

# The Impact Of Intellectual Capital On Achieving Competitive Advantage: A Case Study On Pharma International Company In Jordan

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## Abstract

The study aimed to identify the impact of intellectual capital on achieving competitive advantage: A case study on Pharma International Company in Jordan. The study adopted the descriptive analytical method. A relative random sample of employees working in senior management, middle management and lower management in Pharma International Company in Jordan was selected. The number of the sample members reached (621), with a percentage of (91.1%). A questionnaire was developed for collecting the data in this study. The study concluded with a set results, the most important of them are: The arithmetic means of intellectual capital in Pharma International Company in Jordan ranged between (4.06) and (4.11) with a total mean of (4.09) on the five-point Likert scale, which indicates the high reality of intellectual capital in Pharma International Company in Jordan; This confirms the achievement of competitive advantage. The results also showed a statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of intellectual capital in achieving the competitive advantage in Pharma International Company in Jordan.

**Keywords:** intellectual capital, competitive advantage, Pharma International Company in Jordan.

## Introduction

The sustainable competitive advantage is a strategic goal that business organizations are trying to reach; the main problem that these organizations face is continuity and survival in the industry or the market they choose. This requires business organizations to have the supporting factors for this, including: goals, resources, as well as the right and important strategic choices for the organization's survival. Therefore, the loss of any of them makes the failure and demise of these organizations faster and imperative (Atta, 2017).

Abdul Razzaq (2020) pointed out that the organization's possession of the competitive advantage is an indication of its ability to face environmental changes in the market and its careful examination of the industry environment, and then its ability to confront competitors, and the possibility of survival and continuity by outperforming them. In the same context, Ayedh

& Hadi (2019) indicated that the constantly changing work environment requires the interdependence of intellectual capital of all kinds, in an efficient manner in order to achieve excellence and develop integrated strategies to attract distinguished human capital, which is an important element of Intellectual capital, its employment, training and preservation. It should be noted that the human resources are the market value that enhance the competitiveness of any organization. The process of human resource development and participation leads to excellence in performance and preservation, and enhances the competitiveness of the organization, which contributes to achieving competitive advantage (Al-Zubaidi et al, 2017). In light of the increasing race among organizations to achieve sustainability for competitive advantages, it has become imperative for these organizations to make great efforts in searching for real sources of diverse and multiple competitive advantage (Walid & Osmani, 2020).

Alsalam (2020) believes that intellectual capital is the real wealth of the organization in its ability to participate in the sustainability of competitive advantage, and it also provides the organization with a scope to achieve excellence, and enhances its competitive position. In a survey conducted by the Organization for Economic Co-operation and Development (OECD) in (2009) on (118) diversified American companies, it was found that there is a large agreement between the heads of these companies in terms of their perception of intangible assets; as (82%) of them believe that the organization's continuity and success depends mainly on its competitive capabilities with regard to intellectual capital (Jassim, 2019).

Therefore, in the light of the competitive economy and the information age, intellectual capital has become the real capital of institutions, as the pillar that plays the main role in the process of innovation and renewal. Intellectual capital is considered the main axis in the process of change and creativity, and it is capable of transforming knowledge into value, and then into a competitive advantage. The center of gravity in value creation shifts from the exploitation of natural (physical) resources to the exploitation of intellectual assets (intangible); and from the law of diminishing returns applicable to tangible goods to the law of increasing returns with respect to knowledge and ideas (Bouzidi & Delilah, 2021).

### **The Study Problem**

Organizations of all kinds are facing a wave of challenges and rapid changes sweeping the world today. The emergence of global markets and services, and technological progress, all prompted organizations and pharmaceutical companies in particular to develop new management methods and patterns that would enable them to face challenges and achieve their survival and continuity. Based on previous studies, such as Imran (2017) and Laila & Elham (2018), and personal interviews, the research problem was raised. Moreover, the researcher briefed on a number of studies related to the subject of the research and conducted a number of interviews in person with some workers in Pharma International Company in Jordan, asking them some questions about the level of interest given by Pharma International Company in

Jordan for the level of intellectual capital practices. Questions were also asked about the extent to which intellectual capital is applied in Pharma International Company in Jordan and about the level of competitive advantage in Pharma International Company in Jordan, in addition to asking them about the role that intellectual capital plays in enhancing the role of competitive advantage in Pharma International Company in Jordan. .

Through their answers, it became clear to the researcher that the study of intellectual capital and competitive advantage receive sufficient attention from those in charge at the administrative levels of Pharma International Company in Jordan. Hence, the foregoing calls the researcher to study the impact of intellectual capital in achieving competitive advantage within the framework of diagnosing and understanding the context of the reality of Pharma International Company in Jordan by analyzing and interpreting it and providing answers to the following main research question:

**What is the impact of intellectual capital on achieving competitive advantage from the point of view of workers in a study on Pharma International Company in Jordan?**

### **Questions of the Study**

1. What is the reality of intellectual capital represented by human capital in Pharma International Company in Jordan to achieve competitive advantage?
2. What is the reality of the intellectual capital represented by the structural capital in Pharma International Company in Jordan to achieve competitive advantage?
3. What is the reality of the intellectual capital represented by the customer capital in Pharma International Company in Jordan to achieve competitive advantage?

### **Objectives of the Study**

1. Identifying the reality of intellectual capital represented by human capital in Pharma International Company in Jordan to achieve competitive advantage.

2. Identifying the reality of the intellectual capital represented by the structural capital in Pharma International Company in Jordan to achieve competitive advantage.
3. Identifying the reality of the intellectual capital represented by the customer capital in Pharma International Company in Jordan to achieve competitive advantage.

### Hypothesis of the Study

Ho1: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) for intellectual capital with its dimensions (human capital, structural capital, customer capital) in achieving the competitive advantage in Pharma International Company in Jordan. .

### Significance of the Study

The importance of the current study appears from the recentness of the variables addressed in the study, which is the impact of intellectual capital in achieving competitive advantage in Pharma International Company in Jordan. This study can also provide a theoretical and practical background for those who draw up modern administrative policies; especially when they define the goals and objectives of Pharma International Company in Jordan, which would contribute to the development of its administrative systems by shedding light on intellectual capital practices in achieving competitive advantage in a changing environment.

### Delimitations of the Study

The study was applied in Pharma International Company in Jordan to a number of employees of the company in the year 2022. The study aimed to know the impact of intellectual capital in achieving competitive advantage from the point of view of the employees of Pharma International Company in Jordan. The dimensions of study related to intellectual capital and achieving competitive advantage have been identified.

### Terms of the Study

**Intellectual capital:** is the outcome of intellectual capabilities and includes human capabilities, relational capabilities and resources

that are among the basic base for attracting and developing new ideas to reach a sustainable competitive advantage (Altarawneh, 2017).

**Human capital:** that common ability of all individuals in the business organization to reach solutions to problems as well as acquire their own intellectual skills in order to solve any problem facing the organization (Bouzidi & Delilah, 2021).

**Structured capital:** It is the organizational capabilities of the organization that can participate in knowledge, transfer and enhance it through the intellectual structure represented in patents and information systems, copyright and trademark that represent the personality and knowledge of the organization and its role in its work (Ali et al, 2021).

**Customer capital:** Customer capital is the permanent and apparent emotional willingness of consumers towards the brand (Asiaei et al, 2022).

**Competitive advantage:** The competitive advantage is the organization's ability to follow policies, strategies and plans that would provide high quality goods and services and superiority over its competitors, by exploiting all available resources (Al-Mujibi, 2021).

### Procedures of the Study

#### Methodology

The current study adopted the descriptive analytical approach through the use of deductive methods in research and hypothesis testing for conclusion. The statistical package for the social sciences (SPSS) was used to analyze the study data.

#### Sample of the Study

A relative random sample of (621) employees with a percentage of (91.1%) working in the upper management, middle management and lower management in Pharma International Company in Jordan was selected.

#### The Study Instrument

The researcher developed the study instrument (the questionnaire) to achieve the objectives of the study, answer its questions and test its hypotheses. It includes (42) items on the five-point Likert scale to be answered by the

employees working in Pharma International Company in Jordan.

### Validity and Reliability of the Study Instrument

#### Face Validity

The Face validity of the study instrument was confirmed by presenting it to (9) arbitrators, who were selected from among the professors with experience, knowledge and competence in the

fields of scientific research. Appendix No. (1) shows the names of the arbitrators.

#### Reliability

The researcher used Cronbach Alpha to measure the consistency in the respondents' answers to all the questions on the scale. Table (1) shows the reliability values of the main study variables, which amounted to (0.882) for intellectual capital, and the remaining coefficients were statistically significant.

**Table (1) Cronbach Alpha**

Variable	Cronbach Alpha
Intellectual capital	0.882
Human capital	0.864
Structural capital	0.821
Customer capital	0.856

### Results of the Statistical Analysis

**The First Question:** What is the reality of intellectual capital represented by human capital in Pharma International Company in Jordan to achieve competitive advantage?

To answer this question, the arithmetic means and standard deviations of the dimensions' items were used, as shown in Table (2).

**Table (2) The reality of human capital**

No.	The Reality of Human Capital	Means	Standard Deviations	Rank	Reality
1	The company attracts individuals who have high experience	4.15	0.810	3	High
2	The company gives people with different skills the right to make decisions.	4.05	0.824	4	High
3	The practical experience possessed by the employees contributes to providing excellent solutions.	4.25	0.858	2	High
4	Employees have the ability to take on greater responsibilities at work	3.85	1.010	6	High
5	The company encourages employees to continuously innovate	4.35	0.852	1	High

6	The company works to involve all employees in training programs for the purpose of developing and enhancing their skills and knowledge.	3.90	1.005	5	High
Total Mean		4.09	-	-	High

Table (2) shows the answers of the study sample to the items related to human capital in Pharma International Company in Jordan. The arithmetic means of human capital in the Pharma International Company in Jordan ranged between (4.35) and (3.85) with a total mean of (4.09) on the five-point Likert scale, which indicates the high reality of human capital in Pharma International Company in Jordan. The item "The Company encourages employees to continuously innovate" came in the first place with a mean of (4.35), which is higher than the total mean (4.09), and a standard deviation of (0.852). While the item "Employees have the ability to take on greater responsibilities at work" ranked sixth and last with an arithmetic mean of (3.85) which is lower than the total arithmetic mean of (4.09) and a standard deviation of (1.010). The table also

shows the low dispersion in the responses of the study sample members about human capital in Pharma International Company in Jordan, which reflects the convergence in the views of the study sample members on human capital in Pharma International Company in Jordan. The table also indicates the convergence in the values of the arithmetic means. In general, it turns out that the reality of human capital in Pharma International Company in Jordan from the point of view of the study sample was high.

**The Second Question:** What is the reality of the intellectual capital represented by the structural capital in Pharma International Company in Jordan to achieve competitive advantage?

To answer this question, the arithmetic means and standard deviations of the dimensions' items were used, as shown in Table (3).

**Table (3) Reality of Structural Capital**

No.	The Reality of Structural Capital	Means	Standard Deviations	Rank	Reality
1	The company adopts a flexible organizational structure	4.22	0.846	3	High
2	The company's management adopts a management philosophy that raises levels of performance superiority over competitors.	4.28	0.872	1	High
3	The company allocates an adequate budget for employee development and training programs	4.16	0.832	4	High
4	Senior management focuses on developing employees with the aim of acquiring various practical skills	4.24	0.868	2	High
5	The company is keen to assure quality in all activities and decisions related to the	3.88	0.998	6	High

	production of pharmaceutical preparations				
6	The administrative processes are constantly reviewed in the company to reduce errors	3.90	0.988	5	High
Total Mean		4.11	-	-	High

Table (3) shows the answers of the study sample to the items related to structural capital in Pharma International Company in Jordan. The arithmetic means of the structural capital in the Pharma International Company in Jordan ranged between (28.4) and (3.88) with a total mean of (4.11) on the five-point Likert scale, which indicates the high reality of human capital in Pharma International Company in Jordan. The item "The Company's management adopts a management philosophy that raises levels of performance superiority over competitors." came in the first place with a mean of (4.28), which is higher than the total mean (4.11), and a standard deviation of (0.872). While the item "The company is keen to assure quality in all activities and decisions related to the production of pharmaceutical preparations" ranked sixth and last with an arithmetic mean of (3.88) which is lower than the total arithmetic mean of (4.11) and a standard

deviation of (0.998). The table also shows the low dispersion in the responses of the study sample members about structural capital in Pharma International Company in Jordan, which reflects the convergence in the views of the study sample members on structural capital in Pharma International Company in Jordan. The table also indicates the convergence in the values of the arithmetic means. In general, it turns out that the reality of structural capital in Pharma International Company in Jordan from the point of view of the study sample was high.

**The Third Question:** What is the reality of the intellectual capital represented by the customer capital in Pharma International Company in Jordan to achieve competitive advantage?

To answer this question, the arithmetic means and standard deviations of the dimensions' items were used, as shown in Table (4).

**Table (4) Reality of Customer Capital**

No.	The Reality of Customer Capital	Means	Standard Deviations	Rank	Reality
1	The company conducts continuous studies to identify the needs and desires of customers.	4.24	0.796	2	High
2	The company reduces the time taken between the customer's contact and the delivery of the drug order to him	4.19	0.862	3	High
3	The company interviews its customers to find out their desires, which helps them to solve problems.	4.26	0.808	1	High

4	The company is constantly updating its customer database	3.82	0.958	5	High
5	The company has an effective system for documenting customer complaints on a regular basis.	4.06	0.892	4	High
6	The company grants its regular customers additional benefits such as discounts and allowances	3.78	1.002	6	High
Total Mean		4.06	-	-	High

Table (4) shows the answers of the study sample to the items related to customer capital in Pharma International Company in Jordan. The arithmetic means of the customer capital in the Pharma International Company in Jordan ranged between (4.26) and (3.78) with a total mean of (4.06) on the five-point Likert scale, which indicates the high reality of customer capital in Pharma International Company in Jordan. The item "The company interviews its customers to find out their desires, which helps them to solve problems." came in the first place with a mean of (4.26), which is higher than the total mean (4.06), and a standard deviation of (0.808). While the item "The company grants its regular customers additional benefits such as discounts and allowances " ranked sixth and last with an arithmetic mean of (3.78) which is lower than the total arithmetic mean of (4.06) and a standard deviation of (1.002). The table also shows the low

dispersion in the responses of the study sample members about customer capital in Pharma International Company in Jordan, which reflects the convergence in the views of the study sample members on customer capital in Pharma International Company in Jordan. The table also indicates the convergence in the values of the arithmetic means. In general, it turns out that the reality of customer capital in Pharma International Company in Jordan from the point of view of the study sample was high.

#### **Analyzing the suitability of the data to the hypothesis testing assumptions of the study**

It was ensured that the data followed the Normal Distribution by calculating the Skewness coefficient, as the data follow the normal distribution if the skewness coefficient value is less than ( $\pm 1$ ), and Table No. (5) shows the results of these tests.

**Table (5) VIF, Tolerance and Skewness test results**

Dimensions	VIF	Tolerance	Skewness
Human capital	2.256	0.443	-0.142
Structural capital	2.234	0.449	-0.625
Customer capital	2.392	0.420	-0.296

It is clear from the results presented in Table (5) that there is no multicollinearity between the independent variables (human capital, structural capital, customer capital), and this is confirmed

by the values of the Variation Inflation Factor (VIF) test for the dimensions represented by (human capital, structural capital, customer capital), which are (2.256; 2.234; 2.392), respectively, which are less than (10).

It is also clear that the values of the (Tolerance) test ranged between (0.420) and (0.449), which are greater than (0.05), and this is an indication that there is no high correlation between the independent variables, and it was confirmed that the data follow a normal distribution by calculating (Skewness) where values are less than (1).

Based on the foregoing and after making sure that there is no linear overlap between the dimensions of the independent variable, and that the data of the study variables are subject to a normal distribution, it has become possible to test the hypotheses of the study in Pharma International Company in Jordan under study.

### Testing the main hypothesis

Ho1: There is no statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) for intellectual capital with its dimensions (human capital, structural capital, customer capital) in achieving the competitive advantage in Pharma International Company in Jordan.

To test this hypothesis, multiple regression analysis was used to verify the impact of intellectual capital with its dimensions (human capital, structural capital, customer capital) on achieving competitive advantage in Pharma International Company in Jordan, as shown in Table (6)

**Table (6) Multiple regression analysis**

dependent variable	Model Summary			ANOVA			Coefficients				
	(R)	(R <sup>2</sup> )	Adjusted (R <sup>2</sup> )	F	DF	Sig*	β	T	Sig*		
Competitive advantage	0.842	0.710	0.702	86.218	Multiple regression	3	0.000	Human capital	0.384	6.472	0.000
					Adjusted R-squared	0.618		structural capital	0.224	3.712	0.000
								client capital	0.286	3.628	0.001
					Total	621					

The results of the statistical analysis showed a statistically significant effect at the significance level ( $0.05 \geq \alpha$ ) for (human capital, structural capital, customer capital) on achieving competitive advantage in Pharma International Drug Company in Jordan. The correlation coefficient R was (0.842) at the level ( $0.05 \geq \alpha$ ). The coefficient of determination R<sup>2</sup> was (0.710), meaning that the value of (0.710) changes in achieving the competitive advantage in Pharma International Drug Company in Jordan resulted from the change in intellectual capital. In the same context, the results of the analysis showed that the adjusted coefficient of determination R<sup>2</sup>

reached (0.702), which reflects the net level of interest in intellectual capital in its dimensions after eliminating the values of standard errors resulting from achieving competitive advantage.

Accordingly, the alternative hypothesis is accepted, which states that there is a statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) of intellectual capital in its dimensions in achieving the competitive advantage in Pharma International Company in Jordan.

### Results

1. The arithmetic means of intellectual capital in Pharma International Company



in Jordan ranged (4.06) and (4.11) with a total mean of (4.09) on the five-point Likert scale. This indicates the high reality of intellectual capital in Pharma International Company in Jordan. The dimension of structural capital was first in ranking with an arithmetic mean of (4.11), followed by the dimension of human capital with an arithmetic mean of (4.09), and finally, in third places the dimension of customer capital with an arithmetic mean of (4.06).

2. There is a statistically significant effect at the significance level ( $\alpha \leq 0.05$ ) for intellectual capital with its dimensions (human capital, structural capital, customer capital) in achieving the competitive advantage in Pharma International Company in Jordan.

### Recommendations

- 1- The necessity for the senior management of Pharma International Company in Jordan to work to provide an environment that enables the achievement of a sustainable competitive advantage
- 2- The necessity for Pharma International Company in Jordan to use innovative and modern methods and mechanisms to achieve new competitive advantages, thus enhancing its position in the market.
- 3- The need for the company's management to raise awareness of intellectual capital issues because of its impact on increasing the performance and productivity of Pharma International Drug Company in Jordan.
- 4- The need for the company's management to grant moral and material incentives and rewards to the owners of innovations and creativity who work to provide new and innovative goods.
- 5- The need for the company's management to pay attention to intellectual capital as it represents a knowledge and administrative framework for organizations wishing

to grow, increase profits and compete.

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