

## **THE ROLE OF HUMAN RESOURCE MANAGEMENT IN GAINING COMPETITIVE ADVANTAGE**

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### **Abstract:**

Human resource management (HRM) in distribution firms has emerged in actual competitive environment for gaining acceptable competitive advantage. The study looks at how HRM is viewed and practiced in wholesale distribution firms in Kosovo, specifically examining the strategic role. HR, however, seems to be gaining recognition as a worthy asset. Findings show that the greatest majority of firms in the region still tend to regard HR more as an administrative function than a strategic partner. Through an empirical study involving 35 managers across seven firms, it was found that HR departments, if employed at all, mostly carry out routine administrative tasks and are barely involved in strategic activities. This paper depicts the disparities between the global HRM trends and some of those that are currently adopted in Kosovo and impels companies to shift the focus of their HR strategies toward the longer-term perspectives of their organizations to effectively exploit their human capital. The paper wraps up by proposing some worthwhile implementations to ensure that HRM would be linked to a sustainable competitive advantage.

**Keywords:** *Human Resource Management, Competitive Advantage, Strategic HRM, Kosovo Firms, HR Practices, Human Capital.*

### **I. INTRODUCTION**

In recent years, Human Resource Management (HRM) has been more and more regarded as the foundation for achieving sustainable competitive advantage. In the knowledge economy, an organization must keep using the unique capabilities of its workforce to remain differentiated and adaptable. HRM has to do with, among other things, the attraction or management of people working for an organization. It includes creating skills, setting up an organizational culture, and designing systems that are difficult

for competitors to duplicate. According to Porter's competitive advantage notion and the resource-based view (RBV), internal resources-especially human capital is to be considered for outperforming the competition. However, in many businesses, strategic positioning of HR is still not considered. It appears in Kosovo that HRM, particularly in the distribution sector, is often seen as a secondary support function with little bearing on corporate strategy. This study will investigate whether HR is utilized as a core asset and if companies have formal HR strategies or HR departments. It examines the method with which HR's set of practices contributes to unique competencies and long-term advantages. Insofar as from market positioning, firms can be able to acquire, retain, and develop talent. Organizations that manage HR strategically can expect better productivity, innovation, and performance. Wrongly put, treating HR as an administrative business might block growth and hamper competitiveness in an evolving market. This paper attempts to provide a bridge between theory and reality by reviewing the empirical evidence and providing suggestions as to how Kosovan companies could reposition HRM from a peripheral function to one of the main competitive drivers.

### **II. LITERATURE SURVEY**

The strategic significance of HRM in gaining competitive advantage has been a subject of much debate and discussion among scholars. Porter (1985) was among the earliest thinkers to suggest that human resource constitutes competitive advantage within firms. This notion finds its premise in the resource-based view, which posits that firm-specific resources such as skilled and motivated human capital are paramount in maintaining a competitive position (Wright &

McMahan, 1992). HRM is, therefore, not merely a question of administrative efficiency but involves integrating people strategies with corporate goals (Armstrong, 2008). Barney (1991) further stated for an organization's resources to confer sustained competitive advantage, they must be valuable, rare, difficult to imitate, and supported by the organization (VRIO framework). In relation to HRM, Barney and Clark (2007) contended that the organization must not only attract better human talent but also build mechanisms to resist imitation and foster employee commitment. Likewise, Lawler (2008) argued that the HR function must move away from being an administrative unit into a strategic partner that contributes to organizational success through talent management and the development of capabilities. According to Boxall et al. (2007) and Schuler & MacMillan (1984), strategic HRM concerns the alignment of HR policies with business strategy for the improvement in firm performance. In the book by Lado and Wilson (1994), a bundle of HR policies is presented in the form of an integrated set of interrelated HR practices that leads to sustainable competitive advantage. Moreover, Bae and Lawler (2000) found that organizations adopting high-performance work systems like employee involvement and performance-based rewards demonstrate superior outcomes. Also, McShane and Von Glinow (2010) accentuated the promotion of job autonomy, employee competence, and communication as the basic elements in the practice of HRM. Empirical research has been conducted by Becker and Huselid (1998) and Huselid et al. (1997) to show that firms with advanced HR practices perform better, in terms of market-to-book value per employee. Although integration of HRM into business strategy is generally recognized as crucial in theory, several organizations continue to be less strategic in their approach to HRM. According to Lawler (2009) and Fulmer and Ployhart (2013), organizations cannot realize the value of human capital unless that value is properly measured and depicted.

### III. PROPOSED WORK

The objective of the study is to investigate and critically analyze Human Resource Management (HRM) as a potential source of competitive advantage within wholesale and distribution enterprises in Kosovo. Since contemporary

theories in HR suggest that people are a key asset in organizational success, this study looks into the conceptualization, organization, and implementation of HRM in a transitional economy where application of strategic HR practices is quite limited. This study focuses on wholesale distribution firms of food and non-food products. The study seeks to find out if the companies regard their human resources as a strategic concern or as just another support function. This study, by way of checking HR department status and functions, HR strategy existence, and HR practices' nature, hopes to determine whether human capital development is in line with the broader strategic concerns of these firms. The study proposes giving structured questionnaires to directors and managers for primary data collection, among whom certain knowledge will be available regarding the internal affairs of their respective firms. Just these kinds of participants will give information regarding the current HR practices, perception of HR value, and strategic planning of human capital. The questionnaire aims at testing some hypotheses, which include recognizing HR as a competitive asset by firms, having strategic HR plans, and differentiating between administrative and strategic HR tasks. Another dimension of the study would consist of assessing HR practices on the basis of the VRIO framework, which considers whether human resources are Valuable, Rare, Inimitable, and Organized. Such considerations will assist in determining whether the existing HR strategies yield a temporary or sustainable competitive advantage while fostering competitive parity. The research further endeavors to contrast HR practices between firms with a formal HR department and those without, to see whether the presence of a department affects the quality and strategic impact of HRM. Finally, the proposed work aims to identify gaps in present HRM applications and provide recommendations for their improved strategic alignment in Kosovo's private sector.



Fig 1: Proposed Architecture Diagram

## IV. METHODOLOGY

### 1. Research Design

This is an exploratory research set out to empirically analyze the contribution of HRM toward competitive advantage in Kosovan distribution firms. Both approaches, qualitative as well as quantitative, were employed while collecting data from managers and directors. This method allows for an in-depth study of HR structures and the strategic alignment of HR with business objectives to provide a contextual appreciation of organizational behavior and HR practices within a developing market.

### 2. Sample Selection

For the analysis, seven wholesale concern well distributing food and non-food products in Kosovo were chosen through purposive sampling. Such non-probability sampling technique selected the participants, mainly directors and senior managers, on the basis of their adequate insight and experience with HR practices within their organizations. The firms chosen represented small to medium-sized organizations, thus providing a relevant demographic to analyze the HRM scenario within the commercial sector of Kosovo.

### 3. Data Collection Instrument

A structured questionnaire consisting of 21 questions was used for the collection of data. This survey was intended to test the main hypotheses concerning HR strategy, departmental presence, and strategic-business engagement. Several questions could have follow-ups depending on the response given to the initial question. This

consistent format would allow structured answers from the respondents yet flexible enough to supply respondents with freedom when expressing the subtle nuances of their views in reflection of their organizational roles.

### 4. Survey Conduct

Thirty-five respondents in total participated in the survey, and directors (66.67%) and managers (33.33%) made up the respondent group. The survey was administered both in person and via the Internet once informed consent was obtained from all study participants. Guarantees were given to maintain respondents' confidentiality and hence to elicit input that is as honest and unbiased as could be possible. The target was on persons with a rather longer tenure so as to solicit accurate and in-depth perspectives on HR practices at the level of firms.

### 5. Data Analysis

Data gathered were analyzed using descriptive statistics and logical analysis methods. Raw responses were organized and grouped to be interpreted numerically based on frequency, percentage distribution, and suitability to the hypothesis of the study. Data analysis would also help in assessing the perceived value of HR using the VRIO framework; this value was compared between companies that have HR departments, and those that do not, to find out whether HRM has been contributing toward sustained competitive advantage.

## V. ALGORITHMS

### 1. Resource-Based View (RBV)

The Resource-Based View (RBV) is a strategic framework used to appraise how internal resources, especially human capital, become a competitive advantage. In disseminating, RBV supports the argument that human resource practice must do something more than administering, developing rare, valuable, and inimitable capabilities. Focusing on internal strengths instead of external positioning, the RBV suggested firms could consider developing their people, and skills, and organizational knowledge as assets that are unique. Keeping HR at the focus



of RBV, this study speaks to whether distribution companies in Kosovo are investing strategically in their workforce to create sustainable value. The model then again somewhat reinforces the internal resources-to-firm-performance relationship suggested in the VRIO framework. The RBV then guided the effort to understand whether human capital within the firms was a discriminator or just another fairly replicable resource and whether HR can be considered a long-term strategic contribution.

## 2. HRM SWOT Analysis

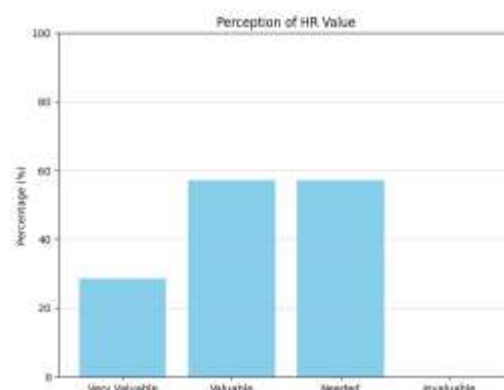
Generally applied to business planning, a SWOT analysis was adapted in this study as a framework in assessing HR functions. Setting up the study of HR practices of the selected companies, it indirectly originated a SWOT analysis through survey data and interview insights. Strengths included aspects like employee recognition and performance-based compensation; weaknesses included the absence of formal training and hardly any strategic planning; opportunities for change included the acceptance of global HR standards and the digitization of HR functions; threats consisted of talent migration and a.k.a. reduced job satisfaction. While in the study, this diagnostic technique was never explicitly identified as being a SWOT analysis; such an approach served as a means to determine the internal and external standing of the HR system. The SWOT analysis placed the VRIO and RBV frameworks in a larger organizational context and gave a practical dimension to the areas needing development. It revealed a host of HR strategies that can be implemented to boost competitiveness within a presently metamorphosing business environment in Kosovo.

## 3. VRIO Framework

For the purpose of this study, the VRIO framework is used as a strategic analysis tool to assess the potentiality of human resources as a competing source. VRIO is an acronym for Value, Rarity, Imitability, and Organization. Each dimension is taken into consideration when looking at a firm's human capital with respect to whether they fulfill the criteria to be deemed a strategic resource. It thus allows the determination of whether HR practices output temporary or

sustained competitive advantages or simply command competitive parity in the firms under study. Responses to the questionnaire, in one instance, were mapped against the VRIO criteria to assess the extent to which employees are viewed as unique or substitutable and organizations rank in terms of a contributor to organizational success. The results from this study point toward the inclusion of HR as valuable but mostly not rare and difficult to imitate and thus, in the greater majority of instances, not truly strategic differentiation. Almost all the studied institutions found it particularly useful in providing a logical framework for the assessment of HR functions in relation to long-term strategic goals.

## VI. RESULTS AND DISCUSSION



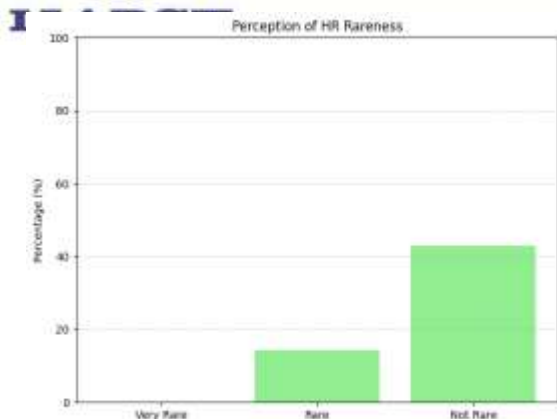
**Fig 2: Perception of Human Resource Value in Distribution Firms**

This bar graph illustrates how employees in Kosovan distribution firms perceive the value of human resources (HR). The data shows that 57.14% consider HR as "Valuable" or "Needed," while 28.57% view HR as "Very Valuable." Notably, none categorized HR as "Invaluable." These findings suggest that while HR is generally acknowledged as important, it is not consistently seen as a strategic or rare asset, indicating a potential gap in recognizing HR's role in driving competitive advantage.

## CONCLUSION

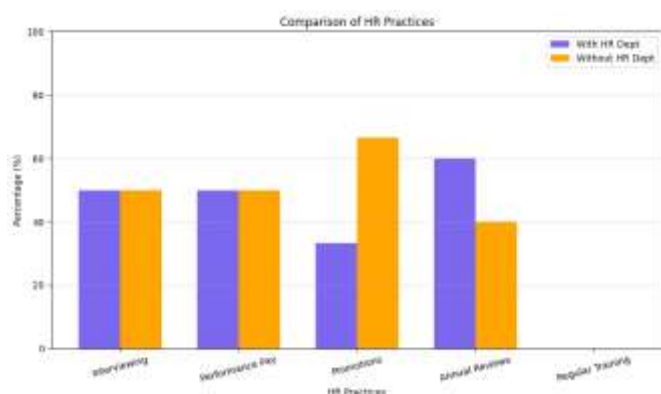
The study endeavors to highlight the critical yet mostly unutilized role of HR in establishing competitive advantage in Distribution companies in Kosovo. The research finds a trend that oftentimes the consideration of HR as conceptualized in itself and as a strategic partner seldom meets practice. Most companies regard human resources as an important element, and yet they do not see HR as a singular resource that could be employed in establishing long-term competitive edge. Where present, the HR departments acted mostly in a purely administrative capacity instead of taking an important role in strategic workforce planning, performance measurement, or talent development. Furthermore, the absence of formal HR strategies in most companies would go on to confirm the fact that HRM is poorly integrated into broader organizational objectives. According to the survey, it appears apparent that firms have no systems in place for the regular review of performance or for providing structured training programs for their employees—a fact that may contend against the very premise of high-performance work promotion. Internal promotion and, to a certain extent, performance-based rewards are considered necessary by most companies. However, many companies, especially those without formal HR, do not consistently implement these policies. It suggests that when HR exists in any given theory, it is not always aligned with long-term value creation for or with sustained employee engagement. On the other hand, there is also little real difference between firms with and without HR departments in key HR functions, that is, an organization should not just have such a department for name value; it must create strategic value. This strengthens the call for a cultural shift and change in the way HR is perceived and practiced. The final analyses confirm that, although HR is acknowledged on paper, its strategic implementation is limited in practice. Kosovan firms must therefore uplift HR from a support function into a key driver for organizational performance and innovation if any sustainable competitive advantage is to be realized.

## FUTURE SCOPE



**Fig 3: Perception of HR Rareness in Kosovan Distribution Firms**

This graph displays how human resource rareness is perceived in Kosovan distribution firms. The majority, 42.86%, believe that HR is “Not Rare,” while only 14.29% view it as “Rare,” and none consider it “Very Rare.” This indicates that human capital in these firms is not seen as a unique or scarce asset, weakening its potential to be a sustainable competitive advantage. These perceptions suggest a need for firms to invest in specialized skills and unique talent development.



**Fig 4: Comparison of HR Practices in Firms with and Without HR Departments**

This bar chart compares HR practices in Kosovan distribution firms based on the presence of HR departments. Interviewing and performance-based pay are practiced equally (50%) in both groups. Interestingly, firms without HR departments report a higher rate of employee promotions (67%) than those with departments (33%). Annual performance reviews are more common in firms with HR departments (60%) compared to those without (40%). Notably, none of the firms conduct regular training, indicating a significant gap in employee development efforts.



The future of Human Resource Management in Kosovan distribution firms lies in the conversion of traditionally administrative structures into integrated and strategic HR systems. This research also opens up viable opportunities to conduct USWITHES wider sector analysis, which implies consideration of other industries apart from wholesale distribution such as manufacturing, IT, and services. These industries may represent different HRM landscapes and open comparative views into how human capital is managed across industries for competitive edge. Another good arena is digital HR transformation. More and more cloud-based HR solutions empowering platform and analytical scenarios are opening up opportunities for future research studies to consider the effectiveness of digital adoption on HR efficiency and strategic alignment. Topics such as managing remote workforce, AI-powered hiring, and analytics-driven performance management have particular relevance in this shifting business climate and can offer a much richer and modern view of HR capabilities. Another interesting subject for further investigation is organizational culture, employee engagement, and leadership as factors for effective HR practice. Future research may focus on leadership styles in relation to HR adoption and fostering a workplace culture for retention and innovativeness. Longitudinal studies will be of particular interest, casting light on the long-term effect of the strategic HR interventions on firm performance. Policy-level implications constitute another important area. The focus of future research could be on evidence that informs government and institutional policies intending to address the development of HR capabilities of Kosovo SMEs. Programs related to training for HR and incentives to pursue best practices and frameworks for talent development could be judged in terms of their efficacy. Lastly, gathering data from the staff perspective, and not only from managerial camps, would provide comprehensive data on HR efficacy: Further research into culture values, development options, and performance recognition from the employees' perspective would enrich the data set and help better address workforce issues through HRM strategy. If these research vectors are adopted and pursued, the present gaps would be narrowed, assisting the quick transition into a more conceptual and

impactful HR role in driving sustainable development.

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