

Attitudes of Managers in the Knowledge Private University towards the impact of Human Capital in Achieving Competitive Advantages

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Abstract

This study aims to analysis the impact of human capital through its dimensions (employee's knowledge, employee's creativity, employee's competncies, and social competence) in achieving competitive advantages through its dimensions (least cost (price), quality, service, and differentiation) based on attitudes of a sample of managers in the Knowledge Private University in Kurdistan Region/Iraq. To collect data, a questionnaire has been administered and distributed directly to 26 of managers at Knowledge private university consist of dean of collage and head of department. This study has a great significance because human capital has received great interest in organizations as well as because to its role in maximize the competitiveness and achieving their objectives. The questionnaire comprised two sections with 32 questions. Data collected analysed quantitatively by using SPSS program version 20. This study found that there is a significant impact of human capital in achieving competitive advantages.

Keywords: Human Capital, Employee's Knowledge, Employee's Competncies, Employee's Creativity, Social Competence, Competitive Advantages

Introduction:

Many changes such as globalization, increasing the volume of world trade, increasing competition, and rapid transfer of capital have enhanced the role of knowledge management in achieving organizational efficiency and productivity and enable it to achieve competitive advantage (Sadq et al., 2018). In Iraqi Kurdistan region organisations characterised by being dysfunctional, complex, and diverse, the problem of managing is not investing the physical and intangible resources to increase their quality efficiency and thus improve their competitiveness in order to ensure their sustainability and development. It is important that organizations try to strike a balance in the workplace between these physical and intangible resources. The physical resources identify as human capital, intellectual capital, knowledge capital, and cultural capital, which they represent a strategic exists, and includes a range of resources which gives the organisations' competitive advantage as a dependent on innovation and continuous improvement of performance through its full activation (Sadq et al, 2018). Available knowledge in cognitive units became a competitive advantage that differentiates the organisation from others that lead to maximising value. The study problem can be described as the omission of many organizations to the concept and the importance of human capital, since it is the most important tool for organizations to achieve high efficiency and prominence, thus achieving competitive advantages. The main objective of conducting this study is to examine the impact of human capital in achieving competitive advantages. This study has a great significance because human capital has received great interest in organizations because to its role in maximize the competitiveness and achieving their objectives. Besides, human capital is one of the intellectual capital components and considered as an effective tool for the success of

organisations along with the creation of competitiveness. Moreover, this study will attempt to explain the concepts and contents of study variables human capital and competitive advantages.

Literature Review:

Human Capital:

Human element is the main engine aspects of the development of all sectors, whether it is at the administrative level, or political, or economic, and due to the importance of human element many countries resorted to develop strategic plans for human resources such as planning, training, and follow-up in order to supply their employees with theoretical knowledge and technical skills (Sadq et al, 2018). Hence, human capital can be defined as "individuals who have skills, potential of knowledge, and capacity to contribute to increasing the economic value of organisations business (Muslim et al., 2019). It is human resources accumulated knowledge within the organisation (Bontis, 2002). Petty & Guthrie(2000) States that human capital is human resources within the organisation (employees) and outside (customers' suppliers). Human capital according to Al-Safar (2008) is the most important component that represents information, knowledge, skills, and of economic value expertise which can be put into practice in order to create a capital and be acquainted with how to turn it into a profit". Bontis et al (2008) states that human capital represents the organisation's ability to obtain the best solutions benefit from the knowledge of its members. Human capital is an essential resource in many industries, such as developing programs, consulting management, and money services (Ali et al, 2018). It includes besides intangible resources such as capabilities, efforts, and time that employees have to invest in their work (Seleim&Ashour, 2007).

Employees' Competencies: it refers to the level of skills and experience that employees acquired knowledge from current job and previous jobs. Employees' skills refer to the capability that is gaining by training and experience at work (Ping et al., 2019). The most important skills that employees should meet are; implementation skills, coordination skill, support skill, investigation skill, renewal skill, evaluation skill, concentration skill, and termination skill (Al-Tarawna and Al-Salihi, 2004).

Employee's Creativity: it refers to the process that new idea transfer into practice that leads to the create goods and provide services or any other activity in an effectively means (Moorhead, and Griffin, 2000). It is the evaluation of a new way of business development and management, and the innovator is that person that able to modify knowledge into new preference (Al-Sarn, 2000). Innovation may classify into multiple types such as technical innovation, product innovation, process innovation and managerial innovation (Al-Safar, 2008).

Employee's knowledge (level of education): knowledge is a comprehensive concept for all organizations' sections that focuses on the value of knowledge as shown in the results of knowledge management recognized in business models (Sadq et al., 2018). Employee's knowledge includes the following (Lau et al., 1998)

- Professional, technical and specialised knowledge.
- The knowledge that fit the industry concerned and linked to it.
- Operations Knowledge
- Understanding and realising the changing in a business environment.
- Knowledge of using technology.

Social competence: it is the ability to interact and pairing with each other, it is necessary to individual's cooperation with each other in the

organisation to achieve the desired performance (Yousif, 2005).

Competitive Advantages:

It is the organization's ability to formulate and implement strategies that make an organisation in a better position against other organisations working in the same activity (Abu Bakr, 2012). It is the organisation's ability to attract customers and build her mental status as an organisation or to its products along with increase the perceived value and to achieve customers' satisfaction (Sadq et al, 2019). Competitive advantage means a unique feature that the company outperform competitors, in other words, competitive advantage makes a unique and distinct company from other competitors (Khatab, Esmaeel, & Othman, 2019). It is the organisation's ability to achieve the consumer needs or the value that consumer wish obtained from the product, such as high-quality, low price, or provide distinct benefits in the product/service compared to competitors (Zhengwei et al., 2019). Competitive advantage is the capacity of the organization to formulate and execute policies to improve the position of the organization against other organizations operating in the same activity (Sadq et al, 2019). The areas of competitive advantages are in four areas, namely: least cost (price), quality, service, and differentiation.

Least cost (price): is the organisation's ability to struggle against its competitors is the basis on least cost and price that enable the organisation to pursue the least cost through its overall control of its products (Othman et al., 2019).

Quality is the organisation ability to provide quality products and high performance that create value for customers (Sadq et al, 2016).

Service is the organisation ability to provide at the time the type and volume of products that required by the client (Sadq et al, 2016).

Differentiation is the organisation seeking to provide products or services that are distinct from other organisations products. Therefore, the organisation may resort to cutting-edge technology in their products or make changes depending on the customer's desire, as a kind of excellence for other organisations to achieve a competitive advantage (Sadq et al, 2016).

Methodology

Data collected through survey questionnaires comprising (32) closed-ended questions and organised into two sections; human capital questions, and achieving competitive advantages questions. Table (1) gives more details about the sources of the questions of the questionnaire in addition to the questionnaire instruments.

Table 1: Instrument of the Questionnaire

Study Variables	No of Items	Sources
Employee's knowledge	4	(Delaney & Hassled, 1996), (Stewart, 1999),
Employee's Creativity	4	Lenznet&Shook, 1998), (Benevene&Cortini, 2010),
Employees' Competencies	4	(Chaudhry &Roomi, 2010), (Najm et al, 2019)
Social competence	4	
Human Capital	16	
Price	4	(Abo-Baker, 2012), (Altelbani, et al, 2012), (Rosan,
Quality	4	2000), (Awad, 2004), (Qutob, 2002)
Service	4	
Differentiation	4	
Competitive Advantages	16	

Source: prepared by researcher

The present study includes human capital as independent variables and achieving competitive advantages is dependent variable (figure 1). Five point Likert scale implemented, and the thirty-two items of the questionnaire rated (1= Strongly Disagree, 2 = Disagree, 3= Uncertain, 4= Agree, and 5= Strongly Agree) used. Collected data were analysed using (SPSS)

version 20. The statistical analysis that used in this study comprising descriptive statistics (mean and standard deviation). Multiple regression analysis was used to analysis the study hypotheses. The study sample includes (26) managers (deans of collages and heads of departments) at Knowledge private university for science and technology.

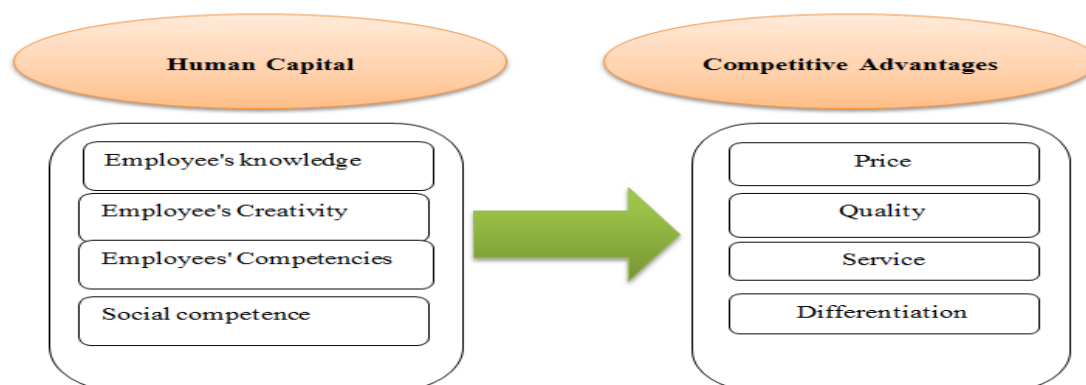


Figure 1: Theoretical Framework

Study Hypotheses

H₁: there is statistically a significant impact of human capital in achieving competitive advantages.

H₂: There is statistically a significant impact of employee's knowledge in achieving competitive advantages.

H₃: There is statistically a significant impact of employee's competence in achieving competitive advantages.

H₄: There is statistically a significant impact of employee's creativity in achieving competitive advantages.

H₅: There is statistically a significant impact of social competence in achieving competitive advantages.

Reliability Analysis

Cronbach's alpha as it is illustrated in table (2) administrated to test the reliability of the questionnaire that indicate how well the questions measuring a concept hang together as a set, and it is equal to 0.994 for the whole questionnaire, and .987, .911 for human capital and competitive advantages respectively. This result is considered to be high reliability according to (Sekaran, 2005).

Table 2: Reliability Statistics

Study Variables	No of Items	Cronbach's alpha
Human Capital	16	.987
Competitive Advantages	16	.911
Whole Questionnaire	32	.994

Descriptive Statistics

Human capital

Human capital elements of Knowledge private university for science and technology evaluated under four internal variables: Employee's skills, Employee's knowledge, Employee's innovation, and Social competence. The overall human capital has a high level of the attribute (mean = 3.9736) as well as (79.472%) rate of agreement. The four elements of human capital have a higher level of attributes as values of the mean of Employee's skills, Employee's knowledge, Employee's innovation, and Social competence are 4.1923, 3.8269, 3.8462, and 4.0288 respectively.

Competitive advantages

Achieving competitive advantages of Knowledge private university for science and technology evaluated under four internal variables as well: price, quality, service, and differentiation. The overall competitive advantages have a high level of the attribute (mean = 4.0264) as well as (80.528) rate of agreement. The four elements of achieving competitive advantages have a higher level of attributes as values of the mean of price, quality, service, and differentiation are 4.1923, 4.0000, 3.9327 and 3.9808 respectively.

Table 3: Descriptive Statistics (N=26)

Study Variables	Mean	Std. Deviation	Rate of Agreement	Rank
Employee's knowledge	4.1923	1.01811	83.846%	1
Employee's Creativity	3.8269	.88252	76.538%	4
Employees' Competencies	3.8462	.97488	76.924%	3
Social competence	4.0288	.94161	80.576%	2
Human Capital	3.9736	.93159	79.472%	
Price	4.1923	.82858	83.846%	1
Quality	4.0000	.86891	80%	2
Service	3.9327	.89877	78.654%	4
Differentiation	3.9808	1.02451	79.616%	3
Competitive Advantages	4.0264	.89655	80.528%	

Multiple Regression Analysis

This study conducted a multiple linear regression analysis in order to examine the impact of human capital and its variable (employee's skills, employee's knowledge, employee's innovation, and social competence) on achieving competitive advantages.

Therefore, the regression model becomes:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Whereby: β_0 is the regression intercept; $\beta_1 - \beta_4$ are the regression coefficients; Y is the dependent variable (achieving competitive advantages); X1 is employee's skills; X2 is employee's knowledge; X3 is employee's innovation, and X4 is social competence.

Human capital illustrates 98% of the achieving competitive advantages as characterised by R Square. Thus, it means that other elements not studied in this study contribute 2% of the achieving competitive advantages.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.990 ^a	.980	.979	.13451	.980	1175.141	1	24	.000

The significance value is 0.000 which is less than 0.05. Consequently, the model is statistically significant in predicting how human capital impacts on achieving competitive advantages. At 5% level of significance, the F calculated was

1175.141, which explains that the overall model was significant. Therefore, the first hypothesis is accepted which states that there is statistically a significant impact of human capital on achieving competitive advantages.

Table 5: ANOVA analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.262	1	21.262	1175.141	.000 ^b
	Residual	.434	24	.018		
	Total	21.697	25			

Regression equation;

$$Y = .486 + X_1 0.844 + X_2 0.951 + X_3 0.905 + X_4 0.937$$

Table (6) shows that among the four elements of Human capital, social competence is the most elements that impact in achieving competitive advantages as characterised by R Square (96.9%). Employee's innovation comes second with (96.8%) impacts in achieving competitive advantages. Thirdly, employee's skills with (92.0%) impact in achieving competitive advantages. Finally, employee's knowledge that

impacts (87.7%) in achieving competitive advantages as characterised by R Square. The regression equation above has established that taking variables into account (employee's skills, employee's knowledge, employee's innovation, and social competence) constant at zero achieving competitive advantages will be .486. The results presented illustrates that statically there is a significant impact of employee's skills, employee's knowledge, employee's innovation, and social competence in achieving hence the second, third, four, and five hypotheses are accepted.

Table 6: examining second, third, four, and five hypotheses

Model	R Square	F change	Sig. F Change	T	Unstandardized Coefficients B Std. Error	Standardized Coefficients Beta
(constant)					.486 .220	
Employee's Skills	.920	274.630	.000	16.572	.844 .051	.959
Employee's Knowledge	.877	171.270	.000	13.087	.951 .073	.937
Employee's Innovation	.968	722.168	.000	26.873	.905 .034	.984
Social Competence	.969	754.047	.000	27.460	.937 .034	.984

Discussion and conclusion:

The human capital resource represents the knowledge, skills and abilities that individuals enjoy, and in cooperation with other resources it represents the intellectual capital of any organization. Human capital is usually reflected through the education and experience of individuals, as well as through specific skills that individuals acquire. Human capital is the basic pillar for building economic progress in general and the success of organizations in particular. The main objective of the new management thinking is the creation of a competitive advantage, and the

effective management of intellectual capital is the pillar of this advantage. Further, human capital decisions are strategic decisions because they are a means or a tool for achieving the goals of the organization. The present study found that there is a very important relationship between human capital and competitive advantage by increasing organizations' awareness of the strategic importance of human capital.

Recommendations

Knowledge University has to focus on human resources development as they are the basic component in managing knowledge and therefore

achieving competitive advantages. The trend towards interest in human capital as a management strategy and policy to business in order to meet the rapid environmental changes and the challenges of economic globalisation that leads organisations to look for employees with high skills and keeping them as long as possible. The need for Knowledge University to increase attention to the development of human capital through access to the experiences of international organisations in the developed countries in the education field. Human resources reward for their excellent performance by focusing on the extent that employees' works and using all their abilities essential to the implementation of the duties assigned to work.

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