

Human capital and social capital as sources of sustainable competitive advantage Case of SAIDAL group (Unity of DAR BEIDA).

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Abstract:

Both the human capital and social capital are an integral part of any organization, the development of human capital and social capital is the major challenge for leaders in formulating sustainable competitive advantage. This paper is an attempt to study the influence of both human capital and social capital on the sustainable competitive advantage of Saidal's Unity. The findings show that the correlation between the factors of human capital and the sustainable competitive advantage of the Unity of Saidal is not significant. The correlation between the dimensions of social capital and sustainable competitive advantage of the Unity is strongly significant with positive influence.

Keywords: human capital; social capital; sustainable; competitive advantage.

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1. INTRODUCTION

Nowadays, by selling goods with higher value and lower costs, the companies have a major challenge to gain a competitive advantage over market competitors.

The definition of human capital is associated with the broader concept of intellectual capital, it is regarded in most organizations as a most significant aspect of competitive advantage, and it is essentially all of the people's competencies within an organization. Developing human capital within the organization is the leaders' biggest obstacle in formulating future competitive strategies.

Social capital, which plays an important role in organizations and communities, is another component of intellectual capital. The definition of social capital refers to the interaction and communication between network members, in order to establish norms and mutual trust; it allows the reconfiguration of resources, the integration of skills and the improvement of the organization's learning ability which positively affects its competitive advantage.

Problematic of the study:

The relationship between human and social capital, as well as the sustainable competitive advantage has been the subject of extensive academic study. Many scholars have concluded that human and social capital may have a significant effect on the competitive advantage that is sustained. The question to be addressed in this study is this:

What is the effect of human capital and social capital for achieving sustainable competitive advantage for the group of SAIDAL (Unity of DAR BEIDA)?

Previous studies:

Many studies have clarified the link between social capital and human capital, and most of them have confirmed the value of these two elements in achieving competitive advantage.

Many researchers studied the link between social capital and entrepreneurship, based on a survey of Indonesian small and medium-sized enterprises (Aluisiu Hery Pratoto, 2014) attempted to study the relationship between four variables; firm performance, entrepreneurial orientation, entrepreneurial management and social capital. He found that social capital had a positive impact on firm performance.

On the other hand (lee, 2015) analyzed the relationship between women entrepreneurs' social capital and their small company success on the market, mediated by competitive advantages, and found that social capital dimensions have a positive effect on both the gain of difference and the cost advantage., but the impact of the relational dimension has not been verified.

(Al-Daibat, 2017) Dealt with the direct link between social capital and competitive advantage in the banking sector in Jordan where he found that there is a statistically important influence effect for social capital on competitive advantage.

In terms of the link between human capital and competitive advantage, we have the explanatory study of (Muhammad Aslam Memon, 2009) which proposed models to explain that human is the key source of the competitive advantage.

(Youcef Ahmed, 2019) Handled also the effect of human capital on competitive advantage by a case study of Algerian organization, and then he confirmed this clear relationship between these two elements.

Some studies have focused on the link between social capital and human capital. (J. Augusto Felício, 2009) They found that there are interconnected groups of human capital and social capital factors, while (Thorsten Semrau, 2016) Found that human capital and their financial social capital have a positive interaction in shaping the start-up progress, however they observed a negative effect between entrepreneurs' human capital and informational social capital.

When the role of human capital fulfils the function of social capital this has a positive effect on the organization 's success, (Niel Bosm, 2002)tried to know the extent to which investment in social capital and human capital enhanced entrepreneurial performance , the empirical research concluded that unique investments in social capital and human capital enhanced entrepreneurial performance.

(Canan Nur Karabeg, 2015) focused on the effect of human capital and two dimensions of social capital (structural and relational) on entrepreneurial alertness, the study noted that there is a positive significant effect between relational social capital and entrepreneurial alertness.

In general, previous studies have shown interest in studying the effect of social capital or human capital on the enterprise's performance, depending sometimes on mediate variables like the environment, and took samples of some entrepreneurs and SME's. The greater part

of these studies agreed on the big influence of social capital and human capital on the enterprise and its performance, therefore their success and survival in the market.

This study is trying to examine the influence of both social capital and human capital on the strengthening the sustainable competitive advantage of economic enterprise by taking the case of Soidal group .

To achieve the objective of this study, we developed the following hypotheses:

- Hypothesis 1: different factors of human capital (education, experience) have a relation with the sustainable competitive advantage of the group of SAIDAL.
- Hypothesis 2: different dimensions of social capital (structural dimension, cognitive dimension, relational dimension) have a relation with the sustainable competitive advantage of the group of SAIDAL.

2. Theoretical Framework

2-1- social capital:

One of the reasons and motivations for the philosophical approach of using social capital is to combine economic with non-economic research or complement each other for the two.

Social capital is an explicit recognition of adding society to an otherwise a social economy.

Social capital has shown that in society there are resources that are not commonly known as such because they do not take any sort of commercial form directly.

The amount of resources linked to a long-term network is social capital... the volume of social capital depends on the relation network size and the volume of capital (Bourdieu, 1983) .

Bourdieu (1985) is the first to use social capital in his paper to clarify his belief that in developing relationships with other people, one aim of people is to gain future benefits.

In his book 'Civic Associations in Italy,' Robert Putnam described social capital as all the features of social organization, e.g., individual networks, sharing norms and values that create community externalities (Christiaan Grootaert, 2002).

These externalities have a positive nature as Putnam originally envisaged it, but other researchers are aware that these externalities often arise from interpersonal experiences on a negative side.

James Coleman (1990) saw social capital as “A set of different entities[which] all consist of some aspect of the social system and[which] encourage those actors' actions within the structure, whether personal or corporate actors.” (Coleman, 1990).

From this description James presented a wider social capital sense. His concept includes vertical or horizontal relations and actions inside and between companies.

Social capital is a resource for individual and collective actors situated in their more or less permanent social partnership network (Alder, 1999).

To summarize, A lot of ideas on economic and social returns have been identified in the philosophy of social capital that we can get from the social partnership network, moreover social capital is the social system and partnership that allows individuals to access certain resources held by other people to produce externalities and benefits.

2-1-1- Dimensions of social capital :

Nahapiet and Ghoshal (1998) defined three forms of dimensions of social capital: the structural, relational and cognitive dimension (de Jong, 2010).

2-1-1-1- the structural dimension:

The structural dimension is the pattern of interacting relationships within a social network. The structural dimension is focused on network links that offer you access that affects what you know. Configuration of the network links is a critical facet of social capital because it has a direct effect on resource accessibility by identifying connections and actors within a network like the Internet networking influences learning through relationships and links infrastructures through interaction.

2-1-1-2- the relational dimension:

The relational dimension represented the consistency of a social structure. The presence of arduous relations between source and recipient is one of the most enduring obstacles to transmitting best practices within organizations (Szulanski, 1996). When individuals are more likely to participate in social interaction and have high trust between them, this can create trustworthiness and social system norms and sanctions become more appropriate. (Coleman,2002).

Obligations and aspirations are essential elements within the relational dimension, reflecting a commitment or obligation to perform any potential task. Identity and identification are the final objects reflecting the mechanism by which individuals identify themselves as participants of a particular social group (Forsyth, 1999).

2-1-1-3- the cognitive dimension:

The cognitive dimension concerns mutual awareness, purpose and perception of the participants of the network in a social context that is generated and maintained by relationships. The cognitive dimension consists of common vocabulary and codes and common narratives (Kogut & Zander, 1996) (Putnam & Feldstein, 2003). The cognitive dimension of social capital can be seen as a construct of the network members ' individual terms, phrases, codes and stories that they serve as the social lubricant within networks.

2-2- human capital

Oxford English Dictionary defined human capital as “the skills possessed by the labour force and considered a resource or asset “. This definition includes the notion of investment in people (e.g., education, training, etc.) which increase the individual’s productivity.

Irving Fisher 1897 was the first who used the word 'human capital' in economics and this word became a significant part of economists in the late 1950s. After the article of Jacob Mincer’s 1958 “Investment in Human Capital and Personal Income Distribution” in Journal of Political Economy, The word human capital has become increasingly common.

In the title of his book «A Theoretical and Empirical Analysis, with Special Reference to Education» published in 1964, Gary Becker doubted to use the word "human capital" to defend against criticism (Goldin, 2016).

(SCHULTZ, 1961) described the word human capital as anything gained by employees as experience, skills and abilities. But his description is limited because the idea of ' value ' and the role of 'investment' in human resources have been ignored.

Schultz updated this concept in 1981 and described human capital as: " .. all human capacity to be either inherent or acquired qualities ... which are important and can be improved by appropriate investment would be human capital "(Schultz 1981, p21).

The idea of human capital is tied to the added value that individuals bring to organizations. As Chatzkel (2004) suggested "human capital is the organizational differentiator and the real basis for competitive advantage" (Chatzkel, 2004).

According to (Manuti, 2016), human capital is an essential aspect of intangible assets, since it contains all the information and skills that come from education, training, and experience.

The term human capital was described by Scarborough and Elias as a moderating variable between human resource practices and business outcomes. In this view, human capital is "non-standardized, implicit, dynamic, context-dependent and embodied in individuals" to a large extent (Harry Scarbrough, 2002).

According to (BONTIS, 1999) Human capital is the human element inside the organization combined intellect, skills and expertise which give the organization its typical character, the human elements of the organization are those capable of learning, improving, innovating and giving creative impetus which, if properly motivated That can ensure the organization's long-term sustainability.

Bontis explains the role of encouragement in maximizing human capital's ingenuity and creativity. In addition, his description states the value of 'distinctive character,' and its effect on the company sustainability outcome (BONTIS, 1999).

(Thomas,2013, p3) has a More recent definition of human capital, he defines human capital as "The people, their performance and their potential in the organisation". It's necessary to use the word 'potential' to suggest that workers can develop their talents and abilities over time (THOMAS, 2013).

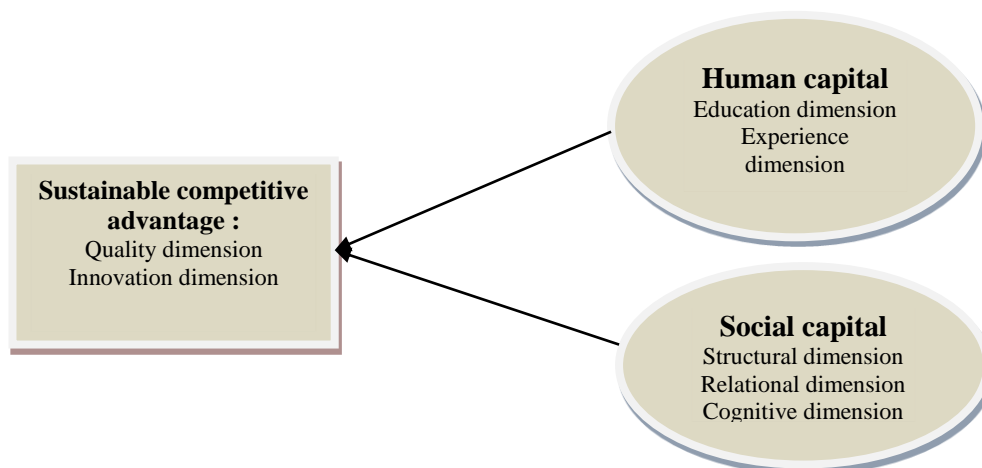
In general, the literature indicates that human capital plays a very important role in creating, developing, and sharing new ideas and knowledge; on the other hand, social capital promotes learning and enables use of these ideas and knowledge.

Many researchers have seen a clear interdependence between human capital and social capital, leading businesses with a high level of human capital to be more likely to contribute with similar preferences and personal power to other people on the same level.

3. EXPERIMENTAL

3-1-The Study Model: According to this study, which focuses on employees of the group of SAIDAL (unity of DAR BEIDA), we took the human capital and the social capital as the independent variables, on the other hand, the sustainable competitive advantage as the dependent variable; the research theoretical structure is thus formed; shown as the figure (1):

Figure 1: the study model



Source: prepared by the researcher

The purpose of this study is to examine the relationship between two independent variables (social capital, human capital) and one dependent variable (sustainable competitive advantage). To measure these variables we determine eight dimensions like the following:

- Social capital: structural, relational and cognitive dimension.
- Human capital: knowledge, training and experience dimension.
- Sustainable competitive advantage: quality and innovation dimension.

3-2-Research methodology:

To achieve the objectives of this exploratory study, we selected an inductive approach by testing the relationship between variables. In order to test the hypotheses of the study, we depended on several statistical tests like Pearson correlation test and multiple regression analysis.

As a research strategy, we used a case study which involved an empirical investigation within the group of SAIDAL (unity of DAR BEIDA) between the period of September 2019 and May 2020.

3-3-Sample and data collection:

In our case study, we used a random sampling technique. The sample derived from 432 (the population of the study) employees working in group of Saidal (unity of Dar Beida).

$$\text{the active response rate} = \frac{\text{total number of responses}}{\text{total number in sample} - (\text{ineligible} + \text{unreachable})}$$

$$\text{the active response rate} = \frac{230}{432 - 20} \times 100 = 55.82\%$$

20 cases were discarded during the data cleaning process. Eventually, we achieved a response rate of 55.82%, that's mean the research sample size is calculated by 53.24% of the study population.

In terms of the study tool, we have adopted a self-administered questionnaire in order to collect and analyse data that will help to finding answers to the problem of the study.

3-4-Instrument Reliability and Validation:

Reliability: Reliability refers to the extent to which a scale produces consistent results if the measurements are repeated several times (p. statistics solutions).

Cronbach's alpha is a measure of internal consistency (how closely related a set of items is as a group) if the value of Cronbach's alpha for each construct would be near or more than 0.7 the construct is accepted otherwise it would be rejected.

In this study, we used Cronbach's alpha and as its values (table 1) for all the constructs of our study are more than 0.7, so we conclude that the scales can be applied for the analysis with acceptable reliability.

Table 1: Cronbach's coefficient alpha

construct	Cronbach's alpha
Human capital	0.807
Social capital	0.71
Sustainable competitive advantage	0.71

Source: prepared by the researcher based on spss output.

Validity : according to (Mark Saunders, Philip Lewis, Adrian Thornhill,2009) validity means the ability of your questionnaire to measure what you intend it to measure, this means you are concerned that what you find with your questionnaire actually represents the reality of what you are measuring (Mark saunders, 2009).

Content validity is a non-statistical assessment of validity which is ensured by expert judgment or through an extended literature search.

In order to establish content validity, an initial version of the instrument was pre-tested using several academic people.

4. RESULTS AND DISCUSSION**4-1- General Information about the Respondents:**

This section describes the sample of the study showing the frequencies and percentages of respondents according to their demographic variables (gender, age, professional group).

Table 2: Frequencies and Percentages of Respondents

measure		Frequency	percent
Gender	Male	135	58.7
	Female	95	41.3
	Total	230	100
Age	20-29	105	45.6
	30-39	65	28.2
	40-49	40	17.3
	50-59	15	6.5
	60 or more	5	2.1
	Total	230	100
professional group	Managing director	15	6.5
	control	95	41.3
	Executive	120	52.1
	Total	230	100

Source: prepared by the researcher based on SPSS output.

4-2- Hypotheses Tests:

According to the table 3:

Table 3 : correlation between variables

	Sustainable competitive advantage	
	Pearson correlation	signification
Human capital	-0.9	0.159
Social capital	0.914	0.000

Source: prepared by the researcher based on SPSS output

Hypothesis 1:

As shown in table 3 and with regard to our hypothesis which based on, that has a relation between the factors of human capital and the sustainable competitive advantage, we found that the correlation between these two variables is not significant (R= -0.9; sig= 0.159) that's mean the factors of human capital are not affecting the sustainable competitive advantage of the unity.

Hypothesis 2:

As shown in Table 3 and in relation to our hypothesis based on, which has a relationship between the dimensions of social capital and the sustainable competitive advantage, we found that the correlation between these two variables (R= 0.914; sig= 0.000) is important at the 0.01 level, indicating that the dimensions of social capital affect the sustainable competitive advantage of unity.

4-3-Discussion of the Findings:

The result of testing the first hypothesis indicates the weak interest of Saidal group in investing in Education and individual experience. This will affect the competitive position of the group and losing a significant market share in favour of Competitors. This finding is inconsistent with the study of (lee, 2015) and (Al-Daibat, 2017).

The second hypothesis showed that Saidal's unity has a stable social structure based primarily on the interaction of relationships that reflects positively on the unity's competitiveness. This finding is consistent with the study of (Muhammad Aslam Memon, 2009) and (Youcef Ahmed 2019).

The following table represents the results of the multiple regression analysis where both the human capital and social capital represent the independent variables, and the sustainable competitive advantage represents the dependent variable.

Table 4: the multiple regression analysis

variables	Beta	T	Sig.	R ²	F	Sig.
constant	-0.591	-3.479	0.001	0.836	628.411	0.000
Human capital	0.016	0.807	0.420			
Social capital	1.096	35.280	0.000			

Source: prepared by the researcher based on SPSS output.

According to the results of statistical analysis in the table we found:

- The value of R squared (0.836) indicates that the human capital and the social capital explain 83.6% from changes in the sustainable competitive advantage, while 16.4% of changes return to other variables.
- The value of the F test (628.411) is significant at the 0.05 level, which means we accept the model after excluding the non-significant variables which affect the credibility of our results.
- to test the significance of the model parameters (B_0 , B_1 , B_2) we use the T-test to prove the validity of the following assumptions:

$$\left\{ \begin{array}{l} H_0: B_1=B_2=0 \\ H_1: B_1 \neq B_2 \neq 0 \\ H_0: B_0=0 \\ H_1: B_0 \neq 0 \end{array} \right.$$

- Upon the results of the calculated value of T which reached at B_0 (-3.479) and at B_2 (35.280) with a level of significance less than 0.05 we accept the alternative hypothesis which means both parameters are different from zero.
- The calculated value of T at B_1 reached (0.807) with a level of significance more than 0.05 which means that the parameter B_1 is not different from zero.

Through the results of the correlations among variables and the results of the multiple regression analysis, the model of the relationship between variables becomes:

(Sustainable competitive advantage) $SCA = -0.591 + 1.096 SC$ (social capital)

The slope parameter (1.096) indicates the average change in the variable of Sustainable competitive advantage associated with a 1 unit increase in the variable of social capital, this is in the absence of the impact of human capital.

5. CONCLUSION

Although human capital and social capital are considered a key resource for the Contemporary Company but most Algerian companies still do not realize their vital importance. Therefore this study tried to analyze the impact of human capital and social capital on the sustainable competitive advantage of Soidal group.

In light of what is presented in this study, we draw a set of Results:

- the correlation between the factors of human capital and the sustainable competitive advantage of the unity of Soidal is not significant.
- The absence of the impact of learning and the experience of the individual in building a Sustainable competitive advantage that reflects the place of investment in the individual within the unity.
- the correlation between the dimensions of social capital and the sustainable competitive advantage of the unity of Soidal is strongly significant with positive influence.

- Social capital is the capacity to lead, innovate and improve the capabilities of individuals and organizations for sustainable competitive advantage.
- The unity of Saidal has a stable social structure, focused primarily on relationship interaction.

The following recommendations have been proposed in conjunction with the above results:

- Learning and training programs within organizations should include a focus on the issue of sustainable competitive advantage.
- The organizations identify key people and assign them the role as responsible for managing the learning of their knowledge.
- Consider the sustainable competitive advantage as a strategy of the organization for the long term.
- Encourage group work as a means of sharing knowledge and experience among individuals.
- Use the organization's social structure to build effective human capital.

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