The Effect Of Strategic HRM On Competitive Advantage Including The Mediating Impact Of Intangible And Tangible Firm Performance

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ABSTRACT

A competitive advantage (CA) would no longer be the company's physical properties but the people's non-physical resources. This study designed to mediate the impact of HRM Strategic Practices on CA on the transcendent corporate performance and actual business performance. Erbil was in Kurdistan, Iraq, from four cities. Questionnaires sent to the seven companies selected. The path control strategy for analysis used this research to model the collected data on partly small and structural equations (PLS-SEM). The evaluation results from the Construct show that the measurements of the SHRMP, IFP, TFP, and CA range from 0.60-0.92. There is still a variable loading value of 0.50 to 0.60, although some authors propose loads of factor greater than 0.70. We have maintained and accepted the limitations given the preceding for further analysis. For SHRMP, IFP, TFP and CA, the average of the latent variables were 0.56, 0.51, 0.58 and 0.51, respectively. The obtained AVE values were coherent. Our results demonstrate that each structure is more comprehensive than its square correlations with the diagonal and adventurous Square Roots AVE. In this research, HRM strategy and competitive advantages, particularly in Iraq, are linked to the company's metaphysical and factual mediator role. The study results offer innovative views. This research has also determined the importance of corporate (public/private) types. Our results show that the intangible performance of the employees and tangible results play a crucial role in securing competitive, sustainable benefits for firms in Iraq.

Keywords: Competitive advantage, Company, Strategic, Iraq, Performance, Competitive

1. INTRODUCTION

A competitive advantage (CA) would be no longer the company's physical assets but the non-physical resources of people (Emeagwal and Ogbonmwan, 2018) when the exchange in the dynamically competitive world of business today is beneficial(Hamadamin and Atan, 2019). The researchers focused on the factors which could contribute to CA in the light of the findings. Helfat and Peteraf (2015) today saw the world as requiring expert performance (Gupta et al., 2017) rather than physics. The study, therefore, considers it essential to develop innovative products and services efficiently and effectively in the business world. The development is why researchers tried to understand the particular factors a company can achieve CA. The relationship between CA and the organizational resources studied by Ozer and Zhang (2015) each company is tackled and can improve CA.

RBV's popularity in SHRM reviews focusing on internal companies as competitive advancement sources (CA) is no exception (Morris et al., 2017). Whether the practice of human resources can provide for CA has been widely discussed. Individual human resources practices may become system and routines that develop over time but are unique to a company and contribute to developing specific human resources.

In strategic literature, the resource-based vision of an organization has shifted from external factors (for example, industry) to internal business resources (Yayavaram and Chen, 2015). Managers can manage more internally than their external components. The increasing acceptance as a source of the competitive benefit of domestic resources legitimizes the claim that people are strategic to achieve robust performance (Sheng, 2018). The strategy is a growing effort by companies to acquire or develop those resources that maintain a competitive advantage. A large part of this review concentrates on the role of emotional skills, i.e. on specific methods which companies use as competitive advantage sources to modify resources (Wang et al., 2015). Schriber (2015) has undoubtedly popularized the core concept of competence in strategic literature. They indicated that core skills are collective education within the organization, especially how different production capacities technologies integrated. For example, skills or ability relate to an organizational, staff-oriented, superior product and generally should last as long as the employees flow into and out of the enterprise. Many strategic researchers concentrated on corporate skills (Sánchez et al., 2015).

Examinations have shown that an employee is one of a company's most important CA sources. An integrative HRM model, combining corporate performance tangible and intangible with strategic HRM and CA approach, such as resource-based concepts, social exchange theory and behavioural views (Quigley et al., 2017). In this study, HRM's argument from immaterial business performance and actual corporate performance were to detail. This study examines the link between corporate strategies and competitive advantages in Iraq by looking at how intangible corporate performance and concrete corporate performance mediate (Monteiro and Birkinshaw, 2016). This study seeks to evaluate, following previously outlined theories, the mediating role of transcendental corporate performance and actual business performance in assessing the impact of HRM's strategic practices on CA in companies.

2. METHODOLOGY OF RESEARCH

Erbil has been from the four cities in Kurdistan, Iraq. Of those many companies in the city, three public or four private companies could distribute questionnaires to their staff. The seven companies selected received 600 questionnaires. Of the 600 people scattered, 91 (15.17%) did not receive any return or 84.83%. However, out of 509 (84.83 %), 54 (9 %) were found incomplete or eliminated, so 455 (75.83 %) questionnaires used. In this descriptive evaluation, 241 (53%) of respondents were male, while the remainder were female, 47%. Respondents were aged 18 to 30 and ranged from 34.3% to 31 to 45 (37.6%). The other groups included 46 to 60 (24%) and 60 (60%) (4.2percent). 41.1% of respondents were administrative, and 58.9% non-administrative, according to their employees. Finally, a descriptive analysis of company types revealed that 52.1% of the respondents are private companies, whereas 47.9% are government companies (Hamadamin and Atan, 2019).

3. DATA ANALYZES

This research utilized the path-control strategy to analyze data collected to model the partially small and structural equations (PLS-SEM). Molloy and Barney (2015) indicated that the path weighing scheme is preferred since it gives the maximum R2 value for endogenous latent factors. Helfat and Martin (2015) predicts PLS-SEM by reducing the variables' dependent versions' explained variance, particularly regarding assumptions of normality. SmartPLS 3 was for data analysis for variability loading, nontropical validity, such as regular variance extraction, composite reliability, inflation factor. Psychometric properties and structures and heterotropic fact (nontropical). A theoretical study structure was analyzed using the structural equation model. A subsample of 5,000 for bootstrapping was to increase the amount of time necessary for calculating these PLS-SEM results. For exact p-value calculations, model-based was for our estimated coefficients (Fainshmidt et al., 2016). Finally, measuring the chi-square $(x2)$, standardized fitness (NFI), effect size $(f2)$ was to determine model fitness (SRMR) (Hamadamin and Atan, 2019).

4. RESULTS

Table 1:

Mean, Standard Deviation, and the correlation between the observed variables

Variable	Mean	SD	1	2	3	4	5	6	7	8	9
Gender	1.47	0.50	-								
Age	1.98	0.87	0.02	-							
Education level	3.24	0.96	-0.07	0.06	-						
Status of Employment	1.59	0.49	0.07	-0.03	-0.66**	-					
Years of Employme	2.36	1.13	0.02	0.38**	0.01	-0.0	-				

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Types of Institution	1.48	0.50	0.05	0.25**	-0.15**	0.06	0.51**	-			
SHRMP	2.98	0.73	-0.06	-0.18**	0.13**	-0.03	-0.22*	-0.46**			
IFP	3.30	0.65	-0.03	-0.09	0.07	0.01	-0.14**	-0.30**	0.52**		
TFP	3.78	0.64	-0.03	-0.08	0.11*	0	0.02	-0.11*	0.26**	0.38**	
CA	3.39	0.71		0.08	0.08	-0.06	-0.20**	-0.48**	0.47**	0.45**	0.33**

Note: S.D = standard deviation; IFP = intangible firm performance; TFP = tangible firm performance; CA = competitive advantage; SHRMP = strategic human resource practice; * and ** denote 5% and 1% significance levels (2-tailed).

Table 2:

Construction validity and reliability

Variable	Indicator	Factor Loadings	AVE	CR	VIF
			0.562	0.793	
Strategic Human Resource Management Practice (SHRMP)	SHRMP1	0.727			1.453
	SHRMP2	0.759			1.744
	SHRMP3	0.771			1.706
	SHRMP4	0.601			1.252
	SHRMP5	0.696			1.393
	SHRMP6	0.921			1.261
			0.508	0.756	
Intangible Firm Performance (IFP)	IFP1	0.733			1.154
	IFP2	0.743			1.271
	IFP3	0.771			1.258
	IFP4	0.880			1.172
			0.575	0.802	
Tangible Firm Performance (TFP)	TFP1	0.702			1.289
	TFP2	0.681			1.276
	TFP3	0.754			1.055
	TFP4	0.911			1.071
			0.509	0.837	
Competitive Advantage (CA)	CA1	0.815			1.247
	CA2	0.691			1.224
	CA3	0.763			1.287

Model fit stat: SRMR = 0.092; X^2 = 626.42; NFI = 0.574; rms theta = 0.175

Note: AVE = average variance extracted; CR = composite reliability; SRMR = standardized root-mean-square residual; X2 = chi-square; NFI = normed fit index; rms theta = root mean square error correlation; VIF = variance inflation factor.

Table 3:
Validity of the discrimination

	Fornell-Larker Criterion				Heterotrait–Monotrait Ratio (HTMT)			
	IFP	TFP	CA	SHRMP	IFP	TFP	CA	SHRMP
IFP	**0.749**							
TFP	0.319	**0.713**			0.547			
CA	0.422	0.302	**0.758**		0.66	0.509		
SHRMP	0.476	0.293	0.489	**0.713**	0.705	0.419	0.684	

Note: IFP = intangible firm performance; TFP = tangible firm performance; CA = competitive advantage; SHRMP = strategic human resource practice. (b) The square root of AVE of every multi-item construct shown on the main diagonal.

Table 4:

Testing of hypotheses

Hypothesis	Interaction	Beta	Confidence Interval		t-value	Decision
			2.5%	97.5%		
H1	SHRMP -> CA	0.348	0.253	0.448	6.981***	Supported
H2a	SHRMP -> IFP	0.477	0.398	0.554	11.936***	Supported
H2b	SHRMP -> TFP	0.293	0.214	0.384	6.691***	Supported
H3a	IFP -> CA	0.214	0.116	0.308	4.292***	Supported
H3b	TFP -> CA	0.132	0.045	0.223	2.924***	Supported
H4a	SHRMP -> IFP -> CA	0.102	0.054	0.153	4.02***	Supported
H4b	SHRMP -> TFP -> CA	0.039	0.013	0.069	2.7***	Supported

Note: IFP = intangible firm performance; TFP = tangible firm performance; CA = competitive advantage; SHRMP = strategic human resource practice. *** denotes 1% significance level.
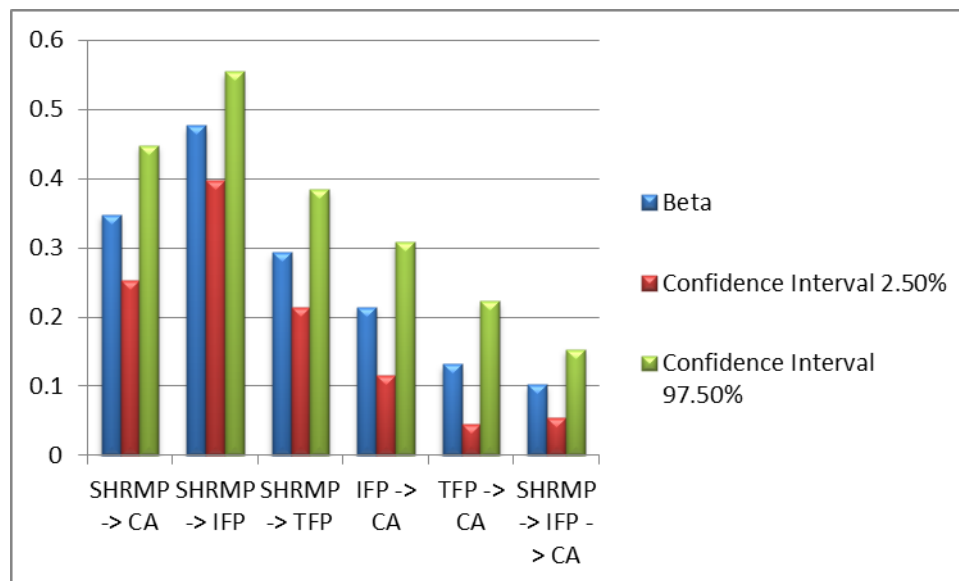
Figure 1:Structural model results

5. DISCUSSION

The construct evaluation findings show that the SHRMP, IFP, TFP, and CA measurements are between 0.60-0.92 following Table 2. A variable loading value of 0.50 to 0.60 was maintained, even though some authors propose factor loads of more than 0.70 (Fonti et al., 2017). Therefore, our observations in Table 1 showed no significant load of this item less than 0.60. Given the preceding, for further analysis, we maintained and accepted the limitations. The average value of our latent variables for SHRMP, IFP, TFP and CA was respectively 0.56, 0.51, 0.58 and 0.51. The AVE values obtained were consistent. A sign that the dominant variables have removed from several characters is the suitability of our AVE value. The values far exceed the 0.70 thresholds concerning composite reliability. The acceptance of our CR showed that our scaled objects are internally consistent. Also, assessing the variance inflation factor has considered signal and strength and relevance of the indicator weights to determine each product's significant contribution (VIF). The results indicate the VIF ratios of the products, as shown in Table 2, ranging from 1,10 to 1,74. The result showed a consistent value (Wang and Dass, 2017) considered to have a value of no less than one and more than five. The accuracy of our model data was equally relevant to our models. It is also appropriate for the fitness of our model data (Scott-Kennel andGiroud, 2016).
Tutar et al. (2015) evaluate if the structures of our model are linked. Fornel — Larker assumes that AVE builds should be larger than their stretched correlations, while HTMT is sufficient for an HTMT value of 0.85 to 1.As shown in Table 3, our findings show that each structure is more extensive than their square correlations with square roots AVE shown by the diagonal and adventurous (0,749, 0,713, 0,758 and 0,713). They were also below 0.85 for the HTMT, indicating that the two tests demonstrated the discriminative validity of our structure. The Harman one-factor presented by Teece (2018) evaluate the common methodological variation. A significant component analysis (PCA) has been the results show no dominance (Ruiz-Jiménez and Fuentes-Fuentes, 2016). Due to the Harman one-factor test's weaknesses, Kock's PLS-SEM variance inflation was full colinearity (VIF). As shown in Table 2, there was no CMB measurement since the recommended threshold was VIF but not less than five, as shown in table 2.

The results from our model tests in Tables 4 and Figures 1 show that intangible firm performance variance of about 22% in strategic HRM practices. The substantial company performance variation of 9% was via strategic HRM practices. This practice is due to the determination coefficients (R2) shown in Figure 1 for IFP, TFP and CA (0.22, 0.09 and 0.3).

In the analysis of this study, SmartPLS 3 was to analyze. The study focused on the impact of strategic HRM practices and the mediator of intangible and tangible company performance on sustainable competitive advantages. In a dynamic and complex competitive environment, corporate organizations face a range of challenges. The privatization of the particular system, changes to demand for work (Lepak and Scott, 2020), and international competition(Mahdi et al., 2019) are some challenges. Moreover, this study is essential due to its nature and culture in the business world (RajapathiranaandHui, 2018).

Our research has a theoretical influence on the competitive advantage of strategic HRM practices by the mediation of intangible and concrete corporate performance (defined by behaviour and attitudes) on the basis that both a "resource" and a "competitiveness theory" have been included in their management (Raisch and Zimmermann, 2017). We learned how strategic HRM practices could play an essential role in the sustainability of a company's competitive edge. We assessed ideas of commercial constraints based on the importance of relationships within systems between the different models. As the theory of RBV, CA's achievement involves the development of human expertise and core corporate values to promote strategic HRM practices (Reina and Danila, 2020). A behavioural perspective also suggests that a company with different behavioural attitudes can achieve a competitive advantage (Tabeau et al., 2017).

Strategic HRM impacts competitively directly and effectively. Our results have been consistent with previous studies and showed that a company could have competitive advantages (Pezeshkan et al., 2016). Companies must ensure that strategic policy verifies human resources management and integration with other intangible human resources components (StriteskaandJelinkova, 2015). We have found that HRM practices significantly impacted earlier as the impact on the competitive advantages of strategic HRM is weak (Wright and Scott, 2020).

Iraq companies should, therefore, continue to improve their HRM strategy to address dynamic business environment challenges. Our results also show that our company's immaterial and tangible performance is influenced positively by strategic HRM practices. Emeagwal and Ogbonmwan (2018) have found that research results have been based on HRMs employed by the academic institution and on the commitment of staff and the development of human capital. Alnidawi et al. (2017) also found that the HRM system provides training to employees.

The study, therefore, suggested that Iraqi companies would pay more to manage human resources in their organizations, enabling them to gain tacit information about their difficulties in competition to boost the development of human capital (Massa et al., 2017). Also, effective human resources management reduces employees' commitment and enables employees to become members of the business, enhancing their moral values and commitment (MikalefandPateli, 2017). Furthermore, the research has shown that strategic HRM has a moderate impact on immaterial business performance, while actual company performance has been weak. That means that Iraqi companies' management should improve

human resources management, allowing employees to participate more in their organization (Alnidawi et al., 2017).

The CA impact was through the company's intangible performance and performance. The results demonstrate the significant and positive impact of the SCA for both variables. Our findings show that SCA was necessary for human capital development (Zhou et al., 2020), as shown in previous studies. Similar research was by Lorenzo et al. (2018), using guidance on the HRM, the balance of work-life and high HRM measurements. A relationship has been between HRM and the organization's performance with the SCA potential. Zehir et al. (2016) have also demonstrated the direct positive effects of actual performance on SCA. Sanchez et al. (2015) found that HRM's importance in firms' intangible performance could lead to SCA. The findings of Nico et al. (2017) discovered the value of human capital to corporate achievement to be of value. That is the way we see it. However, the competitive advantages gained by Emeagwal and Ogbonmwan (2018) have a positive and significant impact in a comparable study, as opposed to our findings on the sustainable development of human capital (Aryanto et al., 2015). There is also a weak impact on sustainable competitive advantages of intangible business performance and actual business performance (Nilssen et al., 2015). For firms in Iraq to be managed, more attention needs to be on developing human capital through staff involvement in further education. This development increases the chances of businesses being silent and positioned better than others. That will make them even more profitable (Ozkaya et al., 2015). However, adequate attention should be to actual employee performance. Our findings show that the immaterial performance of employees and tangible results play an essential role in ensuring competitive, sustainable benefits for firms in Iraq (Pearson et al., 2015).

6. CONCLUSION AND FUTURE RECOMMENDATIONS

This study considers its observations to be limited. This study resembles certain other social studies in its cross-sectional methods that are therefore available for further research. This study presupposes that CA is significantly affected by strategic HRM practices by employees' skills, knowledge, abilities and attitudes. However, the connection between strategic HRM practices and CA can be by intangible and tangible business performance. In this research, the metaphysical and real mediator's role in the company connects HRM strategy and competitive advantages, especially in Iraq. The results of the study provide innovative perspectives. Also, this research has determined the importance of corporate (public/private) types. A study to explore the relationship between the HRM strategy and the organizational results can be by communicating intangible and immaterial companies' performance within a company.

A comparative study will also support the literature on this subject on the relations between public and private undertakings. Other structures, such as innovations and technology, should be incorporated into strategic HRM practices to expand the literature on sustainable competitive advantages in further research to achieve sustainable competitive opportunities in the enterprise community. Our findings show that the staff's intangible performance and tangible results play an essential role in ensuring competitive, sustainable benefits for companies in Iraq.

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