

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Organizations face rapid changes in the business environment and competition, leading to Competitive Advantage (CA) being a popular management concept nowadays (Al-Rousan & Qawasmeh, 2009). Generally, (CA) was acquired through elements, for example, production capacities, research labs, financial assets, dissemination channels and economies of scale. These variables are as yet significant yet not adequate for achievement in the present business world.

Namada (2018) noticed that you should manage the resources effectively to enhance the product quality, and delivery time, which are priorities of (CA). Human resources development in recent times surpasses other factors as a source of (CA) (Lubit, 2001; Abu Elsamem & Alshurideh, 2012). Schuler and Jackson (1987) recognized central HRM practices: planning, staffing, recruitment, selection, socialization, evaluating, compensation, and training and development. Assuming that HRM drives training and compensation, studies have been completed to decide how a firm can accomplish (CA) through Human Resources Management (HRM). There are two parts of HR: the knowledge, abilities and skills of people inside the organization. On the other hand, HRM is characterized as the "attributes of people that are used through employee behavior" (Wright, McMahan, & McWilliams, 1994), p 305.

Organizations that work in the current quickly changing, serious world face an expanding request to participate in innovative behavior to make and convey new items to acquire sustainability (CA) (Ramamoorthy et al., 2005). The innovation behavior of the employees should be motivated (Nieves & DíaznMeneses, 2018). Along these lines, for individual employees to exhibit Innovative Work Behavior (IWB), they need essential abilities. To oversee innovative labor force, customary HRM rehearses, for example, training and compensation must be re-established to be by the innovative strategy of the organization (Bal et al., 2013; Papa, Dezi, Gregori, & Mueller, 2018).

This research chooses banks to examine the variables in. Although banks are financial institutions, that doesn't mean that the only focus should be on economic issues. Thus, this study assumes that (CA) may be achieved through the role of training and compensation practices and (IWB) in Jordanian Islamic banks.

Jordanian's banking sector is the most grounded portion of its monetary administration industry, with a background marked by tracing back to 1948 when the Arab bank moved its central command from Jerusalem to Amman.

In 2014, 1.8% of the employees in Jordan were active in the agricultural sector, 18.5% in industry and 79.6% in the service sector. The banking system and insurance sector enhanced 20.2% of the total current GDP in 2014 (Jordan Chamber of Industry). According to the central bank of Jordan and the Jordanian association of banks, the Gross Domestic Product (GDP) in Jordan was worth 35.83 billion US dollars in 2014; the annual GDP growth represented 3.1% compared to 2.8% in 2013, then reached 5.4% in 2021.

The banking sector in Jordan is concentrated and constrained by the central bank of Jordan, which was laid out in 1964. According to the last reports of the Association of Banking in Jordan and the central bank of Jordan, 25 licensed Banks were operating in the kingdom in 2014; 16 Jordanian included 3 Islamic banks, and nine international banks had 1 Islamic bank. In 2021, the Jordanian international banks were six, as Table 1.1 details.

In accordance by the reports of the central bank of Jordan and the reports of the Jordan banks association, in 2014, all Banks had 22034 employees, more than 770 branches, and 154 branches internationally, while local Islamic banks had 126 branches in Jordan. All banks had 76 offices around the country, 16 offices of which were related to local Islamic banks. The total ATMs in 2014 were 1434 ATMs, 229 related to local Islamic banks.

In 2021, two banks were closed; a national bank of Abu Dhabi, and the bank Audi S.A.L. All Banks reached to have 21003 employees; 35.2% were female. All banks have 868 branches and 194 branches internationally, while local Islamic banks have 127 branches in Jordan. All banks had 66 offices around the country, and 25 were related to the Jordan Islamic bank. The total ATMs were 2078, where 454 machines were associated with Jordan Islamic bank.

Table 1.1: Jordanian Banks 2021

Local Banks		International Banks	
Islamic Banks	Commercial Banks	Islamic Banks	Commercial Banks
Jordan Islamic Bank (84 branches)	Arab Bank Arab Jordan Investment Bank	Al Rajhi Bank	Blom Bank Standard Chareterd
Safwa Bank ¹ (40 branches)	Bank Al Etihad Bank of Jordan Capital Bank of Jordan		Egyptian Arab Land Bank Rafidain Bank
Islamic International Arab Bank (45 branches)	Invest bank Jordan Ahli Bank Jordan Commercial Bank The Housing Bank Arab Banking Corporation Cairo Amman Bank Jordan Kuwait Bank Societe Generale de Banque		CitiBank National Bank of Kuwait

Source: Central Bank of Jordan (2021), Association of Jordan Banks (2021)

Making (CA) requires an assurance of the variables that might set a firm in an ideal situation corresponding to its rivals. Rather than concentrating on the item at the market, the resource- based view contends that organizations accomplish sustainable (CA) by creating resources. Jordan has seen critical change throughout 2010 in the quantitative and qualitative levels, institutional regulation and guidelines and money-related strategy. Subsequently, a few constructive outcomes in the banking sector exist, including expanded contest, a lower instance of focus and expansion of administrations, expanded benefits, and lower suspicious obligations (Al-Majali & Sunna'a, 2013).

Jordanian Banks enroll the right human resources, train them, and outfit them with the essential abilities to fabricate a solid knowledge base organization

¹Jordan Dubai International Bank launched a new name in 2017, which is Safwa Bank.

that yields more revenue and market share alongside better execution to achieve partners' destinations (Al-Zoubi, 2013).

According to The Global Competitiveness Report (2014), the nature of (CA) in Jordan comes in rank 32, which represents a value of 4.3, where [1 = minimal expense work or normal assets; 7 = exceptional items and cycles]. The dimensions of (CA) in this study were derived from Clark, Hayes, and Wheelwright model. They suggested that firms compete in the marketplace by one or more of the following competitive priorities (Clark et al., 1988); time, quality, cost, and flexibility (Abou-Moghli et al., 2012).

The total number of employees in all Jordanian banks was 22034, while the number of employees working in local Islamic banks was 3203, which represents % 16.48 of all employees in 2014. Then the employees of Islamic banks reached 3070 employees in 2021 up to the last annual report of association of Jordanian banks.

Employees are the knowledge creator in any association, and immense variables oversee the accomplishment of any information the executives drive, referred to (CA) (Bahloq, 2011; Dorjkhuu, 2013). Employee training is probably the ideal way to aggregate, use, update, and transfer knowledge to others in the organization.

The holy Qur'an² indicated the importance of gaining knowledge; "but say, "O my Lord! Advance me in knowledge." (Al-Quran, Taha 20:114). Effective training is significant for present-day enterprises that plan to acquire (CA) through great quality help (Masa'deh & Obeidat, 2014; Kulkarni, 2013). This

² All Quran Translations In This Thesis Are Based On Abdullah Yusuf Ali. 1989. The Holy Qur'an, Text, Translation and Commentary. Maryland: Amana Corporation.

study employs the course's quality and training methods as options for training. As another HRM practice, the compensation system contributes to (CA) by empowering the organization to attract more and better applicants and hold fundamental employees for longer timeframes (Saif & Sartawi, 2013). The holy Qur'an encouraged compensating people: "He may give Glad Tidings to the Believers who work righteous deeds, that they shall have a goodly Reward" (Al-Quran. The Cave 18:2).

Organizations cannot achieve their objectives without equipped individuals in administrative and employee positions. This implies that the firm won't be on a leadership level with different firms (Mnjala, 2014). Innovative behavior is a powerful ability to incorporate, form and reconfigure interior and outer skills to address quickly changing conditions (Teece et al., 1997). Innovative work behavior (IWB) is an act of exploring, generating, championing and applying innovative thinking in the organization, which empowers employees to utilize innovative perspectives, and rapidly and precisely react to client request changes (Woodman et al., 1993; Scott & Bruce, 1994).

On the (IWB) side, Khan (2016) mentioned that in 2014, Safwa bank won the 'Best Innovative Bank' grant by Global Finance Magazine; their statement of purpose centers around: "To offer particular and creative types of assistance exuding from the heavenly standards of Islam to construct enduring and strong accomplice ships and to expand advantages to all partners." It is worth focusing on the fact that JDIB is the principal Islamic Bank to use creative administrations, including the Queuing System and presented grant-winning items, like Safwa (world-class and princely clients banking administrations inside the structure of security, flawlessness and regard) and Kanzy (children's saving record). There is

no Innovative Behavior study of Jordan bank employees up to the extent of the researcher's knowledge. This represents one of the most critical gaps founds in Jordanian banks.

Using (IWB) in banks improves the lead time to develop new ideas or modify the services, enhances the quality of the specifications of services, and reduces the cost of operations. On adaptability, taking on innovative techniques in items and interaction permit banks to tweak things and administrations in given client prerequisites. It likewise permits banks to offer items and administration because of the contest. The HRM practices, like training and compensations, would apply to motivate the (IWB) in the working environment of the banks.

The training isn't just developing work information and abilities, but instead impacts on alteration of employees' demeanor and conduct for improvement while performing work. Likewise, offering pay and an advantage compared with that of contenders can guarantee that an organization draws in and holds high-quality employees (Nwokocho & Iheriohanma, 2012). There is proof of recognizable changes in employee behavior toward examining specific tasks once compensation, as rewards and bonuses are offered to motivate employees to affect their annual performance (Bahloq, 2011).

Tangen (2004) demonstrates that employees will endeavor to meet and surpass their objectives by changing their behavior towards following through with their responsibilities and fulfilling their time constraints. (IWB) through HRM practices can be a basis of (CA) which can give a firm the capabilities that rivals cannot match. Hence, this research focuses on achieving (CA) in the banks based on enhancing the (IWB) using training and compensations. The next following section explains the research problem statement.

1.2 Problem Statement

There is a need to evaluate and develop previous partial, derivative and limited results in light of the continuous change in the current dynamic economic conditions, which need an empirical treatment at the present time and taking comprehensiveness as much as possible into consideration to reach new results that were not known before. Hence, this is what this research is trying to do. Past studies (Al-Nawaiseh, 2014; Costa & Cabral, 2010; Abou-Moghli, Al Abdallah, and & Muala, 2012; Hamadamin & Atan, 2019; Jaradat & Al Azaam, 2013; Pahuja & Dalal, 2012; Shammot, 2014; Rawashdeh, 2014), focused on (CA) as a dependant variable and found many different results as mentioned in chapter two. There is an empirical gap in previous research that need to be examined in the current economic situation and need to get new and novel ideas to be implemented in the working area, as this research tried to bring the indirect compensation to be as a moderator to examine (CA).

There is also a gap in the empirical research to examine the relationship between HRM and employees (IWB) (Prieto & Pérez-Santana, 2014), which presents the importance of this research to explore the relationship between the HRM practices (such as compensations and training) and the (IWB) in the Jordanian Islamic banks. The weakness in motivating (IWB) through training and compensation could lead to difficulties in gaining competitive opportunities, so this research found a practical gap that many studies, as mentioned in chapter two, found a clash results of the relationship between HRM practices and (CA), neither theoretically and practically, also this study is the first one that implements the use of (IWB) in JIBs as a mediator variable.

Jordanian banks face challenges in competitiveness from vast information and knowledge resources in making decisions (Al-Shawabkeh & Tambyrajah, 2009). In the present severe climate, Jordanian banks should endeavor to draw in and hold clients by presenting innovative products, improving the nature of client support and showcasing that are probably going to arise as the framework turns out to be more competitive and complex (Al-Fayoumi & Abuzayed, 2009). According to Al-Jarrah (2010), overseeing individuals effectively is regularly not so noticeable or straightforward concerning its source. Islamic banks can use innovative plans to improve expenses and work on flexibility.

To gain (CA), HRM needs to invest in people by defining the practices expected for hierarchical achievement and guaranteeing that these practices are energized, esteemed and compensated. According to the global competitiveness report (2014), the flexibility of wage determination ranks Jordan in 73, representing a value of 5.0, where [1 = by a centralized bargaining process; 7 = by each company].

According to the global competitiveness report (2014) regarding Jordan, the high-quality of specialized research and training services ranks 41 represented a value of 4.6, where the investment in staff training and employee development ranks 58 represented a value of 4.1, where [1 = not available at all; 7 = widely available]. Thus, Jordanian banks need to improve their training systems to enhance their competitiveness ranking by motivating the (IWB) in the working environment.

This research focuses on Jordanian Islamic Banks because of the limited research in HRM practices, which have a significant role in financing and adding to various monetary and social areas in the country, have an influential role in

economic development more than commercial banks, and introduced different services. The model of Islamic banking is administered under Shari'ah regulation, and its primary standard is known as a "fair" and a "free" loan system where "fairness" is the essential objective (Suleiman, 2001).

This causes numerous Jordanians not to like to manage business non-Islamic banks for strict reasons (Alghusin & Irshaid, 2014; Srouji et al., 2015). This is why Islamic banks have an immense offer in the market and gain tremendous benefits. So that makes it challenging to develop their administrations further persistently to keep their market share and gain new offers that could build their profits.

Human Resources Management (HRM) is one of the primary success keys of continual service improvements in banks. Although critics argue that HRM is still a cost center for organizations and a liability (Sharma, 2012), but their substantial activities don't follow such a methodology. Such firms are not intended to make their human resources, and they give relatively low importance to both HRM of the firm and HR Department (Lawler, 2008; Qehaja & Kutllovci, 2015). As explained in the previous section, HRM would be motivated to enhance working performance through training and compensation. HRM faces given Shariah norms like Saving records, Wakalah, long haul accounts and Commodities, QardHasan, Murabaha, Musawama, Ijara and Jua'lah (Al-Hersh, 2015). The Islamic banking services motivate Jordanian customers to deal with the Islamic Banks of Jordan through the bank's image, reputation, and ability to maintain confidentiality (Naser et al., 1999; Al-Jazzazi & Sultan, 2015).

Executing a base spending plan to arrive at the most powerful utility is an important goal for each organization. Management faces many problems in

budgeting HR. Research shows that when the financial records are not improving, the bank moves to cut the HRM practices spending plan. Such activity makes the bank lose employees quickly and builds the expenses for the bank as it moves to supplant the staffs that leave. Inefficient HRM practices (such as training and compensations) could prompt employees to neglect to amplify their capacity and potential as they need sufficient data, abilities, and information to fulfill their obligations (Bataineh, 2014; Amarakoon, 2018).

Table 1.2: Employees' Expenses in Jordanian Islamic Banks

Employees' Expenses 2021	Safwa Bank (2009)	Jordan Islamic Bank (1978)	Islamic International Arab Bank (1997)
	JD	JD	JD
Salaries, allowance and benefits	11,126,175	33,059,808	19,129,387
Social security	1,147,113	4,073,356	2,379,935
End of service indemnity		984,982	3,641,807
Insurance	35,538	248,654	171,845
Medical expenses	620,116	3,266,988	1,143,270
Training and research	54,657	70,304	34,196
Employees' travel	121,979	1,284,946	292,432
Others	6,900,813	27,026,345	10,248,313
Total (JD)	14,402,503	41,920,751	22,820,053
Trained Employees ³	5076	7526	593
Total Courses	110	505	96

Source: Annual report of Association Banks of Jordan (2014)

Based on the above Table, the low budgets for (training and compensation) could discourage the (IWB) (Fernandez & Pitts, 2011). The individuals will not feel more encouraged to innovate when the rewards and training are below expectations (Fernandez & Pitts, 2011). Barney and Clark (2007) emphasize that

³Total Employees Trained May Have Some Repetition In Many Courses, Some Courses Are Online.

“...when organizations require cost cutting, they often look first to investments in the firm’s people such as training, wages, and headcounts” p122. On the other hand, Eenink (2012) highlighted that the incentives presented by the manager are motivating employees to perform (IWB), so that links to this study that the (IWB) of the organization will be higher if compensated by salary, allowances, bonus and end of service indemnity, these serve as a tool of controlling and motivating employees through HRM practices.

The aftereffect of overseeing HRM is an upgraded capacity to draw in and hold qualified employees who are persuaded to perform. The consequences of having the right employees motivated to perform prompts (CA) (Pahuja & Dalal, 2012). The research defined (IWB) for what it's worth needing a critical change on how training and compensation are designed, created and executed in Jordanian banks. In Jordanian Islamic banks, there is a need to heal the rift represented by the empirical, practical, and theoretical gaps by applying new ideas through training and compensation; in determining (CA) through behavior. This study tries to present a systematic framework that covers all the previous aspects by giving the effect of training and direct compensation on (IWB) towards (CA) moderated by indirect compensation.

1.3 Research Questions

Organizations can procure human resources which have the ability, the capacity, the fitting capability that is best positioned to acquire (CA) in a time of fierce competition. Several previous studies dealt with various HRM in different regions of the world (Ifan, 2015; Almutairi & Alsawalhah, 2020; Cherif, 2020; Gidado et al., 2014; Osibanjo et al., 2014; Ahmada et al., 2015), and Jordanian

banks in particular (Al-Nawaiseh, 2014; Al-Mahayreh & Abdel- Qader, 2014; Abou-Moghli, Al Abdallah, & Al Muala, 2012; Madanat & Khasawneh, 2017; Jaradat & Al Azaam, 2013 Alkhazali et al., 2015; Al-Ghazawi, 2012; Alshawabkeh & Alsawalhah, 2019; Bataineh, 2014), but this matter encouraged the researcher to choose two types of practices due to the importance and the high expenses spent on them, which can be controlled in a systematic way to reduce the budget of Jordanian Islamic banks and given the currently active and important role of the human capital, which are training and compensation.

Factors that influence the accomplishment of the training could incorporate holding instructional classes exceptionally, laying out a suitable philosophy between the instructional class and the employees who will go along with it, affirming that the trained staff have procured and redundantly upgrading both specialized and educational abilities, and developing the training strategies to meet the objectives and goals of the training through motivation. Rewards are directed to enhance employees' motivation (Suifan, 2015).

Each organization should change and improve to get by; this isn't just to thrive but to make due in a universe of expanded rivalry. Jordanian training directors didn't stimulate the issue. Consequently, more exploration is expected to feature it, particularly concerning the degree in the progression of innovative plans to fabricate (CA) impacted by the arrangement of motivating forces and HR training. Therefore, the following questions can be regarded as the problem of the study formulation:

- Does Training Practice significantly impact Innovative Work Behavior (IWB) in Jordanian Islamic banks?

- Does Direct Compensation Practice significantly impact Innovative Work Behavior (IWB) in Jordanian Islamic banks?
- Does Innovative Work Behavior (IWB) affect Competitive Advantage (CA) in Jordanian Islamic Banks?
- How does Innovative Work Behavior (IWB) mediate the effect of Training and Direct Compensation Practices on Competitive Advantage (CA) in Jordanian Islamic banks?
- Is there moderating effects of Indirect Compensation Practice on the mediation relationship between Innovative Work Behavior (IWB) and Competitive Advantage (CA) in Jordanian Islamic banks?

1.4 Research Objectives

Assuming that an organization's employees are profoundly trained and persuaded, they will do whatever is important to accomplish the organization's objectives and monitor industry execution to address any likely difficulties (Alrawabdeh, 2014). The new concept of this study brings the (IWB) variable into the environment of achieving (CA). Faugoo (2009) and Nieves et al. (2018) signified that the capacity to draw in the ability, select the best, create and redesign capabilities, persuade innovation and hold the esteemed employees would be the restorative practices for an organization's accomplishment in the present worldwide climate and the administration of individuals enormously connected with (CA). That's why the main aim of the research is achieving (CA) through the role of HRM practices and (IWB) in Jordanian Islamic banks. According to the study questions, specific objectives can be derived to treat the

challenges and difficulties the study variables face. This research aims to achieve the following objectives:

- To determine the relationship between Training Practice and Innovative Work Behavior (IWB) of Jordanian Islamic banks.
- To determine the relationship between Direct Compensation and Innovative Work Behavior (IWB) of Jordanian Islamic banks.
- To analyze the effect of Innovative Work Behavior (IWB) on Competitive Advantages (CA) in Jordanian Islamic Banks.
- To investigate the mediation effect of Innovative Work Behavior (IWB) between Training, Direct Compensation Practices, and Competitive Advantage (CA) in Jordanian Islamic banks.
- To examine the moderating effect of Indirect Compensation Practice on the mediation relationship between Innovative Work Behavior (IWB) and Competitive Advantage (CA) in Jordanian Islamic banks.

1.5 Significance of Study

Guesmi et al. (2012) confirm that banking is one of Jordan's most important industries. Due to the religion and culture of Jordanians, the services based on Shari'ah of Jordanian Islamic banks are one of the (CA) in the banking sector in Jordan. Thus, it is important to improve the (CA) of the services of Islamic Banks. The primary significance of this research is to highlight the moderation role of indirect compensation practice towards the relationship between (IWB) and (CA) in Jordanian Islamic banks. Thus, Islamic banks can adopt t (CA) dimensions in their services.

On the other hand, this research could discuss the effect of (IWB) on the (CA) improvements, which gives a better understanding of Islamic banks in enhancing the (IWB) in the working environment. The Islamic banks need to know how to enhance the (IWB) to improve the (CA) of the provided services, such as credit cards, mobile stickers, Ijara loans, competitive rate of return, offers and benefits, electronic protection, and phone banking services (Annual reports of local Islamic banks, 2021). Thus, the explanation of (IWB) concepts and effects is another sign in this research, as well that (IWB), is studied in this research for the first time in Jordanian Islamic banks, which encouraged and motivated the researcher to fill this limitation which found as a gap in previous literature.

Furthermore, this research studies the relationship between training and compensations practices and the (IWB) in Islamic banks. Using suitable training courses, the employees would learn new knowledge to innovate an accurate solution for various working problems in the economic marketplace. On the other hand, the compensations could play an important role in motivating the (IWB) in the working environment, whereby the (CA) of the services would be improved (Sundac & Krmpotic, 2009).

In conclusion, the significance of this research is to extant research on (IWB) influenced by training and compensation towards achieving (CA). When completing the study objective, it will be helpful for the banks to allocate HRM costs and estimate the cost of the proposed expenditure to balance the bank objectives. Banks will bring about costs or expenses, for example, premiums paid on stores and general and managerial costs paid to their employees.

The reason behind the focus of this research scope is that Jordanian Islamic banks have a significant role in financing and adding to various monetary and

social areas and economic and introducing different services. Due to the religion and culture of Jordanians, the services are based on Shari'ah, which causes numerous Jordanians not to like managing business non-Islamic banks for strict reasons. The Islamic banking services motivate Jordanian customers to deal with the Islamic Banks of Jordan in the bank's image, reputation and ability to maintain confidentiality.

In addition, little work has been done to control the independent research variables, training, direct compensation, and (IWB) in the banking sector of Jordan, besides many empirical and significant benefits to the banking industry. Also, there was a clash of previous findings regarding each variable, so this study confirms one of these arguments. Also, there will be a level of benefit for Jordan Islamic banks or any other organization when it follows the strategy and implements the flow of this study. This research chooses only two practices of HRM, Training and Compensation, due to its ease of access in terms of data and statistics that can be derived from the bank's annual reports and the previously available literature and due to its importance that can be noticed from the high expenses the banks offer to the employees.

1.6 Scope of Study

Banking is a significant sector in Jordan. The public authority has presented a few regulations and constitutions expected to foster this sector, work on its capacity to contend inside a worldwide market and energize interest in the country. Referring to (Al-Quran, the Cow 2:275), Allah SWT says: "Those who devour usury will not stand except as stand one whom the Evil one by his touch hath driven to madness. That is because they say: "Trade is like usury," but Allah

hath permitted trade and forbidden usury. Those who, after receiving direction from their Lord, desist shall be pardoned for the past; their case is for Allah (to judge), but those who repeat (The offense) are companions of the Fire: They will abide therein (forever)". This justification, especially since Jordan belongs to Islamic culture, means that Jordanian customers prefer to practice with Jordanian Islamic banks.

The scope of this research is the Islamic banks in Jordan: Jordan Islamic Bank, Islamic International Arab Bank, and Safwa bank. The total number of employees is 3203, whereas the sample taken is 219 employees. This study focuses on implementing training practices, including (training courses and training methods) and direct compensation, including (salary, allowances, bonuses, and end-of-service indemnity). Also, indirect compensation is used in terms of (rewards, insurance, social security, and travel). Besides HRM practices, the study employs (IWB) which consists of (exploring, generating, championing, and application of ideas), and lastly, the dependent variable; (CA), which consists of time, quality, cost, and flexibility). The research used the questionnaire in terms of data collection method and analyzed it through SPSS and AMOS using structural equation modeling.

1.7 Definition of Key Terms

This study presented definitions of the variables used. The independent variables are HRM practices, Training and Direct Compensation; the mediator variable is Innovative Work Behavior (IWB), and the moderator variable is Indirect Compensation. The dependent variable is a Competitive Advantage (CA).

The following definitions are the ones on which this study depends on:

- Human Resources Management (HRM) Practices

Human resources management (HRM) practices include all those activities that concentrate on people through selecting them, analyzing their work, determining their needs, teaching them how to perform their jobs, training and rewarding them, evaluating their performance and creating a positive work environment. This study employs training and compensation as HRM practices:

- Training

Training refers to employees' systematic competence acquisition and stimulates continuous learning (Demo et al., 2012). This study will focus on the HR training of courses quality and training methods (Elnaga & Imran, 2013) to support achieving (CA), using dimensions adapted from (Demo et al., 2012; Dechawatanapaisal, 2005).

- Compensation

Compensation is a valuable motivation to reward employees' performance and competence via remuneration and incentives (Demo et al., 2012). The compensation classifications (Nurul Absar et al., 2010; Fogleman & McCorkle, 2009; Manurung, 2017; Hasibuan, 2016) used in this study are direct compensation, which consists of salary allowances, bonus, and end-of-service indemnity. And the indirect compensation consists of rewards, insurance, social security and travel.

- Innovative Work Behavior (IWB)

Most researchers have operationalized individual innovation as perplexing practices (Kleysen & Street, 2001; Jong & Hartog, 2007; Janssen, 2000).

Innovative work behavior (IWB) refers to the unique practices and the remarkable

and positive activities which lead the company to reward the employee who has a good (IWB). Innovative behavior is a demonstration of exploring, generating, championing and application of innovative thinking in the organization, which empowers employees to utilize creative perspectives, and rapidly and precisely react to client request changes (Woodman et al., 1993; Scott & Bruce, 1994).

- Competitive Advantage (CA)

Competitive advantage (CA) is a capacity to deliver items or proposition administrations different from what contenders do. It uses the qualities that organizations have to add esteem such that contenders find it challenging to copy. Verma and Young (2000) identified underlying dimensions of (CA) which reflect many competitive priorities:

- Time: Provide fast deliveries, meet delivery promises on time, reduce lead (waiting) time between order and service delivery, and recognize the regular customer.

- Quality: Knowledge/skills of employees in dealing with customers, friendly and polite customer service personnel, maintaining consistent & reliable quality of services, process improvement for better service quality.

- Cost: Reduce operating cost by process improvement, reduce operating cost by automation, and reduce the net worth of service to the customer, reducing operational cost by improving productivity.

- Flexibility: Offer a large number of service features and variety, developing and providing innovative and unique services, and developing and introducing new services, developing a more comprehensive line of services.

1.8 Organization of the Thesis

This study is organized to present the following chapters:

Chapter one briefly identifies an introduction consisting of a background of the study variables, problem statement, research questions and objectives, scope and significance, and definitions of the study variables.

Chapter two reviewed the past literature and began with the independent variables; Training practices, and Indirect Compensation, followed by the mediation variable; the (IWB), and highlights the connections with the moderator variable; Indirect Compensation, and last presents the (CA) review, additional the gap that summarizes the appearance of this research's idea.

In chapter three, the methodology is talked about the extent of the population and sample and all issues connected with the questionnaire and interview used to conduct the study, besides the data analysis techniques used.

Chapter four discussed the examination, discoveries and aftereffects of hypothesis testing.

The findings and discussion are presented in the fifth chapter. A few implications were proposed, and the end draws from the study.