# Intangible resources and competitive advantage

- Case study: Telecommunication operators in Algeria -

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# الموارد غير الملموسة و الميزة التنافسية دراسة حالة: متعاملي الاتصالات في الجزائر

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#### Abstract:

We aim through this study mainly to measure the relationship between the intangible resources and competitive advantage through its components. We have followed an Extrapolation and Experimental approach. Where we put a model that shows the relationship between the variables studied (intangible resources and competitive advantage). relying on survey method through collecting and analyzing the data by using a set of statistical indicators like Cronbach's Alpha, One-Sample Kolmogorov-Smirnov Test, descriptive statistics (Mean, Std. Deviation, Std. Error Mean) and Pearson Correlation coefficient to validate the hypotheses, after we had written a background literature depending on a couple of main theoretical references. With the help of the statistical software SPSS V20 for output the results. This study has conducted on a sample of 30 agencies of the telecommunication operators in Algeria .Where the main results of this study show the existence of the correlation ( strong- positive) between the intangible resources and the competitive advantage dimensions .

**Key words:** intangibility, resources, intangible resources, competitive advantage, dimensions, relationship.

(JEL) Classification: M3

#### ملخص:

نهدف من خلال هذه الدراسة أساسا لقياس العلاقة بين استغلال الموارد غير الملموسة و تحقيق الميزة التنافسية من خلال أبعادهما المختلفة، وذلك بوضع نموذج يوضح العلاقة بين الموارد غير الملموسة المتمثلة في (التنظيم، التكنولوجيا، الكفاءات، العلاقات، السمعة) و الميزة التنافسية المتمثلة في (التحكم في التكلفة، تحسين الجودة، تطوير المرونة، تحسين الإبتكار، التحكم في الزمن)، وقد أجريت هذه الدراسة على عينة مكونة من 33 وكالة تجارية تابعة للمتعاملين الثلاثة للاتصالات في الجزائر، حيث تم الاعتماد على المنهج التجريبي وذلك بجمع وتحليل البيانات من خلال مجموعة من المؤشرات الإحصائية مثل ألفا كرونباخ، اختبار كولموغوروف سميرنوف لعينة واحدة، الصدق البنائي، الإحصاء الوصفي مثل (المتوسط، الانجراف المعياري، الخطأ المعياري المتوسط) ومعامل الارتباط (ارتباط بيرسون) لاختبار الفرضيات، باستخدام برنامج الحزم الاحصائية للعلوم الاجتماعية SPSS V20 ،حيث أن النتيجة الرئيسية لهذه الدراسة تبين العلاقة الموجبة القوية بين أبعاد استغلال الموارد غير الملموسة و تحقيق الميزة التنافسية لدى متعاملي الاتصالات في السوق الجزائرية.

الكلمات المفتاحية: غير الملموسية، الموارد، الموارد غير الملموسة، ميزة تنافسية، أبعاد، العلاقة.

رموز M3 :jel

#### I. Introduction

With the rising complexity in global competitive dynamics, literature and managerial practice are converging on acknowledging intangible resources as the mainstays of business growth and value creation Businesses aim to achieve a sustainable competitive advantage by matching customer valued attributes to the firm's capabilities and competencies namely its management, staff and know-how<sup>2</sup>.

In fact, the success in the new economy is based on the development and use of resources that are intangible in nature .Also, it has been suggested by Prahalad and Hamel (1990) that, in the creation of competitive advantage, the focus of attention has shifted from tangible resources to intangible resources. The main assumption underlying the new economy is that tangible resources can no longer be the basis of competitive advantage because they are subject to imitation. Based on this assumption, the key determinants of a firm"s success are referred to as intangible resources. This view strongly parallels a heated and widely debated topic during the 1990s, where scholars within the field strongly supported intangible resources as the most important source of a firm"s success<sup>3</sup>.

#### II. Background literature:

In this stage we try to present the new paradigm of competitive advantage as a theory concept and based.

# 2.1. Intangible resources

Intangible resources are the most important resources to achieve competitive advantage and improving performance in nowadays, they have unique properties and they are not available also they're difficult to manage, so organizations seeking to exploit and manage them effectively to achieve the excellence and sustain it.

#### 2.1.1. Intangible resources concepts

Understanding sources of sustained competitive advantage has become a major area of study in strategic management <sup>4</sup>. For example, hit, bierman, shimizu and kochhar suggest that 'intangible resources are more likely than tangible resources to produce a competitive advantage <sup>5</sup>. RBV points to intangible resources as the main drivers of the sustainability of performance differences across firms. Different contributors to the RBV literature have used different terms, such as "capabilities", "core competences", or "knowledge", to refer to these resources and a variety of definitions have been offered. Because it is not clear whether this abundance of terms adds precision or just noise to RBV<sup>6</sup>.

# 2.1.2. Intangible resources dimensions

The basic dimensions of intangible resources Consists of integrated dimensions to achieve the competitive advantage and improve the performance, where they became more important than the tangible resources in new economics and modern management approaches.

#### 2.1.2.1. Organizational capital

Organizational capital contributes order, stability and quality to the firm. It also provides a context for the employees to work in and communicate to each other<sup>7</sup>. Organization capital. Theory suggests that where plants are in the life Cycle determines the size of the payments, or organization rents, plant owners receive from organization capital<sup>8</sup>.

There are two approaches for the measurement of organization capital. The first approach is to measure organization capital based on the market value of a firm. The second approach is to measure organization capital based on the estimation of production function<sup>9</sup>. Organizational capital divided into three broad components – workforce training, employee voice, and work design (including the use of cross-functional production processes)<sup>10</sup>. Also organizational capital as embedded or institutionalized knowledge that may be retained with the help of information technology on readily accessible and easily extended databases.<sup>11</sup> Organizations develop their organizational practices to realize returns from given and marketable resources like real capital and labor<sup>12</sup>. The elements that constitute the organizational capital of the firm, namely its culture, structure, organizational learning, and processes can be a source of competitive advantage<sup>13</sup>.

# 2.1.2.2. Human capital

The concept of human capital plays a major role in modern treatments of growth theory and of labor economics, when Human capital is not only a factor in economic growth, but also an effect of it or of developments generated by economic growth By human capital we basically refer to the knowledge acquired by a person who increases his productivity (professional qualifications) and the value of his contribution to the firm. It also includes personal contacts and relations, as well as other individual qualities such as reputation, experience, judgment, intelligence or loyalty Also the development and practice of knowledge management (KM) is continuously and dramatically increasing in organizations. And due to improvements in KM, the race for seeking a competitive edge through knowledge increases at an even faster rate. Where the ability to develop and leverage the value of these intangible assets comprises a core competency for organizations, particularly those providing financial and professional services. In these knowledge-intensive organizations, processing knowledge is central to business success 16. Of all the contributory variable or factors to economic growth and increased productivity, human capital stands out as a major catalyst. To this end, effective investment in human capital is a key component of long run economic growth and improved productivity 17.

In the knowledge-based economy, also known as the new economy, the force of globalization has emerged so strongly that knowledge and communication have become the most critical resources for an organization<sup>18</sup>. Knowledge is often defined as a "justified personal belief."<sup>19</sup>. It is concerned with the exploitation and development of the knowledge assets of an organization with a view to furthering the organization's objectives<sup>20</sup> .Knowledge management is more than just information management. It also includes activities designed to extract implicit knowledge and to manage explicit knowledge while developing a supportive culture that uses knowledge management as an instinctive part of everyone's thought process<sup>21</sup>. That transforms individual knowledge into organizational knowledge<sup>22</sup>.

# 2.1.2.3. Technological capital

The firm's stock of technological capital includes knowledge related to the access, use and innovation of production techniques and product technology<sup>23</sup>. As the technology base of the Boston region developed, a host of partnerships were organized by veteran venture capitalists<sup>24</sup>.

#### **2.1.2.4.** Reputation

The reputation mechanism only works if consumers are confident that they will purchase what they intend to purchase<sup>25</sup>. Moreover, empirical research has shown that reducing pollution, improving waste management and implementing procedures to minimize environmental impacts act as a reputation signaling exercise, allowing firms to accumulate symbolic capital. This becomes

crucial as it opens new markets, especially in spite of the growing interest in green public and private purchasing <sup>26</sup>.

Image and reputation respectively refer to what an organization wants others to think about it and what stakeholders actually think about the organization. For instance, it has been suggested that the first mover has the potential to achieve a competitive advantage by developing and sustaining a reputation for innovation in the marketplace that late entrants would have difficulty overcoming<sup>27</sup>.

#### 2.1.2.5. Relationships

This consists of the potential derived from the intangible resources related to the market place. It includes reputation, brands, customer loyalty, long-term customer relationships, commercial name, shop sign and distribution channels<sup>28</sup>.

Relationships between customers and business firms have been consistently encouraged as successful business practices worldwide<sup>29</sup>. The concept of relationship marketing has emerged within the field of services marketing and industrial marketing<sup>30</sup>. Relationship marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders<sup>31</sup>. Such understanding will assist in better management of firm-customer relationship and in achieving higher level of loyalty among customers<sup>32</sup>.

Relationship marketing is attracting, maintaining and –in multi service organizations- enlarging customer relationships<sup>33</sup>. It consists of three major components: Technology, people, business culture and relationship, and Process<sup>34</sup>. The strong rivalry characterizing today's business environment has resulted to the building of stronger firm-customer relationships<sup>35</sup>. Also the expressed phenomenon by this concept is fully supported by continuous trends in modern trading, Base of this branch of marketing that had a close relationship with consumer behavior and has been created of heart of researches related to relationships among purchaser and seller in moderate and relatively large business in this paradigm<sup>36</sup>.

The relational view addresses the importance of strategic relational resources generated from collaboration between firms, which can be the source of competitive advantage where suggest four potential sources of inter-organizational competitive advantage: relation-specific assets, knowledge-sharing routines, complementary resources, and effective governance<sup>37</sup>. A positive and effortless customer experience can result in increased customer satisfaction, loyalty, advocacy and greater customer lifetime value, which leads to competitive advantage<sup>38</sup>.

#### 2.2. Competitive advantage

Organizations are trying to achieve the excellence in the marketplace by different methods and ways in order to achieve its strategic goals and objectives especially at the big axes level and focus on the pivot points that represent the internal and external organization substrates.

# 2.2.1. Competitive advantage concept

Competitive advantage is a customer satisfactions which depend on relative quality those organizations maintain to possess through which organizations can exceed their rivals' performance, and achieve long-run benefit through the cost leadership<sup>39</sup>. Competitive advantage is the extent to which companies are able to create a defensible position over its competitors<sup>40</sup>.

In the systemic and strategic view, firms assign resources and efforts to achieve a unique chain strategy that will lead to competitive advantage through lower costs and improved customer satisfaction<sup>41</sup>. More specifically, best value supply chains target high quality performance across four competitive priorities: speed, cost, quality, and flexibility. In some cases, best value supply chains are surpassed on one or two of these dimensions by other firms' chains<sup>42</sup>.

Over the last two decades, the language and concepts of business-level competitive strategy have grown in both sophistication and acceptance by practitioners, as evidenced by the pervasive influence of schemes such as generic strategy<sup>43</sup>. Typically, this comes from large-scale organizations developing efficiency due to their repetitive experience of the tasks involved or using their power to leverage lower costs. The other two routes to competitive advantage relate to the value seen by customers who either see specific attractive elements in the offering (differentiation) or feel that all their needs are being met in the best way by that competitor's offering (focus)<sup>44</sup>. Indeed, the meaning of innovation varies. It can range from the first commercial use of an invention to the introduction of a new or improved product or process<sup>45</sup>.

# 2.2.2. Competitive advantage dimensions

The basic dimensions of competitive advantage of the following elements: cost, quality, time, flexibility and innovation.

#### 2.2.2.1. Cost:

Porter (1985) notes that a business can develop a sustainable competitive advantage by following two strategies: Cost leadership strategy or differentiation strategy. Under a cost leadership, Kleiman (2000) argues that firms must provide the same services or products as its competitors, but at a lower cost<sup>46</sup>. An organization is capable of competing against major competitors based on low price<sup>47</sup>. Cease (1937) defined transaction costs as the costs of using the price mechanism<sup>48</sup>. Organizations must make some kind of negotiation between the cost and the characteristics of their products and services. In general, most organizations choose to cut total cost by reducing fixed costs and employee compensation rates, applying continuous control on raw materials, and by achieving higher levels of productivity<sup>49</sup>. D" Aveni and Ravenscraft (1994) empirically showed that although in few cases the firms rather losses due to losing specialization in production, by vertical integration, as a whole the firm"s business process can save money and the overall administrative cost, R&D cost and media advertising cost are reduced<sup>50</sup>.

# 2.2.2.2. Quality:

The quality of a product or service is what the customer demands<sup>51</sup>. For Adam and Ebert, 1996: Quality can be achieved two ways which are adopt product design to its function, and the quality of consistency which stands for the organizational capability to transform inputs to conformable outputs according to Hill, 1993, or outputs in accordance to the specific design characteristics, and the focus on quality will be reflected in competitive advantage and profitability of the organization<sup>52</sup>. The Vertical integration allows the firm for standardization, automation and simplification of the process, because the firm can deal in integrated process. Consequently, the quality of products improves<sup>53</sup>. An organization is capable of offering product quality and performance that creates higher value for customers<sup>54</sup>.

# 2.2.2.3. Time:

Organizations can consider the time factor to compete among each other's. Delivery time can be a source of competitive advantage when organizations try to reduce the period of time between receiving and accepting customer orders and requirements of products or services to customers according to Stonebrake and Leong, 1994. The speed of product development also refers to the time factor; that is the time period between product idea generation till achieving the final design or production according to Evans, 1993<sup>55</sup>. An organization is capable of introducing new products faster than major competitors<sup>56</sup>. Utilizing information technology, quick response, apparel

firms have developed new capabilities in rapid learning and communication. QR has enabled the savvy designers quickly imitate many designs or even create new designs<sup>57</sup>.

# 2.2.2.4. Flexibility:

For Evans, 1993: Flexibility also can be defined as the ability to adapt with production capacity to changes in the environment or market demands. Flexibility further defined as the ability of the organization to trace changes in consumers' needs, tastes and expectations as a result carry out changes in product designs<sup>58</sup>. Manufacturing flexibility can be of two types: volume flexibility and feature flexibility. Vertical integration gives the firm more volume flexibility and feature flexibility<sup>59</sup>.

#### **2.2.2.5. Innovation:**

Innovation development and application of new ideas in product, process or service that is new to the dynamic growth of the national economy and increase employment is to generate interest in innovative companies<sup>60</sup>. An organization is capable of introducing new products and features in the market place.<sup>61</sup>

#### III. Methods & Results

In the following points we're going to present the Mythology of empirical study and define the main results from hypothesis testing - main an the sub - through its steps point by point from the objective to hypothesis testing by statistical tools and instruments.

# 3.1.Objective:

We try to discover the correlation between the investment in the intangible resources within the telecom operators in Algeria and the competitive advantage achieved by them.

# 3.2. The hypothesis

We try to test the following hypothesis by using deferent steps with deferent tools.

There is no significant correlation between the using the intangible resources and competitive advantage through their deferent dimensions.

#### 3.3. Society & Sample:

The population of this study includes all the agencies of telecom operator in Algeria. Where the Sample studied includes 33 agencies of the three operators.

#### 3.4. Methods:

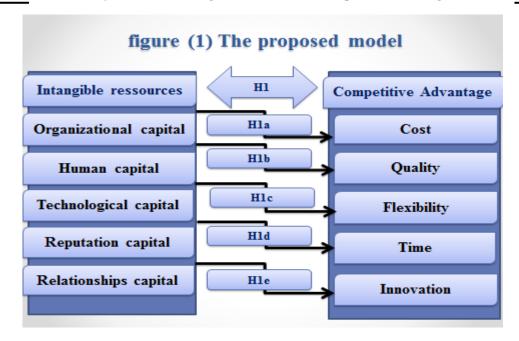
We'll depend on the Surveying descriptive and empirical discipline by design a proper questionnaire based on the Likert scale in addition the interviews with the agencies responsible.

# 3.5. Tools & Software

To analyze the data we are going to use the correlation coefficient to test the main and sub hypotheses, before that we are going to test the Reliability of tool and Normality, then the descriptive Statistics, by SPSS V20

#### 3.6. The model & its variables

The following figure is the proposed model that shows the variables, dimension and the relationship between them.



The proposed model comes from many studied which exists in the references. Through the figure above we try to illustrate the two variables bellow and the relationships between them that can be measured statistically in the next steps. Where the variables of that study defined as follow:

- The first variable is intangible resources (organizational, human, technological, reputation and relationships capital),
- The second variable is competitive advantage (cost, Quality, flexibility, Time and innovation).

# 3.1 Reliability Statistics and descriptive Statistics of Intangible Resources & Competitive Advantage.

At this stage we are trying to prove the tool reliability for measure the phenomenon studied.

**Table (1) Case Processing Summary & Reliability Statistics** 

S	Variables	Valid	%	Excluded <sup>a</sup>	%	Total	%	N of Items	Cronbach's Alpha
X	Intangible Resources	33	100,0	0	,0	33	100,0	5	,984
Y	Competitive Advantage.	33	100,0	0	,0	33	100,0	5	,994
	All	33	100,0	0	,0	33	100,0	10	,994

The table shows the number of respondents, missing values, and their proportion, from the result shown in the table (1) the coefficient of Cronbach's alpha value is good for all questionnaire parts: intangible resources and competitive advantage, this shows that a high reliability coefficient so the tool is able to address the phenomenon studied.

#### 3.2 Normality Test intangible resources

At this stage, we try to test the normality of statistical distribution of the phenomenon studied in order to identify the required tests to measure. Also we're going to describe all the dimensions of intangible resources by the main descriptive statistical indicators as the mean, Std. Deviation.

		Organisational capital	Human capital	Technological capital	Reputation capital	relationship capital	Intangible resource
N		33	33	33	33	33	33
Normal	Mean	4.2727	4.2146	4.1394	4.4879	4.2694	4.2778
Parameters <sup>a,b</sup>	Std. Deviation	.58418	.60274	.63341	.47154	.57666	.56011
Most Extreme	Absolute	.195	.151	.125	.203	.112	.126
Differences	Positive	.195	.122	.089	.139	.103	.105
Differences	Negative	166-	151-	125-	203-	112-	126-
Kolmogorov-Sı	mirnov Z	1.119	.866	.718	1.165	.641	.725
Asymp. Sig. (2-tailed)		.163	.442	.681	.132	.806	.670

Table (2)One-Sample Kolmogorov-Smirnov Test of intangible resources

All the significant coefficients 'intangible resources 'is higher than 0.05. This shows that the distribution of variables is normal according Kolmogorov-Smirnov test, so it could be used parametric tests of intangible resources part.

# 3.3 Normality Test of competitive advantage dimensions

At this stage, we try to test the normality of statistical distribution of the phenomenon studied in order to identify the required tests to measure. Also we're going to describe all the dimensions of Competitive advantage by the main descriptive statistical indicators as the mean, Std. Deviation.

		Cost	Quality	Flexibility	Time	Innovation	C.A
N		33	33	33	33	33	33
Normal Parameters <sup>a,b</sup>	Mean	4.2667	4.2222	4.1515	4.2273	4.3247	4.2385
Troffice T drumeters	Std. Deviation	.59301	.62593	.64426	.62057	.56613	.60282
Most Extreme	Absolute	.189	.184	.149	.139	.156	.146
Differences	Positive	.189	.184	.108	.128	.116	.108
	Negative	165-	149-	149-	139-	156-	146-
Kolmogorov-Smirnov Z		1.084	1.058	.853	.797	.898	.838
Asymp. Sig. (2-tailed)		.191	.213	.461	.550	.396	.483

Table (3)One-Sample Kolmogorov-Smirnov Test of C.A dimensions

All the significant coefficients of 'competitive advantage 'is higher than 0.05. This shows that the distribution of variables is normal according Kolmogorov-Smirnov test, so it could be used parametric tests of competitive advantage part.

From the results above of descriptive indicators of the intangible resources and Competitive advantage dimensions. We may observe through the results the relatively existence of these indicators in the agencies studied. When the means of all the dimensions is high relatively of two variables - intangible resources and Competitive advantage - , that indicates the agencies use the intangible resources as a factor to achieve the high Competitive advantage, the small standard deviations indicate the homogeneity of the answers and opinions about the availability of these indicators in the modern Management practices and views and the advantages achieved.

a. Test distribution is Normal.

b. Calculated from data.

a. Test distribution is Normal.

b. Calculated from data.

# 3.4 Structure validity

# 3.4.1. The correlations between Intangible resources & its dimensions:

Table (4) Correlations between Intangible resources and its dimensions

		Organisational capital	Human capital	Technological capital	Reputation capital	relationship capital	Intangible resource	Organisational capital
Intangible resources	Pearson Correlation	.935**	.909**	.909**	.920**	.917**	917**	1

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

There is a strong positive correlation between the Intangible resources and its dimension so they're real its components.

# 3.4.2. The correlations between Competitive advantage & its dimensions:

Table (5) Correlations between Competitive advantage and its dimensions

		Cost	Quality	Flexibility	Time	Innovation	C.A
Competitive advantage	Pearson Correlation	.903**	.904**	.921**	.957**	.909**	1

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

There is a strong positive correlation between the Competitive advantage and its dimension so they're real its components.

# 3.5 Hypothesis Test

We are trying to test the main hypothesis of the study, through the following sub-hypotheses

**H** 0: There is no significant relationship between intangible resources and competitive advantage dimensions.

**H** 1: There is significant relationship between intangible resources and competitive advantage dimensions.

# 3.6.1. The first Sub hypothesis

H 0: There is no significant relationship between intangible resources and reduce costs.

H 1: There is significant relationship between intangible resources and reduce costs.

 $Table\ (6)\ Correlations\ between\ cost\ and\ intangible\ resources$ 

		Organisational capital	Human capital	Technological capital	Reputation capital	relationship capital
	Pearson Correlation	.911**	.960**	.920**	.937**	.967**
Cost	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	33	33	33	33	33

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

From the results above (6), it's clear that the correlation between the four indicators dimensions of intangible resources (Organizational capital, Human capital, Technological capital, Reputation capital and relationship capital) and Cost Reduction is significant because that all the values of Sig less than  $\alpha$  (0.05), which indicates the existence a strong positive correlation between intangible resources dimensions and Cost Reduction.

#### 3.6.2. The second Sub hypothesis

**H** 0: There is no significant relationship between intangible resources and improve the quality.

**H 1:** There is significant relationship between intangible resources and improve the quality.

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		Organisational capital	Human capital	Technological capital	Reputation capital	relationship capital			
	Pearson Correlation	.922**	.952**	.919**	.931**	.974**			
Quality	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	33	33	33	33	33			

Table (7) Correlations between quality and intangible resources

From the results above, it's clear that the correlation between the four indicators dimensions of intangible resources (Organizational capital, Human capital, Technological capital, Reputation capital and relationship capital) and Quality Improvement is significant because that all the values of Sig less than  $\alpha$  (0.05), which indicates the existence a strong positive correlation between intangible resources dimensions and Quality Improvement.

# 3.6.3. The third Sub hypothesis

**H** 0: There is no significant relationship between intangible resources and improve the flexibility.

**H 1:** There is significant relationship between intangible resources and improve the flexibility.

	14010 (0)	Organisational capital	Human capital	8	Reputation capital	relationship capital
	Pearson Correlation	.916**	.961**	.944**	.942**	.965**
Flexibility	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	33	33	33	33	33

Table (8) Correlations between flexibility and intangible resources

From the results above (8), it's clear that the correlation between the four indicators dimensions of intangible resources (Organizational capital, Human capital, Technological capital, Reputation capital and relationship capital) and Flexibility Improvement is significant because that all the values of Sig less than  $\alpha$  (0.05), which indicates the existence a strong positive correlation between intangible resources dimensions and Flexibility Improvement.

# 3.6.4. The forth Sub hypothesis

H 0: There is no significant relationship between intangible resources and control the time.

H 1: There is significant relationship between intangible resources and control the time.

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

Table (9) Correlations between time and intangible resources

		Organisational capital	Human capital	Technological capital	Reputation capital	relationship capital
	Pearson Correlation	.937**	.971**	.941**	.948**	.980**
Time	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	33	33	33	33	33

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

From the results above (9), it's clear that the correlation between the four indicators dimensions of intangible resources (Organizational capital, Human capital, Technological capital, Reputation capital and relationship capital) and Time Control is significant because that all the values of Sig less than  $\alpha$  (0.05), which indicates the existence a strong positive correlation between intangible resources dimensions and Time Control.

# 3.6.5. The fifth Sub hypothesis

H 0: There is no significant relationship between intangible resources and improve the innovation.

H 1: There is significant relationship between intangible resources and improve the innovation.

Table (10) Correlations between innovation and intangible resources

		Organisational capital	Human capital	Technological capital	Reputation capital	relationship capital
	Pearson Correlation	.935**	.961**	.917**	.957**	.983**
Innovation	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	33	33	33	33	33

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

From the results above (10), it's clear that the correlation between the four indicators dimensions of intangible resources (Organizational capital, Human capital, Technological capital, Reputation capital and relationship capital) and Innovation Improvement is significant because that all the values of Sig less than  $\alpha$  (0.05), which indicates the existence a strong positive correlation between intangible resources dimensions and Innovation Improvement.

#### IV. Conclusion.

From the foregoing it can be concluded that. The intangible resources became really necessary to achieving competitive advantage in the current era. Where its importance appear in high level of competition, where the environment is changing speedily with high-tech and science discovering. Also the tangible resources (traditional based) doesn't any big results in these challenges, where the environment components become more variable over the time. That needs a lot of attention and vigilant from any company works in the modern environment. The nowadays companies try always to gain more through delivering the best and biggest values for make customer satisfaction and loyalty by depending on intangible resources (Organizational capital, Human capital, Technological capital, Reputation capital and relationship capital....). As well as for it's a direct impact on the performance boost, all of the reduce costs, increasing quality, increasing flexibility, reducing time and increasing innovation, thus achieve competitive advantage as a key target of companies nowadays.

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