

Integration of Strategy Human Resource Management (SHRM) and Competitive Advantage as a Human Capital Mediator in the Performance of Private Universities

Eni Cahyani¹, Lesi Agusria^{2*}

¹Suniversitas Sebelas Maret, Solo Indonesia

^{1,2}Universitas Muhammadiyah Palembang, Sumatera Selatan Indonesia

Corresponding Author: eni_cahyani@um-palembang.ac.id¹, lesi.agusria@gmail.com^{3*}

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Abstract

Objective - to analyze the development of SHRM Integration capabilities and competitive advantages as a mediator of human capital on organizational performance, taking into account the role of human capital as a source of knowledge to be managed in order to become a competitive advantage for company performance. Design/methodology/approach –researchers designed empirical studies from a sample of 61 Private Universities (PTS) in South Sumatra Province, asking the dean or head of the study program, to assess *human capital*, SHRM integration, competitive advantages to improve their pts performance. Analysis techniques using SEM SmartPLS. The results of human capital research on organizational performance are not supported, the SHRM Integration variable does not mediate human capital against competitive advantage and organizational performance, but competitive advantage mediates *human capital* against performance as well as exogenous variables. Research limitations/implications is the data collected did not meet the expected respondent data. Theoretical and practical implications – theoretically the development of the theory of the integration of SHRM with competitive advantages to the performance of non-profit organizations. Then in practice organizations can increase their commitment to *human capital* management through the integration of SHRM to form a competitive advantage and ultimately improve organizational performance. Originality/value – The authors examine the impact of intellectual capital dimensions, especially human capital, on the performance of non-profit organizations, namely Private Universities in developing country clusters with the integration of SHRM and competitive advantages to show the relationship between *human capital* after being mediated by the scheme.

Keywords: Human Capital, Competitive Advantage, Organizational Performance And SRHM Integration

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1. Introduction

More than 5 (five) semesters of the COVID-19 pandemic have affected Indonesian education activities. Bappenas estimates an increase in dropout rates. Especially the Higher Education Institutions (LLDIKTI) Region II, the number of active students in the 2019/2020 academic year based on data in the Higher Education Database (PT) decreased by 19.04%. The decrease in the number of students will have an impact on the operational activities of PT. Most private universities (PTS) in Indonesia rely on operational financing from student single tuition fees (UKT). In addition, the number of students is inseparable from the increasingly fierce competition between private universities. To face such competition requires unlimited resources.

Private Universities (PTS) is part of a business entity that needs to display the competitive advantage of its resources. Sumber intangible power organizations such as human capital, Ployhart and Moliterno (2011) propose that human resources come from various individual KSAOs, allowing generating competitive advantages because they are often really rare and difficult to imitate by competitors (Jackson, *et al.* 2004). Based on a meta-analysis of several studies in Europe and Central Asia that the strongest attributes in building a sustainable competitive advantage are in-consistent. This may occur due to technological, economic, and socio-cultural changes as well as organizational forms towards achieving performance.

Hitt, *et al.* (2001), Vo, *et al.* (2021), and Hanifah, *et al.* (2021), reveal that human capital positively affects performance, but Khalique, *et al.* (2019) and Tiwari (2021) state otherwise that *human capital* has no effect on performance. Therefore, *human capital* can be assumed to have a relationship with other variables such as integrated HRM strategies. Human capital needs to support the implementation of HRM strategy integration (Zhao, 2011) in managing *human capital*. In addition, leveraging this strategic helps companies create value.

Legge (1995) argues that human capital is a source of competitive advantage for an organization that makes policies and commitments to support its processes. This is related to the process of managing the integration of SHRM including (e.g., recruitment, selection, training, compensation and benefits) at the operational level to achieve organizational results and performance (Dello, *et al.*, 2016). In addition, some evidence of the impact of HR practices on company performance can be improved according to the competitive requirements inherent in the company's strategic body (Youndt, *et al.* 2004). However, Suropto and Gunawan (2019) revealed that competitive advantage does not mediate the influence of *intellectual capital* on performance. While the results of the empirical study of

(Rodríguez García, Hernández Perlina, and Ibarra Cisneros, 2020) competitive advantage mediates the relationship between *human capital* and organizational performance.

Based on the phenomena and results of previous empirical studies, researchers intend to fill the *gap* by proposing a framework / model to explore this observed phenomenon. The framework built consists of the integration of SHRM and competitive advantage as a mediator of *human capital* to exploit organizational performance. Currently, the empirical analysis that *human capital* will bring only a competitive advantage. But there may be influence from the SHRM integration variables to bring about that competitive advantage. The contribution of this article is conceptually to develop the relationship of SHRM integration theory with competitive advantage to the performance of non-profit organizations. Then in practice organizations can increase their commitment to *human capital* management through the integration of SHRM to form a competitive advantage and ultimately improve the performance of private universities in the LLDIKTI Region II environment of South Sumatra Province Indonesia.

2. Literature Review

2.1. Competitive Advantage

Porter (1991) states that the competitiveness of a country is since its enterprises are highly productive thanks to the efficient use of human, natural and capital resources. Competitive advantage (Wernerfelt, 1984) is a function of a unique set of resources that a company and deploys (Barney, 1991, 1997). Competitive Advantage is a fundamental part of performance. A company has a competitive advantage is the ability to improve the quality of its products or services, cut production costs, or increase market segments or profits. Competitive advantage encourages organizations to manage resources to stay active and develop, thus becoming more competent than their competitors (Sachitra and Chong, 2015) in practical or operational business. Smith (2013) explains competitive advantage is the extent to which a company in one region can compete with other companies elsewhere.

2.2. Human Capital

Human capital has been debated as a critical resource in most companies (cf, Pfeffer, 1994). According to Bandura (1977, 1982) *human capital* that in order to create the desired performance, an individual must believe and be confident in his abilities, or through himself. The more often a person attends training and self-development, or the more experienced he is, the more confidence will be created in doing a good job. *Human capital* is the economic value of human resources related to knowledge, skills, innovation, and the ability of a person to carry out his duties, so as to create a value to achieve organizational goals. Ployhart and Moliterno (2011) conceptualize *human capital* as a unit-level resource that arises from the knowledge, skills, abilities, and other characteristics (KSAO) of individual employees.

2.3. Strategy Human Resource Management (SHRM) Integration

According to Noe, *et al.* (2013) *Strategic Human Resources Management* (SHRM) is a process of developing and managing human resources that can provide a competitive advantage value and in accordance with the company's strategy to achieve company goals. For this reason, it is important for companies to manage their human resources effectively and efficiently to achieve the desired goals and objectives (Noe, *et al.* 2013). The company's

SHRM provides it with the capacity to offer a rich work environment, flexibility, teamwork, incentives, career advancement, training, and development, and thus leads to greater employee satisfaction and commitment.

In various studies, *strategic human resource management* can be practiced according to (Bergiel *et al.* 2009) focused on first compensation. One of the goals of direct and indirect compensation is to increase employee motivation and attachment to the organization. In addition, in an organization that uses a performance contingent reward system, individuals have high and good performance when the compensation given is appropriate, then they will be more likely to stay within the company than those with low reward and performance rates (Bergiel *et al.*, 2009).

Second is the support from the supervisor, according to Kottke and Sharafinski (Bergiel *et al.*, 2009) for employees, the support from the supervisor is important because the employee feels the supervisor values them and cares about their well-being. Generally, according to Bergiel, *et al.* (2009) Based on the meta-analysis, it was revealed that the support of the supervisor has been assessed in the leader member exchange and the attention of the supervisor.

Third, Growth Opportunities, since a negative relationship was found between the growth opportunities that employees have and the desire to leave (Bergiel *et al.* 2009). Growth opportunities signals organizations recognize and appreciate employee contributions as well as support in the future employees tend to stay longer in the organization (Bergiel *et al.* 2009). So, organizations can increase employee retention rates by increasing their career opportunities.

The fourth is training, providing adequate training opportunities for employees is an investment strategy (Bergiel *et al.* 2009). This is an important action taken by the organization in fulfilling informal contracts between the organization and employees. The four things above are quite often used in the literature of employee desires to leave and have shown an influence on the employee's desire to quit (Bergiel *et.al.*, 2009).

2.4 Organizational Performance

According to Smriti and Das (2018) organizational performance is seen as an organization's ability to access and handle various organizational resources for the achievement of its goals and objectives. Performance represents an organization's capacity to address all four systemic processes (input, output, transformation, and feedback) to achieve their goals (Alzuod, 2014). It can be concluded that performance is the level of achievement of the results of the implementation of a job. Performance also refers to the level of achievement of tasks that reflect how well an employee meets the requirements of a job.

2.5 Hypothesis Development

2.5.1 Human Capital affects organizational performance.

Human Capital represents the individual *knowledge stock* of an organization represented by its employees. In the University of human resources, in explicit such knowledge (Lee and Lee, 2018). According to Hitt, *et al.* (2001), Cahyani and Riani (2021) and Pigola *et al.* (2021) that Human capital influences organizational performance. Then the hypothesis developed is H1: Human Capital affects Performance.

2.5.2 SHRM integration mediates Human Capital on Organizational performance.

As it is known that human capital is an important asset in organizations. According to Noe, et al. (2013) Strategic Human Resources Management (SHRM) is a process of developing and managing human resources that can provide a competitive advantage value and in accordance with the company's strategy to achieve company goals. Then the research conducted by Hitt, et al. (2001) shows that SHRM mediates human capital against performance. So, the hypothesis developed is H2: SHRM integration mediates Human Capital against organizational performance.

2.5.3 Competitive advantage mediates Human Capital Against Organizational Performance

Bontis et al. (1998) Knowledge that is implied as an ability possessed by human resources, this ability according to him can create added value and cause a sustainable competitive advantage that drives organizational performance. Based on the research of Kamukama, et al. (2016), Bontis, et al. (2018), Gracia, et al. (2020) and Cahyani and Laksmi (2022) revealed that competitive advantage mediates Human capital over Organizational performance. The hypothesis developed is H3: that competitive advantage mediates human capital against organizational performance.

2.5.4 SHRM integration mediates Human Capital against Competitive Advantage

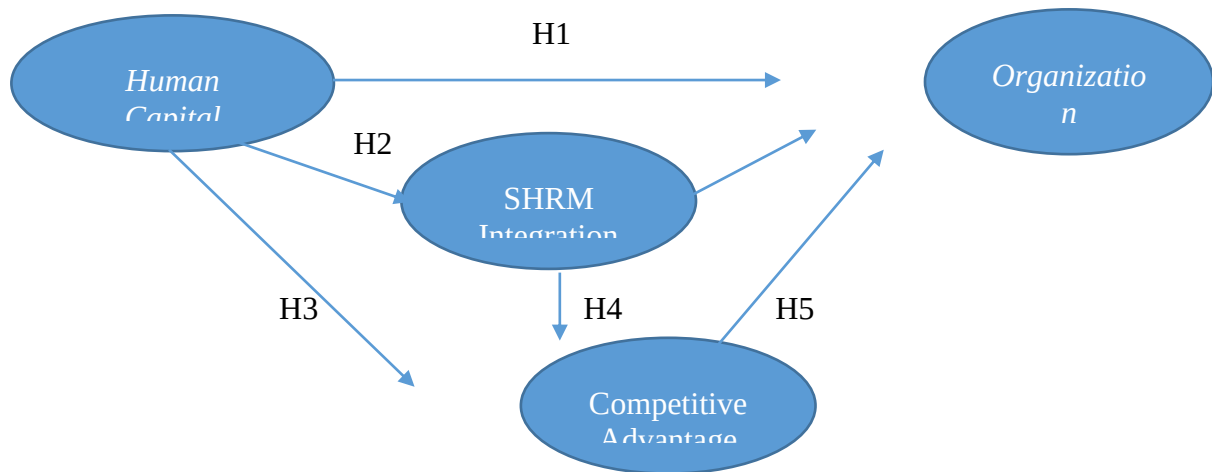
Legge (1995) says that Human Resources (HR) is valuable and is a source of competitive advantage. HR must be made a policy that is consistent with promotional commitments. As far as the relationship between HRM and corporate economic success is concerned, there is ample evidence that the impact of HR practices on company performance can be further enhanced when practices are adapted to the competitive requirements inherent in a company's strategic posture (Youndt *Et.al*, 1996). Human resources who have the ability or knowledge (human capital) are certainly important for the company to be managed effectively and efficiently to achieve the desired goals and objectives (Noe, *et al.* 2013) through the process of human resource development and management. When human *capital* is managed through SHRM Integration, it is likely to affect the desire of human resources to improve their competencies and skills. Metadata analysis conducted by Auliana and Nurasiah, (2021) Concluded that HRM practices can help create a sustainable source of competitive advantage for the company, especially if the practice is in accordance with the company's business strategy. Based on this, the hypothesis developed is H4: SHRM integration mediates Human Capital against competitive advantage.

2.5.5 Competitive Advantage Affects Organizational Performance

Competitive advantage refers to the results of organizations developing attributes to outperform and difficult to replicate by competitors. Smith (2013) explains competitive advantage is the extent to which an organization in a region can compete with other organizations elsewhere so that Euphrates *et al.*, (2018) lead to improved performance. In practical terms, Sachitra and Chong, (2015) competitive advantage is useful for organizations to manage resources to remain active, thriving, and competent compared to their competitors. According to Gracia, *et al.* (2020), underscores that organizational performance is influenced by competitive advantage. Then the hypothesis developed is H5: Competitive advantage affects organizational *performance*.

2.6. Conceptual Framework

Based on the study of the theory and the development of the hypothesis above, the conceptual framework is built as below.



Source: Bontis, *et al.* (2018), Gracia, *et al.* (2020), Noe, *et al.* (2013), Li *et al.* (2018), Pigola, *et al.* (2021)

Figure 1 Research Model

3. Research Methods

The research was preceded by the phenomenon of declining active students in Private Universities and gap research on the phenomenon of *human capital*, competitive advantage, SHRM Integration and performance Flow of thought following Figure 2. which shows the sequence from introduction, research design, to data analysis techniques.

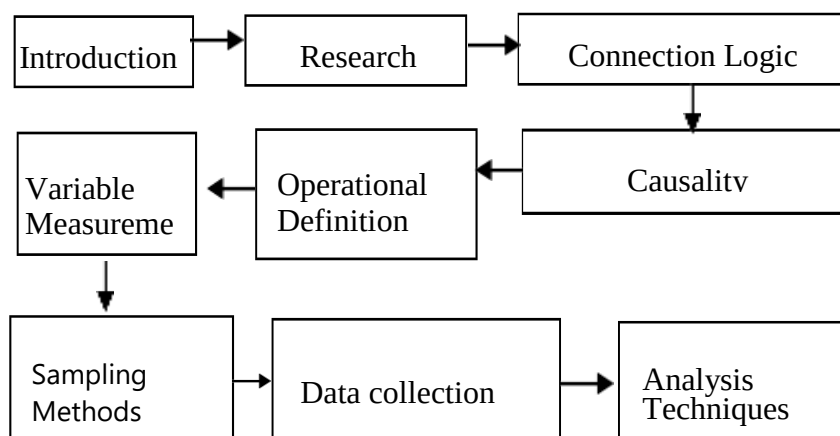


Figure 2. Flow of research activities

3.1 Research Design

This type of research is fundamental that aims to participate in the development of science (Sekaran and Bougie, 2016). The research process begins with phenomena and research gap, then the conceptual framework is made and tested in more depth. Questionnaire-based research method conducted on September 01 - 30, 2022. Unit analysis is carried out at the level of the study program or faculty, which is represented to the dean or deputy dean at the faculty level and the level of the study program is represented to the chairman or secretary of the study program.

3.2 Population and Sample

The population, namely PTS, is an organization organized by the community with a non-profit principled legal entity, but PTS is required to meet national performance standards that require unlimited resources in this case intellectual capital. *The setting of* this research in LLDIKTI Region II amounted to 91 South Sumatra Private Universities (PDDIKTI, 2021).

Purposive Sampling technique is used for representative sample, considering the required criteria so that information can be obtained that can represent the general population. Determining the number of samples was carried out using the Ferdinand approach (2006) that the sample size was determined 25 times the number of independent variables, namely $25 \times 3 = 75$ samples. The sample is represented by the head of PTS at the faculty level which can be represented by the dean or deputy dean using the snowball technique. Data collected from 75 samples, 61 data were collected, this was due to time constraints.

3.3 Operational Definition and its measurement

Researchers identified 4 (four) variables and grouped into two parts, namely endogenous and exogenous variables. The endogenous variable is Organizational Performance. Performance is work performance, which is a comparison between work results and established standards (Dessler, 2000). Furthermore, the Exogenous variable consists of *human capital* according to Bandura (1977; 1982) that in order to create the desired performance, an individual must believe and be confident in the abilities he has, or through himself. *Strategic Human Resources Management* (SHRM) according to Noe, *et al.* (2013) is a process of human resource development and management. Then, Practically, or operationally a business, competitive advantage is useful for an organization to manage its resources, stay active and develop, and become more competent than its competitors (Sachitra and Chong, 2015).

The measurement uses a Likert scale with a value range of 1 (strongly disagree) to 5 (strongly agree). Each variable is represented by questions that the researchers took from previous research according to the needs of this study. Construction of human capital using 4 question items derives competence, creative and intelligent, developing new ideas and knowledge and adapted experience (Bontis, 1998; Abualoush *et al.*, 2018). The competitive advantage variable adapts from Li *et al.*, (2006) with 7 question items namely quality, financing, innovation, product/service, service, persistence and development. Then the SHRM variable with 6 question items Compensation, Supervisor support, Growth opportunities, Growth opportunities, Training, Job engagement was adapted from Bergiel *et al* (2009). PTS performance indicators were adapted from Bouckaert and Halligan (2007), namely input, process, output and results.

3.4 Data Analysis

Data analysis with SEM using SmartPLS software version 3. SmartPLS has a higher degree of flexibility in connecting theory and data, as well as performing path analysis with latent variables. In addition, the data also does not have to be *normally multivariate* distributed, and the sample does not have to be large.

This research was conducted in 2 (stages). First, assessing the outer model. The assessment of the outer model is carried out by testing the validity and reliability of the instrument to find out the direction of the causality of the construct to the measuring indicator so that the construct explains the variant of measurement. This measurement is carried out with composite reliability, convergent validity (AVE) and *discriminant validity*.

Second, testing of structural models, is carried out by looking at the R-square value which is a goodness-fit test of the model. Then the R-Square values of 0.75, 0.50 and 0.25 can be concluded that the model is strong, currently, and weak. F-Square This f-square test is done to find out the goodness of the model. Next is to see the significance of the influence between variables by looking at the value of the parameter coefficient and the statistical T significance value, namely through the bootstrapping method.

4. Results and Discussion

4.1 Interpretation of Results

The Figure 2.1 model's drawn using SmartPLS like Figure 3

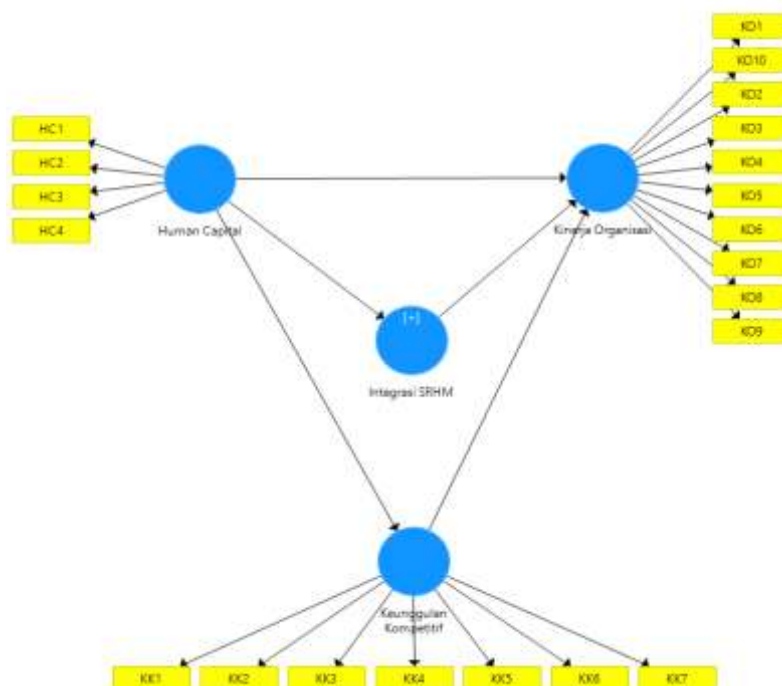


Figure 3 PLS-SEM Research Model with SmartPLS

Then to do the outer model testing according to Hair, et al. (2014) that the outer loading indicator should be above 0.70 that in most cases, 0.70 is considered close enough to be

acceptable. Outer loading > 0.70 means that the variability of an indicator can be explained or absorbed by its latent variables. In the first calculate experiment, there were several latent indicators that were removed because they did not meet the squared number required by Hair, Strategy Human Resource Management (SHRM) namely the Integration 2 SHRM latent indicator, which is 0.056, then the Organizational Performance (KO) latent indicator which is KO1, KO6 which has a square lift of 0.602 and 0.673. However, after calculating to 2, there was 1 organizational performance (KO) latent indicator that was removed, namely KO7 with a square value of 0.699. Human Capital (HC) dan Advantage competitive (KK), meet the numbers required. The following is presented SmartPLS results for outer loading values in the form of Table 1.

Table 1 Outer Loading Results

Latent indicator	Human Capital	SRHM integration	Competitive Advantage	Organizational Performance
I SRHM		0,724		
3 SRHM		0,849		
4 SRHM		0,723		
5 SRHM		0,897		
6 SRHM		0,778		
HC1	0,836			
HC2	0,836			
HC3	0,836			
HC4	0,715			
KK1			0,857	
KK2			0,759	
KK3			0,875	
KK4			0,882	
KK5			0,814	
KK6			0,902	
KK7			0,899	
KO2				0,769
KO3				0,879
KO4				0,827
KO5				0,766
KO8				0,787
KO9				0,867
KO10				0,761

Source: processed by researchers Smart PLS 3, 2022

Based on Table 1 shows the outer loading results that the entire outer loading value > 0.70 , which means that all latent indicators are maintained in the subsequent analysis process.

Furthermore, a convergent validity assessment will be carried out based on the AVE value as an evaluation criterion. Using the logic of individual indicators, an AVE value of 0.50 or higher indicates that the average construct describes more than half of the variance of its indicators. Conversely, if the AVE is less than 0.50 indicates an average of more fixed errors on the item than the variance described by the construct. In the context of PLS-SEM, Composite reliability is a more appropriate measure of reliability, compared to Cronbach's alpha. The accepted composite reliability value is > 0.7 , or in other words Dillon-Goldstein's rho value > 0.7 .

Table 2 SmartPLS results for AVE values

Variable latent	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Human Capital	0,826	0,867	0,882	0,652
Integrasi SRHM	0,855	0,873	0,896	0,635
Competitive Advantage	0,939	0,946	0,951	0,734
Organizational Performance	0,912	0,922	0,930	0,655

Source: processed by researchers Smart PLS 3, 2022

Based on the *composite* reliability results in Table 2, it is known that all *composite reliability* values > 0.70 and AVE values more than 0.50.

Furthermore, to test the extent to which a construct is completely different from other constructs, assessing the discriminant Validity, namely the outer loading value of the indicator against its latent variable, must be greater than the outer loading value of the indicator against *other* latent variables. Depicted as Table 3 Fornell-Larcker Criterion

Tabel 3 Discriminant validity results Fornell-Larcke

Variabel Latent	Human Capital	SRHM integration	Competitive Advantage	Organizational Performance
Human Capital	0,808			
Integrasi SRHM	0,441	0,808		
Competitive Advantage	0,468	0,797	0,857	
Organizational Performance	0,448	0,676	0,711	0,810

Source: processed by researchers Smart PLS 3, 2022

Based on the table, concluded that the loading value between each indicator variable and its latent variable, is higher, compared to other latent variables.

To perform hypothesis testing (inner model) (Hair, et al. 2014). Structural Model (Structural Model / Inner Model) testing is a test of the significance of direct influence and mediation (indirect) then bootstrapping is carried out. Here is Figure 4

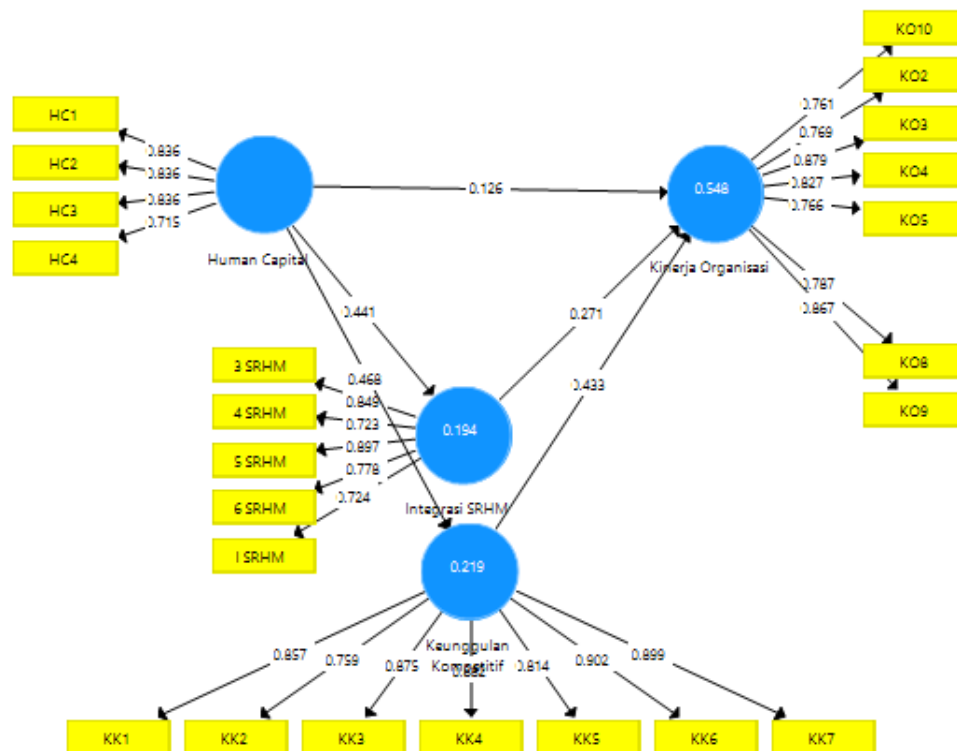


Figure 4. Inner model image

To see the results of the assumptions described in the previous chapter, a hypothesis test is carried out.

Table 4 Test Results of the Hypothesis of direct influence

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Result
Human Capital -> Integrasi SRHM	0,441	0,469	0,096	4,579	0,000	Accepted
Human Capital -> Competitive Advantage	0,468	0,482	0,089	5,276	0,000	Accepted
Human Capital -> Organization Performance	0,126	0,122	0,095	1,322	0,187	Rejected
Integrasi SRHM -> Competitive Advantage	0,433	0,432	0,165	2,632	0,009	Accepted

Source: processed by researchers Smart PLS 3, 2022

It is known that the value of the path coefficient (original sample) of human capital to SRHM Integration is 0.441, which is a positive value, which means that human capital has a positive effect on SRHM Integration. It is known that the value of P-Values = 0.000 < 0.05, then

human capital has a significant effect on the Integration of SHRM. accepted.

It is known that the value of the path coefficient (original sample) of human capital against competitive advantage is 0.468, which is a positive value, which means that human capital has a positive effect on SRHM Integration. It is known that the value of $P\text{-Values} = 0.000 < 0.05$, then human capital has a significant effect on Competitive Advantage meaning that it is accepted.

It is known that the value of the path coefficient (original sample) of human capital to the organization's work is 0.126, which is a positive value, which means that human capital has a positive effect on organizational performance. It is known that the value of $P\text{-Values} = 0.187 > 0.05$, then human capital has a significant effect on competitive advantage meaning it is rejected. It is known that the value of the coefficient of excellence path to organizational performance is 0.433, which is a positive value, which means that human capital has a positive effect on organizational performance. It is known that the value of $P\text{-Values} = 0.007 < 0.05$, then competitive advantage has a significant effect on organizational performance meaning it is accepted.

Furthermore, to see the results of mediation testing in Table 5, it is known that human capital on organizational performance, mediated through SHRM Integration and competitive advantages as follows.

Table 5 Hypothesis Test Results have no direct effect.

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Result
Human Capital -> Integration SHRM-> Organization Performance	0,119	0,133	0,082	1,458	0,145	Rejected
Human Capital -> Competitive Advantage -> Organizational Performance	0,203	0,207	0,088	2,302	0,022	Accepted

Source: processed by researchers Smart PLS 3, 2022

Data processing results, the effect of human capital on organizational performance, through SHRM Integration is 0.119 (*Original Sample*). It is known that the value of $P\text{-Values} = 0.145 > 0.05$, then it is concluded that the integration of SHRM is not significant in mediating the relationship between human capital and performance, so the hypothesis is rejected. Meanwhile, it is known that the influence of *human capital* on organizational performance, through competitive advantage is 0.203 (*Original Sample*). Known $P\text{-Values} = 0.022 < 0.05$, then it is concluded that significant competitive advantages mediate the relationship between human capital and performance, the hypothesis is accepted.

Then to find out the value of *r-square* the value that states how much the free variable can explain the *variance* of the non-free variable is described in Table 6 below:

Table 6 Influence Measures of each variable

Variabel latent	R Square	R Square Adjusted
SRHM integration	0,194	0,181
Competitive Advantage	0,219	0,206
Organizational Performance	0,548	0,524

Source: processed by researcher Smart PLS 3, 2022

It is known that the r-square value in the latent variable of SHRM integration is 0.194, which means that this variable explains the *variance* of the *non-free* variable of organizational performance by 19.4%. While the latent variable of competitive advantage is 0.219, which means the competitive advantage variable explains the *variance* of the non-free variable of 21.9%.

4.2 Discussion

4.2.1 Human Capital affects Organizational Performance

It is known that the value of the path coefficient (original sample) of human capital on organizational performance is 0.126, which is a positive value, which means that human capital has a positive effect on organizational performance. While the P-Values = **0.187** > 0.05, the human capital hypothesis has a significant effect on competitive advantage meaning it is rejected. The results of this study are not supported by Hitt, et al. (2001), Vo, et al (2021), and Hanifah, et al (2021), revealed that human capital has a positive effect on performance, but is supported by the research of Khalique, et al. (2019) and Tiwari (2021) stated that human capital has no effect on performance.

4.2.2 SHRM Integration mediates *Human Capital* against PTS Performance

The results of this study revealed that the integration of SHRM did not significantly mediate the relationship between human capital and performance, which means that the hypothesis was rejected. This result contrasts with Hitt, et al. (2001) shows that SHRM mediates human capital against performance. This is likely because private universities have character and uniqueness in managing human capital. Universities as organizations providing higher education services have organizational capabilities, including the development of programs and resources academic; in Knowledge Management is one of the important enablers in achieving higher education performance. According to Jillinda J. Kidwell, Knowledge Management in higher education is contained in 5 main processes, namely the product development process, and curriculum; research process; administrative service process; student and alumni services process; and community service processes aligned with Strategic Job Families, Knowledge Competencies Profile, Skills, and Values. Human capital management in universities can adopt the concept of the strategic map (Kaplan & Norton, 2002). Human capital management is carried out through 3 stages, namely: identification of readiness, development, and measurement of human capital. The researcher concluded that the SHRM Integration applied in universities is quite different from other organizational forms.

4.2.3 Competitive advantage mediates human capital over organizational performance.

Based on the results of the inter-performance of the significant test of indirect influences, it can be found that human capital on organizational performance, through competitive advantage is 0.203. furthermore, the value of $P\text{-Values} = 0.022 < 0.05$, then a significant competitive advantage mediates the relationship between *human capital* and Performance. The results of this study are in line with the research conducted by Bontis, *et al.* (2018), Gracia *et al.* (2020), and Cahyani and Laksmi (2022). Bontis *et al.* (1998) imply knowledge is an ability possessed by human resources, this ability creates added value and causes a sustainable competitive advantage that drives organizational performance.

4.2.4 SHRM integration mediates Human Capital against competitive advantage.

The results of the study were found that the influence of human capital on organizational performance, through SHRM Integration was 0.119 and $P\text{-Values} = 0.145 > 0.05$, it was concluded that SHRM integration was not significant in mediating the relationship between human capital and performance, so the hypothesis was rejected. This result is contrary to the theory of Noe, *et al* (2013) that it is important for companies to manage their human resources effectively and efficiently to achieve the desired goals and objectives through the process of developing and managing human resources.

5.2.5 Competitive advantage affects organizational performance.

It is known that the value of the coefficient of excellence path to organizational performance is 0.433, which is a positive value, which means that human capital has a positive effect on organizational performance. It is known that the value of $P\text{-Values} = 0.007 < 0.05$, then Competitive Advantage has a significant effect on organizational performance means that it is accepted. These results are in line with research conducted by García, *et al.* (2020), and Khalique (2020).

5. Conclusions

Therefore, from the discussion, it can be concluded that from the 5 (five) hypotheses put forward, there are 3 (three) hypotheses that are supported by research results, namely H3, H4 and H5 while H1 and H2 are not supported. In conducting research there are weaknesses that may be corrected such as the expected amount of data as many as 75 PTS is not met and the data collection time is quite short. Furthermore, in increasing competitive advantage, many attributes can be expanded such as technological elements, relational and so on.

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