

THE ROLE OF INTELLECTUAL CAPITAL IN CREATING THE COMPETITIVE ADVANTAGE OF ISLAMIC BANKS

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Abstract:

The main objective of the research is to clarify the relationship between the concept of intellectual capital and the concept of competitive advantage and then support this relationship in the field, and in light of this relationship, the correlation and influence between the independent variable intellectual capital and its dimensions (human capital, structural capital, relational capital) is tested. The dependent variable is the competitive advantage of the research.

The research problem stems from the competitive reality faced by banks in general and banks operating in Iraq in particular, which requires them to take a number of measures for the purpose of measuring and improving their intellectual capital through training their employees and developing their skills, as well as attracting individuals with expertise and skills in the field of banking work, in order to gain confidence and satisfaction Customers, in addition to achieving a sustainable competitive advantage, because banks are considered vital institutions and have a direct impact on the local economy, especially with gaining customer loyalty to the lifestyle, as most customers tend to facilitate their financial transactions.

The practical side of the study was applied in Al Janoob Islamic Bank, where the researcher adopted the descriptive analytical approach, as the sample size was (119).

The research concluded: It is clear that there is a positive relationship to the impact of intellectual capital on the competitive advantage in the bank, and work to increase awareness and interest in the concept of intellectual capital and the extent of its importance in the development process of human resources, development and retention, and conducting workshops and seminars on the importance of the concept of structural capital and its role in raising The bank's level of needs, annual plans, strategy and cycle plans.

Keywords: intellectual capital, competitive advantage, Study analytics.

Introduction:

Markets with a variety of sectors witness a dynamic environment for the continuity of globalization, openness and intense competition, which requires organizations to move from the traditional structure towards flexible structures that are flexible and open and to strengthen relations with internal and external stakeholders.

Banks are among the organizations that are always trying to provide new services and products, which are necessary in maintaining their market share, as the services provided by banks are exposed to atrophy and obsolescence due to dynamic environmental changes, which requires these banks to search for new services or products to provide in markets.

Therefore, the problem of the current research is evident from the competitive reality faced by banks in general and banks operating in Iraq in particular, which requires them to take a number of measures in order to measure and improve their intellectual capital through training their employees and developing their skills, as well as attracting individuals with experience and skills in the field of banking, in order to It gains the trust and satisfaction of customers, in addition to

achieving a sustainable competitive advantage. In this regard, the importance of the research stands out through the assistant of the senior management of banks from clarifying the importance of intellectual capital and discovering it among its employees, indicating its impact on investing time more effectively and reducing costs associated with collecting information and thus achieving customer satisfaction, which is the desired goal of senior management.

Thus it turns out that the importance of the research is to clarify the nature of the relationship between the intellectual capital variable as an independent variable and the competitive advantage variable as a dependent variable.

Based on the foregoing, the researcher assumes a number of hypotheses among the research variables :

The first main hypothesis assumes that the intellectual capital variable has a significant effect at the level of significance (0.05) on the competitive advantage variable.

The second main hypothesis: The first main hypothesis assumes that the intellectual capital variable is significantly related at the level of significance (0.05) in the competitive advantage variable.

1- intellectual capital:

-The concept of intellectual capital:

There is a knowledge gap in clarifying the statement of the concept of intellectual capital, as there is no specific agreement between researchers to define it. The reason for this may be the nature of this variable, as it was mentioned (**Al-Anzi and Saleh**, 2009: 171) that it is a group of employees who possess mental capabilities and whose elements are experience, knowledge and values. And the skill can be invested and employed to serve the organization in which they work. While (**Daft**, 2001:157) considered that intellectual capital is a set of informational resources consisting of two types of knowledge, the first, apparent knowledge that is easy to write, deal with, and express, and then be transferred to others in the form of tacit knowledge, which is the second knowledge, which is in the form of documents. It is based on rules and personal experiences that are used in the development of institutions. Otherwise, it was stated (**Zhang**, 2007:82) that all the knowledge resources that characterize institutions and the dynamism of emphasis and development lead to ensuring their progress and working to achieve competitive advantage in the markets that operate under knowledge economies. In confirmation of this, (**Stewart**, 1997:67) indicated that intellectual capital refers to intellectual materials such as intellectual property, experience, knowledge and information that the institution possesses and is used to create wealth.

We can say that intellectual capital is the sum of the knowledge, experience and skills of individuals that help create a competitive advantage in the organization, which leads to the distinction of the organization in the markets.

2-competitive advantage:

-The concept of competitive advantage:

At the beginning of the twentieth century, organizations witnessed intense competition, which focused on supporting marketing management and increasing marketing efforts aimed at attracting the largest number of customers. The competitive advantage was referred to at the time as the ability to provide superior value to all potential and existing customers (**Czepiel**, 1992:43). In addition, from an economic point of view, the competitive advantage was considered as one

of the tools of stimulation and support in the economies of countries (Khalil, 2000:153). The organization obtains a competitive advantage through its development or acquisition of a set of qualities that allow it to outperform its competitors. (Wang, 2014:33) and (Al-Masarwa, 2016: 281) defined it as the ability of the organization to accomplish its work in a way that is difficult to imitate by its competitors, and since it sees the competitive advantage from the point of view of customers in achieving an advantage for them, so the organization must It has the ability to create or create value for the customer, in order to achieve effectiveness, and thus obtain a competitive advantage that leads the organization to increase its profits.

3- The relationship between intellectual capital and competitive advantage:

Intellectual capital is an important factor in production alongside physical capital, and it has been widely agreed that knowledge is the basis for competition between organizations. et al, (Kianto, et al,2013:112).

In addition, (Rodrigues, et al, 2017: 1-2) that global banks focus on intellectual capital in a large way for the sake of continuity of their work and maintaining their competitive advantage, as they are described as a knowledge-intensive industry, based on skills, and rich in relationships. Therefore, achieving Competitive advantage depends critically on the quality of human intellectual capital and the ability to take advantage of these talents. Based on that, the relationship between intellectual capital and competitive advantage is a logical one.

5- View and analyse the sample responses in the variables (intellectual capital, competitive advantage):

The intellectual capital variable was measured through three dimensions (human capital, structural capital, and relational capital) .

Table No. (1) Indicates the arithmetic mean, standard deviation, and coefficient of difference from the sample's point of view in the intellectual capital variable in Al Janoob Islamic Bank.

It reflects the arithmetic mean of the total degree of the intellectual capital variable amounting to (3.534) with a standard deviation of (0.488), and a coefficient of difference of (13.80%) and that its availability is moderate (90.25%), which indicates that Al Janoob Islamic Bank possesses intellectual capital, which it maintains and works To develop and support it through holding training courses and workshops and incentive rewards, in addition to the standard deviation index, as it was of little dispersion, which indicates a high agreement of the results. And the size of the gap amounted to (9.75%).

The competitive advantage variable was also measured. Table No. (1) indicates the arithmetic mean, standard deviations and coefficients of difference from the sample's point of view in the competitive advantage variable in Al Janoob Islamic Bank.

It reflects the arithmetic mean of the total score of the competitive advantage variable amounting to (3.879) with a standard deviation of (0.525), and a coefficient of difference of (13.54%), and its availability is high (89.50%), which indicates that Al Janoob Islamic Bank is trying to enhance the competitive advantage that it has, maintain it, and work To increase its market share in order to sustain this advantage, in addition to the standard deviation index, which was of little dispersion, which indicates a high agreement of the results. And the size of the gap amounted to (10.50%).

Table (1) shows the measures for the variables (intellectual capital, competitive advantage.)

Variables	Arithmetic mean	standard deviation	coefficient of difference	Availability	gap size
Intellectual capital	3.534	0.488	13.80%	9.75%	90.25%
competitive advantage	3.879	0.525	13.54%	10.50%	89.50%

Source: Statistical software output (Excel 2010, SPSS V.24).

6- Research hypothesis testing:

***Testing the first main hypothesis**, which states: “The intellectual capital variable has a significant effect at the level of significance (0.05) on the competitive advantage variable.”

It is clear from Table (2) that the value (F = 7.229) is statistically significant because the test significance amounted to (.008), which is smaller than the significant value (0.05), and this indicates that there is an effect of the intellectual capital variable on the competitive advantage variable. The determination (R²), which amounted to (.058), that is, the intellectual capital variable explains the variation in the competitive advantage variable, and the remaining percentage is (.942) due to other factors that were not included in the study model.

The regression equation for the influence of intellectual capital on competitive advantage can be represented as follows:

$$\text{Competitive advantage} = 2.961 + .260 (\text{intellectual capital})$$

Also, the constant value ($\alpha = 2.961$), which indicates that when the value of intellectual capital is zero, the value of the variable competitive advantage will not be less than this value. As for the regression coefficient ($\beta = .260$), which indicates when adding one value to intellectual capital, the dependent variable The competitive advantage will increase by the same amount, and the value of the (t) test calculated for coefficient (β) amounted to (2.689), which is greater than its tabular value (1.96), and its significance amounted to (.008), which is smaller than the significant (0.05), which indicates that intellectual capital It has a substantial effect on the dependent variable competitive advantage.

From the previous results, we conclude the acceptance of the first main hypothesis, which states (the intellectual capital variable has a significant effect at the level of significance (0.05) in the competitive advantage variable).

Table (2) The impact of intellectual capital on competitive advantage						
variable competitive advantage						variable
Statistic level	F	R ²	Statistic level	TEST T	Model parameters	
.008	7.229	.058	.000	8.592	2.961	
			.008	2.689	.260	B

Source: program output (SPSS V.23). .(

***Testing the second main hypothesis**, which states: (The intellectual capital variable is significantly correlated at the level of significance (0.05) in the competitive advantage variable). It is clear from Table (3) that the Pearson correlation coefficient for the relationship between the intellectual capital variable and the competitive advantage variable (**.241) at a significant level (0.008), which is smaller than the significant level (0.05), which indicates that the test is significant.

This indicates the existence of a correlation between the intellectual capital variable and the competitive advantage variable, meaning that the increase in the intellectual capital variable is offset by an increase in the same direction for the competitive advantage variable.

Through the results that have been reached, it is clear that the second main hypothesis has been accepted, which states, "The intellectual capital variable is significantly associated at the level of significance (0.05) in the competitive advantage variable."

Table (3) Correlation coefficient between intellectual capital and competitive advantage.		
competitive advantage	Indicates	variable
** .241	correlation coefficient	intellectual capital
.008	Statistic level	
119	N	
Source: program output (SPSS V.23).		

7- Conclusions and recommendations:

7-1- Conclusions:

The results of the statistical analysis can include the most important conclusion reached by the researcher as follows:

- 1- The highest applied concepts in the bank is the competitive advantage, while the concept of intellectual capital came in second place in the bank in the study.
- 2- The human capital dimension is the most applied in the bank among the rest of the intellectual capital variable dimensions, which are (structural capital, relational capital), while the structural capital dimension is the least applied among the intellectual capital dimensions. Relational money came as the second most applied among them.
- 3- It was found that there was a significant effect of intellectual capital on the competitive advantage, in addition to the existence of a two-dimensional effect (human capital, relational capital) on the competitive advantage, while the structural capital had no effect on the competitive advantage.

7-2- Recommendations:

- 1- Work to raise awareness and interest in the concept of intellectual capital and its importance in the development and retention of human resources.
- 2- Conducting workshops and seminars on the importance of the concept of structural capital and its role in raising the level of the bank in terms of needs, annual and strategic plans, and plans for

courses.

3- Establishing a high-level cooperation formula between the bank and the rest of the governmental institutions and private organizations that deal with it in order to preserve its market share and establish a culture of trust among them.

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