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Employee Well-Being as a Strategic HRM Driver of Competitive Advantage in Higher Education

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Abstract: This study examines how organizational performance and quality improvement influence competitive advantage through employee well-being in higher education institutions. A quantitative method was used, drawing on survey data gathered from 200 academic and administrative personnel at private universities located in the Bekasi area of Indonesia. The analysis was conducted utilizing Structural Equation Modeling–Partial Least Squares (SEM-PLS). The findings reveal that organizational effectiveness as well as improvement in quality have a notable impact on competitive edge, both in direct and indirect ways, with the well-being of employees serving as a crucial mediating factor. Furthermore, organizational performance and quality improvement significantly enhance employee well-being, which in turn strengthens institutional competitiveness. This research adds to the literature on strategic human resource management by framing employee welfare as an essential tool that transforms organizational strengths into a lasting competitive edge, thus broadening the Resource-Based View (RBV). The findings emphasize the significance of combining quality enhancement, performance management, and employee well-being strategies to enhance institutional effectiveness and long-term competitiveness in higher education.

Keywords: Human Resource Management, Employee Well-being, Quality Improvement, Organizational Performance, Competitive Advantage.

INTRODUCTION

Higher education institutions (HEIs) are currently facing increasingly intense competition both at the national and global levels. Globalization, digital transformation, and the rapid expansion of higher education have significantly reshaped the education sector. Universities are no longer assessed solely on academic achievement but also on their ability to maintain educational quality, demonstrate organizational performance, and sustain competitive advantage. International reports highlight that higher education systems worldwide are under

increasing pressure to improve institutional performance while maintaining human sustainability, particularly in managing employee workload, productivity, and well-being (UNESCO, 2023; OECD, 2023). Recent global research highlights that employee well-being has become a central component of human capital strategy and organizational sustainability, particularly in knowledge-intensive sectors (Guest, 2024; Kapp, 2012). Organizations are increasingly recognizing that maintaining employee well-being is essential not just for personal results but also for maintaining enduring organizational performance and competitiveness.

In Indonesia, similar challenges are increasingly evident, particularly among private universities that compete intensively to enhance their institutional performance and accreditation outcomes. The increasing number of universities achieving Excellent (A) and Very Good (B) accreditation in Kopertis Region IV, West Java, indicates that higher education institutions are actively pursuing quality improvement initiatives. However, several empirical studies and policy reports indicate that challenges in human resource management persist, including uneven distribution of lecturers' academic ranks, heavy teaching loads, and disparities in compensation and career development opportunities. (Sukoco et al., 2022; Haan, J., & Gallagher, 2022). These conditions suggest that improvements in institutional quality alone may not generate sustainable competitive advantage without effective human resource management.

Human resources, particularly academic staff, are widely recognized as one of the most strategic assets in knowledge-based organizations such as universities. The Resource-Based View (RBV) suggests that organizations that successfully manage important, inimitable, and hard-to-replicate internal resources, such as staff knowledge, skills, and well-being, can gain a sustained competitive advantage. (Barney et al., 2021; Collins, 2022). Previous studies have shown that universities that implement strategic human resource management (HRM) practices are better able to translate quality improvement initiatives into enhanced organizational performance and long-term competitiveness. (Mazzarol, & Reboud, 2019; Jung et al., 2023). HR management activities like career advancement, assessment of performance, management of workload, and employee support systems, therefore, play a crucial role in determining how quality improvement and organizational performance influence employee outcomes and institutional competitiveness.

Employee well-being has therefore emerged as a critical concept in contemporary human resource management research, particularly in knowledge-intensive sectors such as higher education. Employee well-being encompasses financial, psychological, and social aspects, including workload balance, job security, recognition, and professional development. (Festing & Schäfer, 2022). Previous studies have demonstrated that higher levels of employee well-being are linked to heightened motivation, dedication to the organization, ingenuity, and efficiency. On the other hand, insufficient well-being can result in stress, exhaustion, and a drop in employee effectiveness. (Wei et al., 2020; Bakker et al., 2023). Within the realm of universities in Indonesia, issues related to lecturer welfare, career development, and workload distribution remain important challenges that may influence institutional performance and competitiveness.

Recent reports further emphasize that employee well-being is increasingly positioned as a strategic driver of organizational performance and long-term competitiveness, rather than merely an individual outcome. (CIPD, 2024; Forum, 2023). This shift reflects a growing recognition that employee experience plays a critical role in shaping organizational effectiveness.

Although previous studies have examined quality improvement, organizational performance, and employee well-being, most research analyzes these variables separately or focuses primarily on institutional outcomes. There is limited understanding of how quality improvement and organizational performance interact through human resource mechanisms to enhance employee well-being and create competitive advantage, especially in nations with

emerging economies like Indonesia. This indicates a research gap that warrants further investigation to understand how employee well-being contributes to institutional competitiveness as a key human resource factor.

From a theoretical perspective, this study is grounded in the Resource-Based View (RBV), which emphasizes that a lasting competitive advantage arises from resources that are beneficial, uncommon, hard to replicate, and irreplaceable. This research notably enhances the RBV outlook by asserting that the well-being of employees is not just a supplementary factor, but rather a key HR strategy that allows companies to optimize their internal resources to gain a competitive edge. This perspective is supported by recent developments in strategic HRM literature, which emphasize that employee experience and well-being constitute critical intangible resources that enhance organizational resilience and adaptability. (Guest, 2024; Eriksson & Nyberg, 2024).

In higher education institutions, human resources, particularly academic and administrative staff, are critical intangible assets that influence institutional performance and competitiveness. However, the importance of these assets relies not just on their existence but also on how they are effectively managed and experienced within the organization.

Building on this perspective, quality improvement and organizational performance are conceptualized as key organizational drivers that influence both employee well-being and institutional competitiveness. Quality improvement reflects institutional efforts to enhance academic standards, curriculum relevance, and service quality, while organizational performance captures institutional achievements such as research productivity, institutional reputation, and collaboration. These factors are expected to directly contribute to competitive advantage, as institutions with higher levels of quality and performance are better positioned in an increasingly competitive higher education environment.

In addition, employee well-being is positioned in this study not just as a significant result of company actions but also as a mediating mechanism through which quality improvement and organizational performance are translated into competitive advantage. Employee well-being encompasses psychological, social, and professional dimensions, including job satisfaction, workload balance, recognition, and opportunities for career development. When institutions successfully implement quality improvement initiatives and achieve strong organizational performance, these conditions enhance staff happiness, which subsequently boosts drive, involvement, and productivity, ultimately strengthening institutional competitive advantage.

Thus, employee well-being is positioned as a mediating mechanism that links organizational drivers to competitive outcomes, consistent with the Resource-Based View (RBV). As a result, this research introduces a theoretical model where enhancements in quality and organizational success impact competitive edge both directly and through employee well-being, acting as a mediating factor. The theoretical model of this research is illustrated in Figure 1:

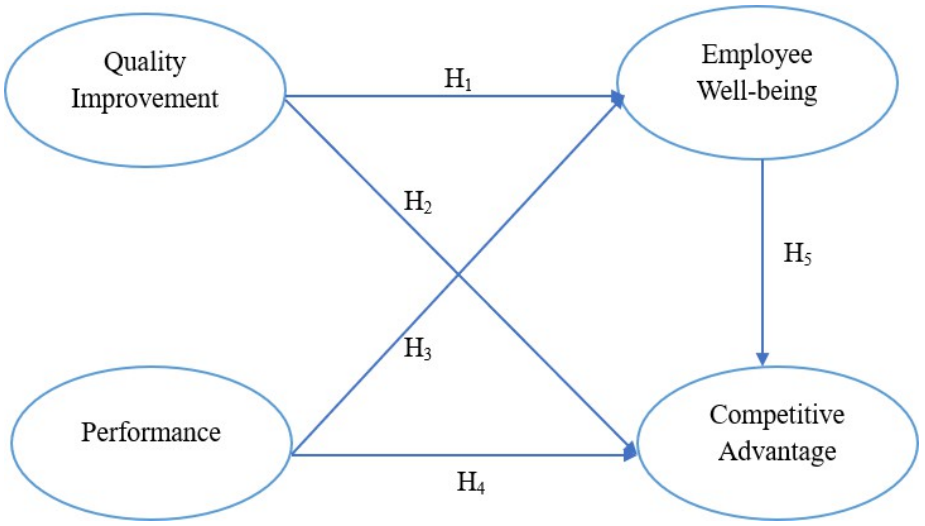


Figure 1. Conceptual Framework

This framework provides a clearer understanding of how organizational practices influence both employee well-being and competitive advantage, highlighting the strategic importance of human-centered management in higher education institutions. This research presents a unique innovation by clearly focusing on employee wellness as a strategic mediating mechanism, rather than merely an outcome of human resource practices. While prior studies have largely examined quality improvement, organizational performance, and employee well-being separately, this research integrates these variables within a unified framework grounded in the Resource-Based View (RBV). By doing so, this study demonstrates how employee well-being functions as a critical linkage that transforms organizational resources into competitive advantage. Furthermore, this research contributes empirical evidence from private higher education institutions in Indonesia, a context that remains underexplored in global strategic HRM literature.

Based on these factors, this research intends to explore how improvements in quality and organizational success impact the well-being of employees and the competitive edge of higher education organizations. Furthermore, this study investigates how employee well-being acts as a crucial human resource element that promotes competitiveness within institutions. The results will add to the knowledge within the field of strategic human resource management and offer actionable insights for leaders in higher education who aim to create strategies centered around human needs to boost institutional effectiveness and sustain competitive advantage.

METHOD

This research utilizes a quantitative research framework to Examine the relationships among quality improvement, institutional success, staff well-being, and competitive advantages in higher education institutions. The primary analytical approach utilized was Structural Equation Modeling using Partial Least Squares (SEM-PLS). This approach was selected due to its efficacy in analyzing complex models. that include various underlying factors and can manage smaller sample sizes efficiently, and its robustness in predictive research contexts. The SEM-PLS approach follows the guidelines proposed by (Hair, 2021).

The study was conducted at private higher education institutions in the Bekasi region of Indonesia, which function within a very competitive educational landscape. The group included faculty and administrative personnel who are directly engaged in teaching, research, and the management of the institution. A survey that captures data at one specific moment, the method was used to understand the viewpoints of participants at that exact moment. A cross-

sectional approach was deemed suitable for exploring connections between concepts at a particular time..

A group of 200 individuals took part in the research. This number surpasses the basic criteria for SEM-PLS analysis, according to Hair and colleagues in (Hair et al., 2014), providing adequate statistical strength for evaluating the model. To guarantee appropriate representation of educational and administrative staff, thereby enhancing the representativeness of the sample and reducing potential sampling bias.

Data were collected using a systematic survey created from recognized theoretical models and earlier research findings. Each measurement The item was assessed utilizing a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Improvement in quality was evaluated using indicators related to academic standards, curriculum relevance, and institutional support. Organizational performance was assessed through indicators such as academic reputation, research output, and institutional collaboration. Employee well-being was measured based on perceptions of working conditions, compensation, career development opportunities, and job satisfaction. Competitive advantage was evaluated using indicators of institutional reputation, innovation capability, market positioning, and external partnerships. The assessment Items were altered from credible measures used in earlier studies to verify the validity of the content. (Hair, 2021; Sarstedt et al., 2022).

Data analysis was performed with the aid of SmartPLS software. The process was carried out in two phases. Initially, the measurement framework was analyzed to assess the validity and reliability of the constructs involved. The reliability of the indicators was evaluated based on their outer loadings, with a recommended minimum threshold of 0.70. Internal consistency reliability was determined using the composite reliability (CR), where a value exceeding 0.70 was considered acceptable. To gauge convergent validity, the Average Variance Extracted (AVE) was calculated, which should be above 0.50. To verify discriminant validity, both the Fornell-Larcker criterion and cross-loadings were utilized. Additionally, the Heterotrait-Monotrait (HTMT) ratio offered further insight into discriminant validity. Subsequently, the structural model was scrutinized to explore the relationships among constructs through the use of path coefficients, t-statistics, and p-values derived from bootstrapping techniques. The explanatory power of the model was evaluated via the coefficient of determination (R^2).

This study acknowledges certain limitations. The cross-sectional approach restricts the capacity to conclude cause and effect over extended periods. Furthermore, the results may not be entirely applicable in other contexts of private higher education institutions in the Bekasi region. However, the methodological approach provides robust empirical insights into the relationships among organizational performance, quality improvement, employee well-being, and competitive advantage. All respondents participated voluntarily, and their responses were treated confidentially to ensure data integrity and ethical research practices.

RESULTS AND DISCUSSION

Results

A group of 200 individuals took part in this research. The majority of the participants were between the ages of 31 and 40 (42%) and possessed a master's degree (66%). Regarding their work history, the largest segment had 6 to 10 years of experience (36%), while those exceeding 10 years made up 30%. The most significant portion of the respondents were lecturers (50%), suggesting that the sample mainly consists of educational professionals. Comprehensive details can be found in Table 1.

Table 1. Profile of Respondents

No	Attributes of Participants	Information	Rate
1	Gender	Male	55%
		Female	45%
2	Age	≤ 30 years Old	18%
		Between the ages of	42%
		31 and 40	30%
		41 to 50 years old.	10%
		Older than fifty years	
3	Level of Education	S2	66%
		S3	34%
4	Years Of Service	≤ 1 year	8%
		1-5 years	26%
		6-10 years	36%
		≥ 10 years	30%
5	Academic Position	Lecturer	50%
		Associate Lecturer	35%
		Professor	15%

Source: Processed Data, 2025

Table 2. Outer Loadings of Measurement Items

	Employee Well-being	Competitive Advantage	Performance	Quality Improvement
KK1	0.785			
KK10	0.757			
KK2	0.759			
KK5	0.799			
KK6	0.889			
KK8	0.872			
KKP1		0.738		
KKP10		0.881		
KKP2		0.888		
KKP4		0.841		
KKP5		0.848		
KKP6		0.928		
KKP7		0.861		
KKP8		0.889		
KKP9		0.774		
KPT1			0.707	
KPT3			0.837	
KPT4			0.918	
KPT5			0.791	
KPT6			0.917	
KPT7			0.893	
KPT8			0.839	
PM1				0.889
PM11				0.848
PM2				0.854
PM3				0.800
PM4				0.738
PM5				0.880
PM7				0.870
PM8				0.870
PM9				0.840

Source: Analyzed data, 2025

Through the examination of the measurement model in conjunction with the methods used to calculate each indicator and variable, it is possible to determine if the requirements for validity and reliability are met, which may inform future research. The table on reliability shows that all variables exhibit strong and stable internal consistency, with both Cronbach's alpha and composite reliability surpassing 0.7. Furthermore, the external loadings for each variable are included in this table. The outer loading values of the Employee Well-being variable, which are assessed by a diverse array of indicators (KK1, KK2, KK5, KK6, KK8), fall within the range of 0.757 to 0.889. This implies that these indicators accurately represent the construct of Employee Well-being.

In addition, the Competitive Advantage variable's peripheral loadings, as assessed by indicators (KKP1, KKP2, KKP5, KKP6, KKP9), range between 0.738 and 0.928. This implies that the Competitive Advantage variable's indicators are credible and valid. The PT Performance variable's outer loading values, as assessed by indicators (KPT1, KPT3, KPT6, KPT7), range from 0.707 to 0.918, indicating a high level of measurement precision. The Quality Improvement factor exhibits outer loading values that vary between 0. 738 and 0. 889 and was evaluated through specific indicators (PM1, PM2, PM5, PM8), indicating that the results are highly reliable and valid.

The Average Variance Extracted (AVE) values for each variable exceeded the suggested minimum of 0.5, confirming the model's convergent validity. The AVEs were higher than the Quality Enhancement threshold. University Performance, Competitive Advantage, and Employee Well-being had values of 0.743, 0.860, 0.868, and 0.795, respectively. This confirms the validity of these concepts and explains the preponderance of differences among their individual measures. The findings of this study show that each variable, as assessed by its indicators, satisfies the validity and reliability standards, suggesting that it is appropriate for more study. The measuring model was deemed suitable for additional research derived from the findings of convergent validity and composite reliability, since they satisfied the established requirements (Table 3).

Table 3. Construct Reliability and Validity

Variable	Cronbach's Alpha	Rho A	Composite Reliability	Average Extracted (AVE)
Employee Well-being	0.896	0.902	0.920	0.659
Competitive Advantage	0.954	0.956	0.959	0.725
Performance	0.944	0.946	0.954	0.722
Enhancement of Quality	0.949	0.952	0.957	0.713

Source: Processed data, 2025

The accuracy of the external model is confirmed, and the internal model, referred to as the structural model, is assessed. The route coefficient test within the internal model can be assessed by examining the t-statistic for the dependent variable and the reliability-indicating R-squared.

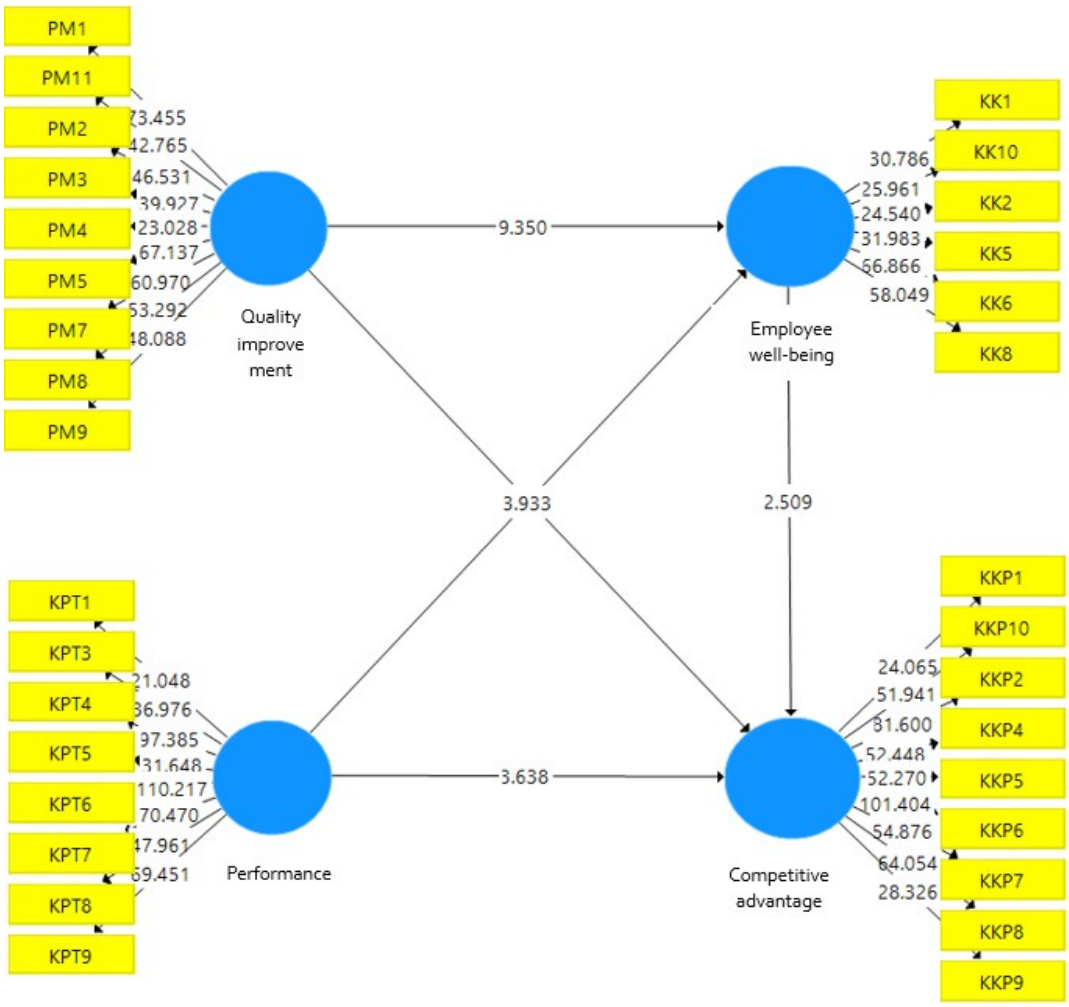


Figure 2. A contrasting color must be used in the Graphics Sample Line.

The predictive model's performance under the specified research parameters is indicated by a high R-squared (R^2) value. The path coefficient shows how meaningful the outcomes are in testing hypotheses. To assess how external latent factors affect internal variables, changes in R^2 values are utilized. R^2 values are classified as moderate, mild, and strong when they are 0. 75, 0. 50, and 0. 25, correspondingly. Hair et al. (2017). Within the specified study paradigm, higher R2 values are associated with more effective prediction models.

According to the R-squared value in Table 5, Employee Well-being accounts for 62.8% of the variance in PT Quality Improvement, with the other research variables accounting for the remaining 37.2%. This suggests that a sizable amount of the variance can be explained by the model. Despite being somewhat lower than the unadjusted R-squared, the Adjusted R-squared for Employee Well-being is 0.623 (62.3%). The study demonstrated that the quality enhancement of higher education has a significant impact on competitive advantage, as shown by an R-squared of 0.768 (76.8%). This implies that a sizable amount of the variation in competitive advantage can be explained by this model. Competitive Advantage's Adjusted R-squared of 0.764 (76.4%) indicates that the model continues to explain a substantial proportion of the variance, despite a slight reduction. According to the data, this model has a moderate-to-high influence on the explanatory power of the variables under analysis. Competitive Advantage's strong R2 score indicates that the model predicts this variable well. Nonetheless, Employee Well-being's low R2 indicates that other model components account for a significant amount of that variable's volatility.

Table 4. Measurement Model Test Results

	R-Squared	Adjusted R-Square
Employee Well-being	0.572	0.576
Competitive Advantage	0.409	0.400

Source: Analyzed data, 2025

With an Adjusted R-squared of 0.572 (57.2%), the examination of Adjusted R-squared values shows that Employee Well-being has a moderate impact on the dependent variables. This implies that 57.2% of the variation in Employee Well-being can be explained by the model. The Adjusted R-squared value of 0. 576 indicates that the model explains this variation somewhat better, even after taking the number of factors into consideration.

The Competitive Advantage framework accounts for 40.9% of the changes observed in the dependent variable, as shown by its R-squared figure of 0.409, concerning Employee Well-Being. While the Adjusted R-squared value of 0.400 indicates a minor decrease, it implies that this model may still explain a significant share of the variations in Competitive Advantage, although to a lesser degree. Therefore, it can be posited that Employee Well-Being has a greater influence on the variables than Competitive Advantage, despite bot elements making a significant impact in this research context. As illustrated in Table 5, the table below delineates the immediate consequences and provides further insight into these interactions.

Table 5. Particular Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic	P Value
Performance → Employee Well-being → Competitive Advantage	0.049	0.049	0.024	2.068	0.039
Performance → Employee Well-being → Competitive Advantage	0.114	0.112	0.046	2.484	0.013

Source: Processed data, 2025

By examining the p-value, one can assess the importance of prediction models in evaluating structural models. A significant association is indicated by a p-value < 0.05, whereas an inconsequential association is indicated by a p-value> 0.05. The Original Sample values may be examined to determine the direction of effect. A negative value indicates an adverse effect, whereas a positive Original Sample value indicates a favorable effect. The evaluation can be conducted by examining the SmartPLS output path coefficient table. This displays how the independent and dependent variables are related.

Table 6. Outcomes of Hypothesis Evaluation

	Original Sample	Sample Mean	Standard Deviation	T Statistic	P Value	Conclussion
Employee Well-being → Competitive Edge	0.199	0.196	0.079	2.509	0.012	Supported
Organizational Performance → Employee Well-being	0.247	0.250	0.063	3.933	0.000	Supported
Organizational Performance → Competitive Edge	0.255	0.255	0.070	3.638	0.000	Supported
Quality Improvements → Employee Well-being	0.577	0.574	0.062	9.350	0.000	Supported

Quality Enhancements → Competitive Edge	0.276	0.277	0.080	3.464	0.001	Supported

Source: Analyzed data, 2025

Each independent variable exerts a considerable and positive influence on the company's edge in the market and employee well-being, according to the structural model evaluation results. Employee Well-being, business performance, and quality improvement account for 57.2% of the variability in competitive advantage, according to the competitive advantage's R-squared (R^2) of 0.572.

The first theory looks at how employee well-being affects competitive advantage. The findings indicate a t-statistic exceeding 1. 96, a p-value of 0.012, and a coefficient of 0.199, all of which are less than 0.05. This supports the validity of H1 by indicating that Employee Well-Being significantly and favorably affects Competitive Edge.

The impact of business success on worker welfare is examined in Hypothesis 2. The t-test value is 3. 933, surpassing 1. 96; the coefficient is 0.247 ($p < 0.05$). This demonstrates that the company's performance significantly affects employees' well-being, supporting hypothesis H2. Hypothesis 3 investigates how PT Performance affects the edge in competition. The results showed a coefficient of 0. 255, a p-value of 0. 000 (which is beneath 0. 05), and a t-statistic of 3. 638 (which is greater than 1. 96). As a result, PT Performance significantly influences Competitive Advantage, confirming H3. Hypothesis 4 assesses the effect of enhanced university quality on Employee Well-being. The t-statistic registered is 9.350, indicating a highly significant relationship, given the p-value of 0. 000 (which is less than 0. 05) and the value surpassing 1. 96. As a result, H4 is confirmed. The coefficient observed is 0. 577. Furthermore, Hypothesis 5 investigates how improved PT quality influences competitive advantage. The coefficient in this case is 0. 276, and the p-value is 0. 001 ($p<0,05$). This further supports H5.

Discussion

This study examines the relationships among enhancing quality, boosting organizational effectiveness, supporting employee health, and gaining a competitive edge in higher education establishments through the lens of human resource management. The research findings show that every suggested relationship is both favorable and statistically significant, suggesting that quality improvement and organizational performance contribute not only to institutional competitiveness but also to employee well-being. These findings empirically validate the assertion that sustainable competitive advantage in higher education is closely linked to human-centered management practices.

This study reveals a substantial positive impact of employee well-being on competitive advantage. The findings demonstrate that higher employee well-being is associated with greater institutional competitiveness. This finding aligns with international HRM literature, which consistently reports that employees who experience better well-being tend to exhibit higher motivation, commitment, and discretionary effort, ultimately enhancing organizational outcomes (Boxall et al., 2022; Maj et al., 2021). In the context of higher education, Lecturers and other academic personnel who perceive support and appreciation are more likely to engage in innovative pedagogy, productive research, and meaningful academic service, thereby strengthening institutional reputation and competitiveness.

The results indicate that organizational performance significantly enhances employee well-being. This suggests that institutions with stronger performance, measured by academic achievement and research productivity, are more effective at fostering a nurturing workplace atmosphere that boosts worker contentment and mental health. This outcome aligns with prior findings from international studies indicating that effective performance management systems contribute to employee well-being when accompanied by adequate organizational support and

fair evaluation mechanisms (Wang et al., 2023; Jung et al., 2023). In higher education institutions, strong organizational performance may translate into greater job security, clearer career pathways, and increased recognition, all of which contribute positively to employee well-being.

Furthermore, the study finds that organizational performance directly and positively influences competitive advantage. This result supports the view that high-performing universities are better positioned to attract students, research funding, and strategic partnerships, thereby strengthening their competitive position. Prior research has similarly emphasized that institutional performance is a critical determinant of competitiveness in higher education, particularly in an environment characterized by global rankings and performance-based evaluations. (Digital & Outlook, 2023; Van Nguyen et al., 2023). These findings reinforce the importance of performance management as a strategic component of competitiveness.

Quality improvement appears as the most significant factor in forecasting staff performance and well-being in this study. The results indicate that continuous improvements in academic and managerial quality significantly enhance employee satisfaction and welfare. This finding aligns with international evidence suggesting that quality-oriented institutions foster clearer work processes, better resource allocation, and stronger organizational culture, all of which contribute to enhancing Employee Well-being (Langlois et al., 2020; Bakker et al., 2023). In higher education, quality improvement initiatives include faculty development and curriculum enhancement. Transparent quality assurance systems seem to foster a more supportive and stimulating work environment for academic personnel.

In addition, Quality enhancement has a direct beneficial impact on competitive advantage. This result supports classical and contemporary views of competitive advantage, which emphasize differentiation through quality, innovation, and institutional credibility. Universities that consistently enhance their academic standards and service quality are more likely to build strong reputations and gain stakeholder trust, which are essential sources of sustained competitive advantage (Mazzarol & Reboud, 2019; Van Nguyen et al., 2023).

The findings suggest that the health of employees plays a key role in connecting the performance of an organization, enhancements in quality, and its competitive edge. This result supports the main idea of this research, which states that employee well-being acts as a vital human resource tool that turns organizational practices into competitive results. Rather than being merely an outcome of organizational success, employee well-being acts as an enabling condition that amplifies the positive effects of quality improvement and performance on competitiveness. This integrative perspective conforms to both the Resource-Based View and the Job Demands-Resources framework, highlighting the crucial role of employee health in maintaining organizational effectiveness and gaining a competitive edge. (Bakker et al., 2023; Barney et al., 2021).

These findings align with recent strategic human resource management (HRM) literature, which suggests that human resource practices influence organizational outcomes not only directly but also through employee-related mechanisms such as well-being and engagement. (Jiang et al., 2023). This indicates that employee well-being plays a central role in translating organizational practices into improved performance and sustained competitive advantage. In this context, employee well-being acts as a critical linkage that connects organizational initiatives with strategic outcomes.

From a Resource-Based View (RBV) perspective, these results extend prior research by demonstrating that intangible human resource conditions, such as employee well-being, function as dynamic mechanisms that activate organizational resources. Rather than being passive outcomes, these conditions enable organizations to leverage their internal capabilities more effectively. This observation aligns with current research that emphasizes the important function of human resources in achieving sustained competitive advantage. (Eriksson &

Nyberg, 2024). Therefore, employee well-being can be understood as a strategic enabler that transforms organizational inputs into competitive outcomes.

Overall, these results contribute to the growing body of international HRM literature by demonstrating that competitive advantage in higher education cannot be achieved solely through structural improvements or performance metrics. Instead, sustainable competitiveness requires aligning quality improvement and performance management with human-centered HRM practices that prioritize employee well-being. For universities, especially in developing nations like Indonesia, these findings highlight the critical need to incorporate staff health and happiness into school policies and management approaches to achieve long-term competitive advantage.

CONCLUSION

This study examines how quality improvement and organizational performance influence competitive advantage through employee well-being in higher education institutions. The findings demonstrate that both quality improvement and organizational performance exert significant direct and indirect effects on competitive advantage, with employee well-being acting as a key mediating mechanism.

The findings further emphasize that the health and happiness of employees is not simply a result of company policies, but rather a strategic tool within human resources that allows organizations to convert their internal strengths into a lasting competitive edge. This conclusion supports the Resource-Based View (RBV) by highlighting that a competitive edge relies not solely on the presence of organizational resources, but also on the way those resources are utilized and perceived. and leveraged by employees.

From a practical perspective, higher education institutions should adopt integrated, human-centered strategies that align quality improvement initiatives, performance management systems, and employee well-being programs. Specifically, institutions should prioritize workload management, career development, fair evaluation systems, and supportive work environments to enhance both employee well-being and institutional competitiveness.

Even with its valuable insights, this research has multiple drawbacks. The application of a cross-sectional approach restricts the capacity to deduce causal connections across different time periods, and the focus on private higher education institutions in a specific region may restrict generalizability. Future research is encouraged to examine diverse institutional contexts, employ longitudinal designs, and incorporate additional variables such as leadership, organizational culture, and digital transformation to provide a more comprehensive understanding of competitive advantage in higher education.

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