



1Croatian
International
Relations
Review

—
CIRR
—

XXVI (86) 2020,
201-219

—
DOI 10.2478/
CIRR-2021-0001

—
UDC 327 (4-6
EU:73:55)

The Effect of Strategic Management and Employee Quality on International Trade Competitive Advantage of Textile Exporting Companies in Indonesia

Hadi Prabowo

IPDN, Jl Ir Sukarno KM 20, Sumedang, West Java, Indonesia

[Email](#)

Obsatar Sinaga

Universitas Padjadjaran, West Java, Indonesia

[Email](#)

Abstract

Key words:
Strategic
management,
employee quality,
competitive
advantage,
Indonesia.

Every trading business has strategies, personnel, and internal and external dynamics influenced by changing approaches in response to the era's fluctuating conditions. Due to the unpredictability and volatility of the business environment, businesses must implement strategic management and employee quality to maintain a competitive advantage and adapt to environmental changes. Therefore, the purpose of this study was to examine the effect of strategic management and employee quality on the competitive advantage of international trade of textile exporting companies in Indonesia, using resource-based theory as the theoretical foundation to explain how resources and strategies help to increase the competitive advantage of global trade companies. Using self-administered survey questionnaires, primary data was acquired from the export managers of textile products. The techniques of convenient sampling, cross-sectional research design, quantitative research methodology, and Partial Least Square (PLS)-Structural Equation Modeling (SEM) were utilized. The findings indicate that strategic management has a substantial and favorable impact on the competitive advantage of textile exporting enterprises. Similarly, staff quality has a good and significant effect on competitive advantage. The findings revealed that adopting and executing strategic management strategies enables a business to be responsive to changes and start beneficial changes, resulting in a competitive advantage and sustained performance. It was suggested that firms continuously maintain, sustain, and enhance strategic management practices because they are a vital instrument for achieving corporate performance.

Introduction

In the twenty-first century, firms of all sizes are influenced by the global business community since the economic climate continually evolves toward internationalization (Uwe et al., 2011). The relationship between business and society has undergone profound upheaval in the contemporary context. Consequently, acquiring a competitive advantage (CA) is a significant issue for all firms in today's highly competitive global environment (Delery et al., 1996). The rationale is that the development and performance of a company are determined by the presence or absence of a CA relative to competitors in the same industry (del Brío et al., 2007). Moreover, CA for businesses indirectly contributes significantly to a nation's standing. This occurs due to competitiveness's effectiveness in defining local rivalry and generating goods, which are fundamental to the country's economic growth and prosperity (Delery et al., 1996) As SM factors, stakeholder ties, knowledge, and brand reputation have fuelled these shifts (Akeju, 2014). In today's highly competitive business climate, strategic management (SM) has become crucial due to the increased complexity and sophistication of corporate decision-making (Root, 1992), contributing to competitive advantage. One of the many responsibilities of the current CEO is overseeing the company's internal operations (Grant, 2007). The second group of difficulties emerges from the company's

immediate external environment. To correctly manage a business's financial growth, executives must devise SM strategies that they believe will enable the company to achieve its ideal competitive position due to a strong trade strategy (Doh, 2005). By adopting strategic processes, firms can better anticipate and plan for external environment changes and unanticipated internal and competitive needs in the global commerce marketplace (Y. Meral, 2019a; Y Meral, 2019b). Consequently, international trade policy is one of the oldest debates in economics (Hutorov, 2018). Previous research has also indicated that SM is crucial in boosting CA in international trade (Dankevych et al., 2018). Because it is becoming more common for multinational firms to assume that if global markets are safeguarded, then the home market must also be protected through an effective strategy, this belief is on the rise (Fuertes et al., 2020).

Moreover, Porter and Advantage (1985) emphasized that a company's connection to its environment is the foundation of a complete strategy design. According to Olanipekun, Abioro, Akanni, Arulogun, and Rabi (2015), a well-defined strategy can generate enthusiasm among numerous stakeholders, including investors, distributors, creditors, consumers, and employees in the company's CA. The usage of SM enables the systematic implementation of modifications (Fuertes et al., 2020). It allows organizations to organize their resources in a manner that assists them in achieving their objectives. Sharabati and Fuqaha (2014) discovered that SM was considered the major activity that distinguished businesses from one another throughout the globalization era. SM is the key to attaining a business's vision, strategy, and objectives. Regardless of their origin or purpose, all organizations should implement SM practices to ensure compatibility with their environment. SM is a field that focuses on planned and unplanned large-scale efforts done by general managers on behalf of their owners that entail the deployment of resources to enhance external organizational effectiveness (Nag et al., 2007; Paulraj et al., 2007). To attain these goals, it is necessary to identify the organization's mission, vision, and objectives, formulate policies and concepts, typically in the form of projects and programs, and allocate resources for putting these plans and strategies into action (Kiseleva, 2022). SM is described as a management activity that is subordinate to objective planning and superior to tactics. In addition, it lays the groundwork for the company's long-term strategy, enhancing its competitive advantage (Kiseleva, 2022). This demonstrates that SM is essential in increasing the CA in international trade.

In addition to SM, employee quality (EQ) significantly enhances CA in international trade. EQ is a consistent quality of performance that aids in appraising a company's employees, departments, or programs, which could lead to CA (Ab Talib, 2013). In addition, it was argued that a company's market performance depends on its ability to utilize tangible and intangible resources creatively and effectively and on whether or not these resources were selected effectively. This indicates that the origin of CA is the confluence of extraordinary resources and abilities that contribute to the production of client value (Flynn et al., 1995). This is

especially true for human resources, which are the only resource of entities able to utilize other assets and are, therefore, autotelic (Douglas et al., 2001). It is crucial that multinational firms not only acquire individuals with the necessary skills but also create a culture that encourages them to remain with the organization for the long term and actively participate in attaining CA. If employees are loyal to their employers, they are more likely to provide high-quality services to their clients and sustain long-term connections with them in the global market (Bednarska, 2013; Powell, 1995). Consequently, EQ becomes a significant signal for CA in international trade on the international market (Powell, 1995).

Despite the theoretical significance of SM and EQ for CA, there are still empirical gaps. Prior research has primarily focused on established economies (Bednarska, 2013; Boiko, 2019; Laari et al., 2018) while developing economies, particularly Indonesia, have received scant attention. Secondly, previous research has focused mainly on the individual effect of SM on CA. (J. B. Barney & Hesterly, 2010, 2015), impact of EQ on CA (del Brío et al., 2007; Molina-Azorín et al., 2015). However, little research has been conducted on the combined impact of SM and EQ on CA. Previous research has primarily focused on other industries (J. B. Barney, & Hesterly, W. S, 2010; del Brío et al., 2007; Hitt et al., 2017). But pays little attention to international textile exporting enterprises in Indonesia. The Indonesian apparel and textiles sector is among the world's top 10 producers and exporters. The industry employs over 600,000 individuals. Due to decreased labor costs, around 20% of manufacturers have relocated output from West Java to Central Java in recent years. However, Central Java is far less efficient than Jakarta and its environs in West Java. In 2019, Indonesia exported clothes and fabric for \$9,172.36 million per month. Due to the COVID-19 epidemic, the value of exports decreased by 15.94% to \$7,709.94 million last year. In 2020, the average monthly export declined to \$642.49 million. This is anticipated to reduce to a monthly average of \$599.30 million during January-July 2021, a 6.72 percent decrease.

The literature stated that the primary cause of decreased exports is the poor value addition of items that are not competitive on the international market, indicating that they have a low CA. The World Economic Forum (WEF) evaluated Indonesia's competitiveness as growing from number 38 to rank 34 in 2017. As a result of Indonesia's human resources and other strategic factors, the textile industry has become more competitive (Pratono et al., 2019). In contrast, Indonesia has a long way to go before competing with other ASEAN nations. In other words, it was suggested that the organization's strategic policy to sell its products on the international market was inadequate. Furthermore, employees cannot build international product relationships, which could also limit their CA (Widyanty, 2020). Employees exposed to threats suffer from several physiological, mental, and emotional disorders that hinder their competitiveness (Widyanty, 2020). Consequently, it is essential to integrate several personnel quality factors that influence a company's CA (Delery et al., 1996). This research aims to provide preliminary

information on human resource management approaches for developing a workplace protective culture that encourages employee success as a CA for organizations (Widyanty, 2020). The purpose of the current study is to examine the impact of personnel quality and strategic management on the international trade competitive advantage of Indonesian textile exporters. The research findings show a considerable and beneficial impact on global commerce, which could inform researchers and policymakers about the significance of strategic management and personnel quality in enhancing the competitive edge in international trade.

Literature Review

Theoretical Framework

The company's resource-based approach combines organizational economics and strategic management (J. B. Barney, 2001). This idea explains a corporation's CA and higher performance through its unique abilities (Johnson, 2008). According to the "resource-based view" (RBV), a company's CA is decided by its exploitation of tangible and intangible resources (Wernerfelt, 1984; Winter, 1995). Diverse and not perfectly transportable resources are required to support a CA with a limited duration. This implies that valuable resources cannot be readily duplicated or replaced (J. Barney, 1991). Strategy is how an organization integrates its resources and competencies with the external opportunities and threats it encounters. The company's resources and capabilities are the primary aspects upon which its identity and strategy can be based. The construction of an RBV begins with the crucial step of comprehending the relationships between resources, talents, CA, and performance. The RBV has been the subject of numerous publications written by management researchers. A company's RBV reflects its capacity to construct a durable CA when its resources are administered so that competitors cannot copy its outputs, creating an entrance barrier for entrants (Mahoney et al., 1992). RBV highlights that a company's enduring CA stems from outstanding, valuable, unique, non-tradable, or non-substitutable resources (J. Barney, 1991). According to Del Bro et al. (2007), among the intangible resources, personnel are the essential aspect that could help to improve the CA. Therefore, it might be said that personnel quality has become a significant aspect of enhancing the CA (Powell, 1995).

Strategic management (SM) can exploit a company's internal shortcomings and strengths to capitalize on external opportunities and reduce the impact of external threats and challenges. According to Obaje (2020). Bateman and Snell (2019) defined as part of SM; Bateman and Snell (2019) described as part of SM; Bateman and Snell (2019) defined as part of SM; Bateman and Snell (2019) defined as part of SM; Their notion of the strategy was a process for determining how and where to devote resources to meet the organization's goals. According to Stukalina, managers are accountable for developing, adopting, and implementing company strategy (2014). It is feasible to characterize a firm's strategy as a defensive plan that outlines

the activities to position the organization within the selected marketplace, compete successfully, satisfy consumers, and achieve improved commercial efficiency. This was their explanation of strategy. According to [Carton and Hofer \(2006\)](#), strategic management is "the process that addresses the fundamental renewal and growth of the organization, the development of the strategies, structures, and systems required to achieve such renewal and growth, and the organizational systems required to manage the strategy formulation and implementation processes effectively."

According to [Ansoff \(2007\)](#), SM is "a methodical approach to a big and more critical role of general management to position and tie the firm to its environment in a way that ensures its continued success and protects it from unexpected events." The fundamental objective of this study is to pay more attention to the interaction between the organization and its environment to achieve long-term success while avoiding environmental surprises. According to [Sharplin and Mabry \(1985\)](#), SM is "the formulation and implementation of plans and actions related to the organization's most important themes." This comprehensive view of SM considers the organization's most important plans and operations.

With SM, top leaders and managers continually re-evaluate themselves, their organization, and their surroundings to develop a competitive advantage and produce long-lasting positive results ([Dauda, 2010](#)). As a continuous process of evaluating and controlling the company's business and the industries in which it operates, SM establishes objectives to meet the company's current and potential competitors and then evaluates each strategy on a yearly or quarterly basis (i.e., regularly) to determine how well it has been executed and to determine the extent to which it must be replaced with another strategy to adapt to changing conditions. (1984). SM is also a sort of management defined as "the definition of an organization's mission and the steps it will take to fulfill that purpose." Its management's decisions and actions define a firm's long-term success. To achieve their objectives, companies must design and implement strategies that align the company with its environment. According to the definition provided by the "Institute of SM, [Nigeria](#)" (2010), strategic management is an integrative managerial function that requires all managers of an organization to engage in continuous re-evaluation and auditing of themselves, the organization, and the surrounding environment to establish a competitive advantage and achieve long-term goals. Stakeholder Management is an alternative term for SM "organization's mission statement and a plan to achieve it. Its management's decisions and actions define a firm's long-term success. To achieve organizational objectives, it is vital to create and apply strategies that align the organization with its environment.

Greenhalgh, Lawrence, and Sutton defined strategic management (SM) as a collection of decisions and actions that collectively result in an effective strategy or strategies for accomplishing company objectives (1988). Strategic managers utilize the strategic management process to make

strategic decisions. SM is a systematic plan based on management principles and practices that identifies the objectives and missions of an organization. Determines an appropriate aim achieve the purpose, recognizes both the opportunities and limitations offered by the environment, and then formulates a logical and achievable technique for achieving the goal (Aremu, 2014). SM refers to defining an organizational strategy based on the organization's mission and purpose to ensure that the organization is moving in the intended direction. As an organization develops its identity, stance on current issues, and future demand, its purpose, vision, and strategy become increasingly significant. The three concepts are interwoven because all three must be established or explored in the early phases of an all-encompassing organizational development program.

In addition to SM, the company's other resource is the quality of its workers. Multiple studies indicate a correlation between competitive advantage (CA) and employee quality. Comparing quantitative output to behavioral needs that could aid organizations in enhancing their competitive advantage can be used to assess competitive advantage (Holtzhausen, 2002). In other words, (Alalie, 2019) suggested that when the employees' abilities are raised, their performance also improves, which might lead to the firm obtaining CA in the international market. Similarly, Alalie et al. (2019) elaborated that employee knowledge enhances the employees, which could result in the firm gaining a competitive advantage. Based on past theoretical studies, it is possible to conclude that staff quality is an essential indicator alongside SM. Based on the preceding description, the study's research framework consists of the following two types of variables: independent and dependent. Strategic management and staff quality are independent factors, while the competitive advantage is the dependent variable. The variables are predicted in Figure 1, shown below.

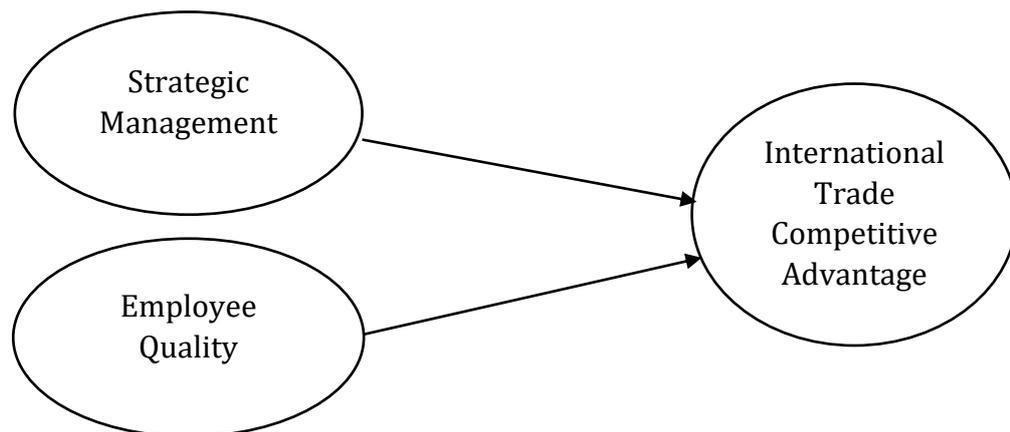


Figure.1: Research Framework

Hypothesis Development

According to a study by Umar (2005), SM significantly affects competitive advantage. S. Adeyemi (1992) discovered further that SM practices and

competitive advantage is interrelated. Dauda, [Akingbade, and Akinlabi \(2010\)](#) analyze the impact of an SM strategy in greater detail. Utilizing SM techniques may increase a company's profitability and market share advantage. In addition, Gichunge (2007) examined the influence of SM on competitive advantage. His most important discovery was that competition appears to be the driving force behind the adoption of institutional SM by organizations that outperform those who do not utilize it. [Ethiraj, Kale, Krishnan, and Singh \(2005\)](#) investigated how the strategic planning approach could be modified to increase organizational performance. Strategic planning was a significant predictor of enhanced competitive advantage in this study. This new generation of SM tools directly affected the performance of businesses. In addition, [Owolabi and Makinde \(2012\)](#) discovered through research that strategic planning substantially impacts the success of companies. The findings indicated a significant beneficial association between strategic planning and corporate performance. [Muogbo \(2013\)](#) investigated the influence of SM on the development and expansion of manufacturing businesses in the Anambra region of Nigeria. He found that SM significantly impacted a company's competitive advantage and argued that SM substantially improves a company's ability to compete in the marketplace. [Boyne and Walker \(2010\)](#) conducted a multivariate study on the relationship between strategy and organizational performance and discovered substantial correlations. Based on preliminary analysis, the following research hypothesis has been developed:

H1: Strategic management positively and significantly affects international trade competitive advantage.

Employee's Quality and Competitive Advantage

Quality and competitive advantage (CA) are connected. CA can be evaluated through a comparison of quantitative output to behavioral requirements. It was discovered that staff quality increases significantly and positively ([Bowen et al., 1989](#)). In addition, analysts assert that organizations must maintain an inherent tension between staff quality and CA in the market. A separate study discovered that staff quality had a favorable and substantial effect on competitive advantage ([Aiello, 1995](#)). The impact of incentives and rewards given by corporations on their competitive advantage is excellent and significant ([Kerr, 2003](#)). In contrast, [Del Bro et al. \(2007\)](#) discovered that staff quality negatively affects competitive advantage. Based on prior study, the following research hypothesis has been developed:

H2: Employee quality positively and significantly affects international trade competitive advantage.

Research Methodology

This study aimed to examine the impact of personnel quality and strategic management on the international trade competitive advantage of Indonesian multinational corporations. The quantitative research method was chosen based on the research purpose since it has greater credibility and validity than the qualitative research method (Pluye et al., 2009). Therefore, this methodology is deemed suitable for this investigation. In addition, there are longitudinal and cross-sectional research designs. In longitudinal research designs, data are collected at several time intervals, whereas in cross-sectional designs, data are collected only once (Kothari et al., 2014). This research obtained data via a self-administered questionnaire from which data was collected all at once. Therefore, the present study employed a cross-sectional design.

On the other hand, the present study is explanatory because hypothesis testing was employed. The data was acquired using a survey form adapted from prior research. Strategic management (SM) was evaluated using 10 items from a study (Olanipekun, 2015). In addition, the quality of employees was tested using seven criteria derived from the research (Singh, 2000). Lastly, the competitive advantage in international trade was evaluated based on eleven factors (Olanipekun, 2015). All of these items were measured on a five-point Likert scale that ranged from 1 (strongly disagree) to 5 (strongly agree) (strongly agree).

Data Analysis

The Smart PLS 3.2.7 was used to evaluate the input after filtering it. The gathered data was first placed via an external evaluation before being subjected to hypothesis testing.

Convergent Validity

The following tests were conducted to evaluate the validity and reliability of the questionnaire's constructs. The convergent validity was assessed using the Cronbach alpha, composite reliability (Greenhalgh et al.), factor loadings, and average variance extracted (AVE) (Mahoney et al., 1992). The CR, which measures internal consistency, and the Fornell-Larcker criterion used to assess discriminant validity, internal consistency, and discriminant validity, respectively, are evaluated. (Mahoney et al., 1992) suggested that the CR value should be more significant than 0.7 and stated that it is a genuine loading that is more appropriate based on Cronbach's alpha of the construct (R. Ahmad, Ahmad, M. J., Farhan, M., & Arshad, M. A, 2020; R. Ahmad, Bin Mohammad, H., & Nordin, S. B, 2019; Bhatti et al., 2020; Hussain, 2018). In addition, Hair et al. (2016) indicated that the suggested value for factor loadings should be greater than 0.5, and the recommended value for AVE should be greater than 0.5 or higher. The average variance extracted was analyzed to determine if the latent indicators shared an ordinary variance level (Mahoney et al., 1992). The anticipated values in Table 1 demonstrates that all values exceed the acceptable maximums.

Table 1: Convergent Validity

Constructs	Items	Loadings	CR	AVE
Strategic management	SM1	0.857	0.935	0.643
	SM2	0.806		
	SM3	0.867		
	SM4	0.910		
	SM5	0.783		
	SM6	0.682		
	SM7	0.812		
	SM8	0.780		
	SM9	0.923		
	SM10	0.672		
Employee Quality	EQ1	0.831	0.938	0.836
	EQ2	0.804		
	EQ3	0.779		
	EQ4	0.793		
	EQ5	0.942		
	EQ6	0.923		
	EQ7	0.876		
	EQ8	0.743		
	EQ10	0.861		
	EQ11	0.893		
	EQ12	0.808		
	EQ13	0.796		
	EQ14	0.643		
	EQ15	0.764		
	EQ16	0.883		
EQ17	0.818			
EQ19	0.916			
Competitive Advantage	CA1	0.861	0.844	0.718
	CA2	0.865		
	CA3	0.814		
	CA4	0.890		

Source: Author's Illustration

Discriminant Validity

Discriminant Validity is a parameter used to determine whether or not the variables are expected to be uncorrelated. In other words, the latent variable must distinguish itself from the other variable. It is calculated based on two estimates. Discriminant validity must be proved to guarantee that the data is accurate and that the results are dependable and do not statistically deviate (J. F. Hair Jr, Matthews, L. M., Matthews, R. L., & Sarstedt, M, 2017). It states that different variables should not be correlated, as well as separating two conceptions from others (J. F. Hair Jr, Matthews, L. M., Matthews, R. L., & Sarstedt, M, 2017). Compared to other variables, Fornell and Larcker proposed that a specialized variable with its

items should have greater volatility (J. F. Hair Jr, Matthews, L. M., Matthews, R. L., & Sarstedt, M, 2017). The diagonal parts of the Fornell and Larcker criteria represent the square root of AVE, which must be greater than its square correlation (J. F. Hair Jr, Hult, G. T. M., Ringle, C., & Sarstedt, M, 2016). Table 2 contains the frequency of all diagonal lines in their respective columns. The fact that 7 columns are higher confirms the discriminant validity.

Table 2: Fornell and Larcker (1981)

	SM	EM	CA
SM	0.802		
EM	0.602	0.803	
CA	0.528	0.338	0.832

Source: Author's estimation

The approach for evaluating the heterotrait-monotrait (HTMT) model is used to establish discriminant validity and correlation ratio. Despite this, several studies suggest that the Fornell and Larcker criteria are inefficient in assessing discriminant validity in some circumstances. Nonetheless, research indicates that the Fornell and Larcker criterion is ineffective in determining discriminant validity under certain conditions. As a result, Henseler, Ringle, and Sarstedt (2015) established the HTMT correlation ratio as a broader and less restrictive method for evaluating the discriminant validity of PLS-SEM-using researchers. This strategy applies to all techniques involving latent variables. The HTMT threshold value is less than 0.9 (Henseler et al., 2015), and even if the HTMT value exceeds this threshold, discriminating validity has not been achieved. Table 3 displays the HTMT results, which reveal that every value is less than 0.90.

Table 3: Heterotrait-Monotrait Ratio (HTMT)

	SM	EQ	CA
SM			
EQ	0.697		
CA	0.625	0.424	

Source: Author's estimation

In this investigation, there were two primary hypotheses. The Partial Least Square (PLS)-Structural Equation Model (SEM) technique was utilized to assess the research hypotheses. The Smart PLS 3 program was employed to assess the study's hypothesis (J. F. Hair Jr, Matthews, L. M., Matthews, R. L., & Sarstedt, M, 2017). Table 4 projected the study's outcomes. Table 4 demonstrates that strategic management (SM) has a considerable and beneficial effect on the comparative advantage (CA) of textile exporting enterprises in Indonesia engaged in international commerce. This result lends credence to the stated hypothesis that when strategic management methods are assigned appropriately, the competitive advantage in the foreign market is likewise enhanced. Based on these facts, it might be argued that textile exporting enterprises in Indonesia play a significant role

in maintaining competitive advantage tactics in international trade. Similarly, employee quality (EQ) also has a substantial and favorable effect on CA. This finding also supports the stated hypothesis, which indicates that the CA of exporting textile products increases when the quality of staff is enhanced by training. These results suggest that Indonesian textile enterprises have higher quality staff, contributing to an increase in the CA in international commerce. The projected findings described previously are shown in [Table 3](#) below.

Table 3: Hypothesis testing

No	Hypothesis	Loadings	T Statistics	P Values	Decision
H1	SM ->CA	0.042	4.613	0.000	Supported
H2	PQ-> OP	0.305	4.488	0.000	Supported

Source: Author's estimation

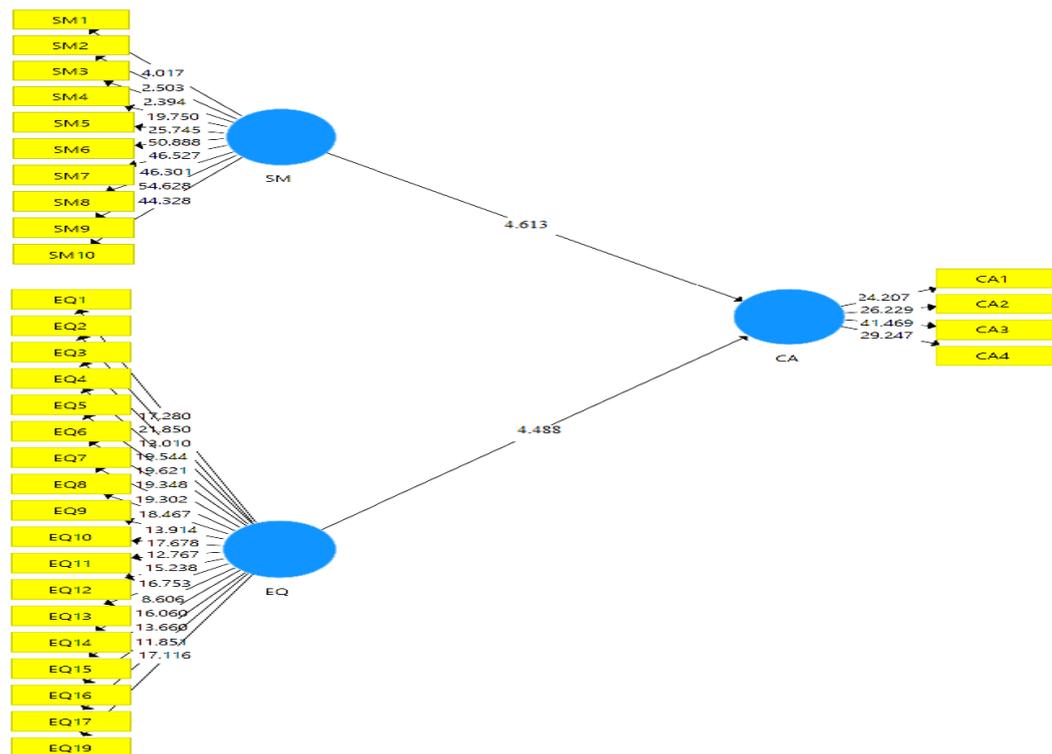


Figure 2: Structural Model

Discussion and Conclusion

Every trading company has a set of aims and objectives for developing its various strategies and human development objectives to enhance employee quality. Existing research indicates that a company's competitive edge in global trade increases with the appropriate strategy and high-quality employees ([Olanipekun, 2015](#)). Internal and external dynamics

influence and determine the evolution of a company's strategy in response to fluctuating market conditions. Before Covid 19, preventing social inequity was a top concern for trade firms. However, after Covid 19, it became more important to ensure that the technical infrastructures of the health and education sectors remain stable and to assist developing countries in eliminating technological inequality. However, the textile manufacturing sectors were unstable because they lacked the appropriate strategies to compete in the challenging environment. As a result, organizations are believed to be operating in a turbulent and hypercompetitive environment. Their goal is to continue functioning successfully by developing and delivering high-quality products to their consumers while also understanding when and how to adapt to a constantly shifting and volatile business environment. Therefore, strategic management is essential, as it comprises planning and devising strategies to face competition while maintaining long-term survival and growth.

This will form competitive advantage, allowing the company to not only outperform competitors but also successfully traverse all environmental changes. A company's strategy and employee caliber serve as a road map for its future competitive advantage (CA). For this reason, strategic management (SM) and employee quality (EQ) are crucial aspects of enhancing competitive advantage (CA) in international trade. Therefore, this study aims to determine the impact of SM and EQ on the CA of Indonesian textile firms engaged in global commerce. For this aim, data was collected from the senior managers of each textile company, indicating that the unit of analysis is the firm. The results of the Partial Least Square (PLS)-Structural Equation Modeling (SEM) reveal that SM has a favorable and significant impact on CA in the international commerce of Indonesian textile enterprises. These results demonstrate when textile firms have the appropriate tactics to achieve their CA on the global market. These findings are corroborated by more studies with the same conclusions ([Adeyemi, 2017](#); [Muogbo, 2013](#); [Olanipekun, 2015](#)). Similarly, the QE benefits and considerably affects CA in international commerce for Indonesian textile exporters. This result is corroborated by Schepers, [Nijssen, and Van der Heijden \(2016\)](#) and [Singh \(2000\)](#), who discovered the same outcomes. The association between EQ and CA was high. Consequently, this demonstrates that judging EQ's mental health just by their productivity is an error. In today's competitive market, providing coping resources is just as crucial as meeting productivity and quality expectations because these demands will only increase in the future.

Based on the data mentioned above, it can be stated that SM and EQ are essential variables for enhancing the CA of enterprises, hence helping to sustain confidence in the international trade market. In light of its significance, the present study suggests that strategic management techniques should be continuously monitored, enhanced, and sufficiently funded. Therefore, a well-defined strategic vision for an organization is crucial, and it must be communicated to all employees. All personnel must be involved in executing and implementing strategic management

processes to prepare the company for the future, define long-term direction, and communicate its desire to become the market leader in its industry.

Implications and Future Directions

There are several practical and theoretical consequences of the current work. Prior research mainly focused on the impact of strategic management on competitive advantage (Schepers et al., 2016). However, previous research did not examine the combined influence of strategic management and personnel quality on the competitive advantage of Indonesian textile exporters in international trade. Therefore, this study contributed to the body of literature regarding the combined influence of strategic management and staff quality on competitive advantage in international trade of textile exporting enterprises in Indonesia, thereby assisting future researchers. The research findings could also help policymakers and managers understand the significance of management methods that can enhance the exporting industry's competitive edge. Thirdly, the current study could aid in understanding the importance of quality employees, which would benefit firms engaged in international trade. Therefore, managers and policymakers should have appropriate human development objectives to improve the skills and quality of employees through the provision of diverse training and development courses.

Along with numerous ramifications, the current study has certain limitations that should be explored further to improve its reliability. First, the study was limited to Indonesia, which has cultural and demographic features distinct from those of developed nations. Consequently, the findings cannot be generalized to other developed economies. In this aspect, additional research on other developed economies could strengthen the generalizability of the study. Second, the study was limited to the direct effect. Still, other moderating or mediating variables, such as environment suitability or cultural factors, could alter the relationship between strategic management, employee quality, and competitive advantage. Thirdly, the study was limited to a cross-sectional research strategy in which data was collected at a single point in time; there is also a longitudinal research design that could aid improve the dependability of the research. Consequently, the future study may focus on longitudinal research design.

References

- Ab Talib, M. S., Rubin, L., & Zhengyi, V. K. (2013). Qualitative research on critical issues in halal logistics. *Journal of Emerging Economies and Islamic Research*, 1(2), 131-150. Retrieved from <https://ir.uitm.edu.my/id/eprint/32767/>
- Adeyemi, I. I., Isaac, O. A., & Olufemi, A. S. (2017). Strategic management: A policy to enhance sustainable business development in Nigeria's

- small and medium scale enterprises. *Archives of Business Research*, 5(9), 1-11. doi:<https://doi.org/10.14738/abr.59.3638>
- Ahmad, R., Ahmad, M. J., Farhan, M., & Arshad, M. A. (2020). The Relationship Within Green Marketing Strategies And Market Performance Of Pakistan Smes. *Hamdard Islamicus*, 3(19), 204-216. doi:<https://doi.org/10.17051/ilkonline.2021.05.435>
- Ahmad, R., Bin Mohammad, H., & Nordin, S. B. (2019). Moderating effect of board characteristics in the relationship of structural capital and business performance: An evidence on Pakistan textile sector. *Journal of Studies in Social Sciences and Humanities*, 5(3), 89-99. Retrieved from <http://www.jssshonline.com/wp-content/uploads/2020/05/JSSSH>
- Aiello, J. R., & Kolb, K. J. (1995). Electronic performance monitoring and social context: Impact on productivity and stress. *Journal of applied psychology*, 80(3), 339. Retrieved from <https://psycnet.apa.org/fulltext/1995-45538-001.html>
- Akeju, K. F., & Olanipekun, D. B. (2014). Unemployment and economic growth in Nigeria. *Journal of Economics and Sustainable Development*, 5(4), 138-144.
- Alalie, H. M., Harada, Y., & Noor, I. M. (2019). The Impact of Employee Empowerment in a Sustainable Competitive Advantage of Iraqi Private Banks. *International Journal of Liberal Arts and Social Science*, 7(1), 1-11. Retrieved from <https://ijlass.org/articles/7.2.1.1-11.pdf>
- Aremu, M. A., & Oyinloye, O. O. (2014). Relationship between strategic management and firms' performance in Nigerian banking industry. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 33(2576), 1-14. Retrieved from <https://platform.almanhal.com/Files/Articles/75338>
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99-120. doi:<https://doi.org/10.1177%2F014920639101700108>
- Barney, J. B. (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of Management*, 27(6), 643-650. doi:<https://doi.org/10.1177%2F014920630102700602>
- Barney, J. B., & Hesterly, W. S. (2010). Strategic management and competitive advantage: Concepts. *Prentice hall Englewood Cliffs, NJ*.
- Bednarska, M. A. (2013). Quality of Work Life in Tourism-Implications for Competitive Advantage of the Tourism Industry. *Journal of Travel & Tourism Research*, 13. Retrieved from <https://www.researchgate.net/profile/Marlana-Bednarska/publication/292605860>
- Bhatti, M. A., & Nawaz, M. A. (2020). The Impacts of Tourism Risk Management, IT Adoption, Agility and Resilience on the Sustainable Tourism Supply Chain Performance of Maldives' Tourism Industry. *iRASD Journal of Management*, 2(2), 100 - 108. doi:<https://doi.org/10.52131/jom.2020.0202.0020>

- Boiko, V., Kwilinski, A., Misiuk, M., & Boiko, L. (2019). Competitive advantages of wholesale markets of agricultural products as a type of entrepreneurial activity: the experience of Ukraine and Poland. *Economic journal-XXI*, 175((1-2)), 68-72. doi:<https://doi.org/10.21003/ea.V175-12>
- Bowen, D. E., Siehl, C., & Schneider, B. (1989). A Framework for Analyzing Customer Service Orientations in Manufacturing. *Academy of Management Review*, 14(1), 75-95. doi:<https://doi.org/10.5465/amr.1989.4279005>
- Dankevych, V., Dankevych, Y., & Pyvovar, P. (2018). Clustering of the international agricultural trade between Ukraine and the EU. *Management Theory and Studies for Rural Business and Infrastructure Development*, 40(3), 307–319. Retrieved from <https://ejournals.vdu.lt/index.php/mtsrbid/article/view/111>
- Dauda, Y. A., Akingbade, W. A., & Akinlabi, H. B. (2010). Strategic management practice and corporate performance of selected small business enterprises in Lagos metropolis. *International Journal of Business and Management*, 5(1), 1-9. Retrieved from <https://publication.babcock.edu.ng/asset/docs/publications/BAM/9585/3732.pdf>
- del Brío, J. Á., Fernández, E., & Junquera, B. (2007). Management and employee involvement in achieving an environmental action-based competitive advantage: an empirical study. *The International Journal of Human Resource Management*, 18(4), 491-522. doi:<https://doi.org/10.1080/09585190601178687>
- Delery, J. E., & Doty, D. H. (1996). Modes of Theorizing in Strategic Human Resource Management: Tests of Universalistic, Contingency, and Configurational Performance Predictions. *Academy of Management Journal*, 39(4), 802-835. doi:<https://doi.org/10.5465/256713>
- Doh, J. P. (2005). Offshore Outsourcing: Implications for International Business and Strategic Management Theory and Practice. *Journal of Management Studies*, 42(3), 695-704. doi:<https://doi.org/10.1111/j.1467-6486.2005.00515.x>
- Douglas, T. J., & William Q. Judge, J. (2001). Total Quality Management Implementation and Competitive Advantage: The Role of Structural Control and Exploration. *Academy of Management Journal*, 44(1), 158-169. doi:<https://doi.org/10.5465/3069343>
- Flynn, B. B., Schroeder, R. G., & Sakakibara, S. (1995). The Impact of Quality Management Practices on Performance and Competitive Advantage. *Decision Sciences*, 26(5), 659-691. doi:<https://doi.org/10.1111/j.1540-5915.1995.tb01445.x>
- Fuertes, G., Alfaro, M., Vargas, M., Gutierrez, S., Ternero, R., & Sabattin, J. (2020). Conceptual Framework for the Strategic Management: A Literature Review—Descriptive. *Journal of Engineering*, 2020, 6253013. doi:<https://doi.org/10.1155/2020/6253013>
- Grant, J. H. (2007). Advances and Challenges in Strategic Management. *International Journal of Business*, 12(1). Retrieved from <https://www.craig.csufresno.edu/ijb/Volumes/Volume%2012/V121-2.pdf>

- Greenhalgh, L., Lawrence, A. T., & Sutton, R. I. (1988). Determinants of Work Force Reduction Strategies in Declining Organizations. *Academy of Management Review*, 13(2), 241-254. doi:<https://doi.org/10.5465/amr.1988.4306878>
- Hair Jr, J. F., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2016). A primer on partial least squares structural equation modeling (PLS-SEM). *Sage publications*.
- Hair Jr, J. F., Matthews, L. M., Matthews, R. L., & Sarstedt, M. (2017). PLS-SEM or CB-SEM: updated guidelines on which method to use. *International Journal of Multivariate Data Analysis*, 1(2), 107-123. Retrieved from <file:///C:/Users/Abdul%20Wajid/Downloads/242.2017Hairetal-PLS-SEMorCB-SEMIJMDA.pdf>
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115-135. doi:<https://doi.org/10.1007/s11747-014-0403-8>
- Hitt, M. A., Ireland, R. D., Camp, S. M., & Sexton, D. L. (2017). Strategic Entrepreneurship: Integrating Entrepreneurial and Strategic Management Perspectives. In *Strategic Entrepreneurship* (pp. 1-16), 1-16. doi:<https://doi.org/10.1002/9781405164085.ch1>.
- Holtzhausen, D. R. (2002). The effects of workplace democracy on employee communication behavior: Implications for competitive advantage. *Competitiveness Review: An International Business Journal*, 12(2), 30-48. doi:<https://doi.org/10.1108/eb046440>
- Hussain, S., Nawaz, M. A., Riaz, M., & Aqdas, R. (2018). The influence of perceived services quality, customers' trust, and their religious and emotional attachments on customer loyalty in the islamic banking system of pakistan. *Al Qalam*, 23(2), 157-170. doi:[https://doi.org/10.51506/alQalam.26\(2\)699](https://doi.org/10.51506/alQalam.26(2)699)
- Hutorov, A. O., Lupenko, Y. O., Yermolenko, O. A., & Dorokhov, O. V. (2018). Strategic management of the agrarian sector of economy based on the analysis of value chains. *Bulletin of the Transilvania University of Brasov. Series II: Forestry• Wood Industry• Agricultural Food Engineering*, 11(60), 101-114. Retrieved from <https://webbut.unitbv.ro/index.php/Series II/article/view/693>
- Johnson, G., Scholes, K., & Whittington, R. (2008). Exploring corporate strategy: Text and cases. *Pearson education*.
- Kerr, W. R. (2003). Tourism public policy, and the strategic management of failure. *Routledge*.
- Kiseleva, I. A., Gasparian, M. S., Filyuk, M. A., & Mambetova, F. A. (2022). Trategic Management of Country Risks. *Academy of Strategic Management Journal*, 21(1). Retrieved from <https://www.meetingsint.net/articles/Strategic-management-of-country-risks-1939-6104-21-1-115.pdf>
- Kothari, A., Demaria, F., & Acosta, A. (2014). Buen Vivir, Degrowth and Ecological Swaraj: Alternatives to sustainable development and the Green Economy. *Development*, 57(3), 362-375. doi:<https://doi.org/10.1057/dev.2015.24>

- Laari, S., Töyli, J., & Ojala, L. (2018). The effect of a competitive strategy and green supply chain management on the financial and environmental performance of logistics service providers. *Business Strategy and the Environment*, 27(7), 872-883. doi:<https://doi.org/10.1002/bse.2038>
- Mahoney, J. T., & Pandian, J. R. (1992). The resource-based view within the conversation of strategic management. *Strategic Management Journal*, 13(5), 363-380. doi:<https://doi.org/10.1002/smj.4250130505>
- Meral, Y. (2019a). Strategic Management to Prevent Money Laundering. Retrieved from <https://www.researchgate.net/profile/Yurdagul-Meral/publication/332644735>
- Meral, Y. (2019b). Strategic Management to Prevent Money Laundering: The Role of Effective Communication *Handbook of Research on Global Issues in Financial Communication and Investment Decision Making IGI Global*, 28-49. doi:<https://doi.org/10.4018/978-1-5225-9265-5.ch002>
- Molina-Azorín, J. F., Tarí, J. J., Pereira-Moliner, J., López-Gamero, M. D., & Pertusa-Ortega, E. M. (2015). The effects of quality and environmental management on competitive advantage: A mixed methods study in the hotel industry. *Tourism Management*, 50, 41-54. doi:<https://doi.org/10.1016/j.tourman.2015.01.008>
- Muogbo, U. (2013). The impact of strategic management on organisational growth and development (A study of selected manufacturing firms in Anambra state). *IOSR Journal of Business and Management* 7(1), 24-32. Retrieved from <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.1064.7006&rep=rep1&type=pdf>
- Nag, R., Hambrick, D. C., & Chen, M.-J. (2007). What is strategic management, really? Inductive derivation of a consensus definition of the field. *Strategic Management Journal*, 28(9), 935-955. doi:<https://doi.org/10.1002/smj.615>
- Olanipekun, W. D., Abioro, M. A., Akanni, L. F., Arulogun, O. O., & Rabiou, R. O. (2015). Impact of strategic management on competitive advantage and organisational performance: Evidence from Nigerian bottling company. *Journal of Policy and development Studies*, 9(2), 185-198. Retrieved from <https://platform.almanhal.com/Files/2/63647>
- Paulraj, A., & Chen, I. J. (2007). Environmental Uncertainty and Strategic Supply Management: A Resource Dependence Perspective and Performance Implications. *Journal of Supply Chain Management*, 43(3), 29-42. doi:<https://doi.org/10.1111/j.1745-493X.2007.00033.x>
- Pluye, P., Grad, R. M., Levine, A., & Nicolau, B. (2009). Understanding divergence of quantitative and qualitative data (or results) in mixed methods studies. *International Journal of Multiple Research Approaches*, 3(1), 58-72. doi:<https://doi.org/10.5172/mra.455.3.1.58>

- Powell, T. C. (1995). Total quality management as competitive advantage: A review and empirical study. *Strategic Management Journal*, 16(1), 15-37. doi:<https://doi.org/10.1002/smj.4250160105>
- Pratono, A. H., & Ratih, R. V. S. (2019). International Alliance Strategies: A Case Study of the Indonesian Medical Device Industry. In N. Faghieh (Ed.), *Globalization and Development: Entrepreneurship, Innovation, Business and Policy Insights from Asia and Africa* (pp. 381-400). Cham: Springer International Publishing, 381-400. doi:https://doi.org/10.1007/978-3-030-11766-5_15.
- Root, F. R., & Visudtibhan, K. (1992). International strategic management: challenges and opportunities.
- Schepers, J. J. L., Nijssen, E. J., & van der Heijden, G. A. H. (2016). Innovation in the frontline: Exploring the relationship between role conflict, ideas for improvement, and employee service performance. *International Journal of Research in Marketing*, 33(4), 797-817. doi:<https://doi.org/10.1016/j.ijresmar.2016.01.004>
- Singh, J. (2000). Performance Productivity and Quality of Frontline Employees in Service Organizations. *Journal of Marketing*, 64(2), 15-34. doi:<https://doi.org/10.1509%2Fjmk.64.2.15.17998>
- Uwe, B., & Hans De, W. (2011). The End of Internationalization. *International Higher Education*, 0(62). doi:<https://doi.org/10.6017/ihe.2011.62.8533>
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171-180. doi:<https://doi.org/10.1002/smj.4250050207>
- Widyanty, W., Daito, A., Riyanto, S., & Nusraningrum, D. (2020). Gaining a competitive advantage through strategic human resource management in Indonesian construction industry. *Management Science Letters*, 109(9), 2021-2028. doi:<http://dx.doi.org/10.5267/j.msl.2020.2.010>
- Winter, S. G. (1995). Four Rs of Profitability: Rents, Resources, Routines, and Replication. In C. A. Montgomery (Ed.), *Resource-Based and Evolutionary Theories of the Firm: Towards a Synthesis* (pp. 147-178). Boston, MA: Springer US, 147-178. doi:https://doi.org/10.1007/978-1-4615-2201-0_7.