advantage by implementing adequate HRM practices in their organizations by focusing on the eleven practices in Figure 1. Another significant contribution of this study is to provide empirical evidence that a positive relationship between HRM practices and competitive advantage was mediated by P-O fit. As a result, efforts made to augment P-O fit in manufacturing companies will benefit the competitive advantage. Although the study results reflected a good competitive situation in Kuwaiti manufacturing companies, they must still work to strengthen their position by enhancing their capability to own their competitive advantage and stay within their market.

A clear relationship exists among HR planning (1 from 3 items), staffing (2 from 4 items), and competitive advantage, and therefore manufacturing companies should become more interested in the process of HR planning and staffing to choose employees who best fit the values of the organization. Increasing the compatibility between employees and the organization, by enhancing individual values in line with the company interest, might require more effective compensations (2 from 6 items).

The findings of this paper contribute to the existing literature in three ways. First, the findings of this paper show that best HRM practices differ based on differences in geographical areas that go with the lack of consensus in the existing literature on what HRM practices are best. Second, the findings of this paper not only contribute to HRM literature but also to the field of research on competitive advantage and person-organization fit. Third, existing studies have explored best HRM practices in the different countries but none of the existing studies have examined best HRM practices in the industrial sector of Kuwait.

Limitations and Future Research Suggestions

As with all research, several limitations have been identified in this study. First, the data were cross-sectional, which constrains the ability to make causal inferences. In particular, only eleven of twenty HRM practices have immediate effect on competitive advantage. Second, the data were gathered by self-reports, which may be subjected to common method variance issues. Future researchers could collect data from multiple sources. The use of self-ratings is justifiable since only employees themselves can provide a complete picture of their attitudes and behaviors. Third, this study is restricted to manufacturing companies located in certain regions in Kuwait. The findings obtained may not be generalized to other models across other regions. Upcoming research could be reproduced with larger samples from different regions within the same industry, which would enhance the generality of the findings. Fourth, this study was confined to manufacturing companies. Future research in this area may be expanded to other service sectors, such as telecommunication, health care, and education, to generalize further the results reported here.

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APPENDIX A.

RESEARCH QUESTIONNAIRE ITEMS.

Human Resource Management Practices (HRMP's)

HR planning

1. Human resource planning process in my organization is always linked to the organization strategy.
2. The number and type of workers who we need them in the future are determined accordance to the annual plan.
3. The top management supports human resources planning.

Staffing

1. Vacancies are advertised by more than one way (newspapers, Internet, recruitment companies).
2. When selecting new employees my organization make tests and interviews.
3. The selection process and employment are based on clear and objective criteria.
4. Individuals who responsible of the process of Employment and recruiting are experienced and efficient.

Compensation

1. My organization adopts compensation and incentives systems that clear and specific to the employees.
2. My organization use moral incentives methods to those who deserve.
3. My Organization is always committed to applying the compensation and incentive system.
4. The wages and bonuses system in my organization are commensurate with the amount of staff effort.
5. My Organization is providing a list of incentives and how to deserve these incentives.

Performance appraisal

1. There is a clear system for performance appraisal in my organization.
2. My organization evaluates staff performance continuously and periodically.
3. Performance appraisal is applied to all employees.

4. My organization concerned with the results of the performance appraisal to identify weaknesses and try to correct it.

Training

1. My organization identify the training needs of employees according to scientific and accurate methods.
2. My organization has an annual plan for employees training accordance to their needs.
3. Implementation of training programs in my organization based on clear foundations aimed at developing the employee's skills.
4. Training employees in my organization is continually.

Competitive Advantage (CA)

1. My organization provides products to customers at competitive prices compared to other companies.
2. My organization constantly provides new products to its customers.
3. My organization seeks to improve the quality of products that offer to the customers.
4. My organization consider the speed of product delivery to its customers is an integral part of the product itself.
5. My organization has a competition market share and its working on the development of this share continuously.

Person-Organization fit (P-O)

1. The things that I value in life are very similar to the things that my organization values.
2. My personal values match my organization's values and culture.
3. I feel my personality matches the personality or image of this organization.
4. Overall, I feel that this organization is a good match for me.