

**Influence of intellectual capital on organisational
performance in one of the Big Four Banks in South Africa**

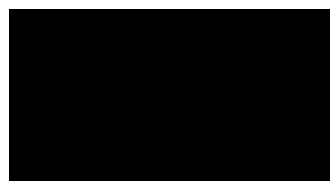
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**Dissertation submitted in partial fulfilment of the
requirements of the degree in Masters of
Technology in Business Administration in the
Faculty of Management Science at the Durban
University of Technology**

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DATE

DECLARATION

This is to certify that the work is entirely my own and not of any other person, unless explicitly acknowledged (including citation of published and unpublished sources).

The work has not previously been submitted in any form to the Durban University of Technology or to any other institution for assessment or for any other purpose.



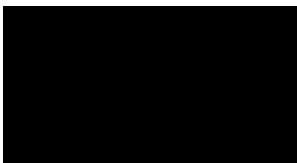
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DEDICATION

This study is dedicated to all the individuals influencing and enhancing intellectual capital within my organisation. Though we all have many challenges to face, we can strive together to make a difference.

A special mention to the people who assisted by participating in this study. This research is also dedicated to you, because without your support this research would not have been completed successfully, so thank you all so much for your valued contributions!

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Also, thank you to the experts who were involved in the validation survey for this research project: Mr Wynand Brits, for his assistance in administering the survey to the target audience and to Mr Muhammad Jamal, as the second reader and advisor of this thesis. I am grateful for his invaluable guidance and advise, without which, the validation survey could not have been successfully conducted.

Finally, to my mom and to my closest and dearest friends, for their continuous support and encouragement through the process of researching and writing this thesis. Thank you.

ABSTRACT

The purpose of this study is to investigate the critical components of Intellectual Capital (IC), such as customer, human and structural capital; and how to best integrate these elements to maximise optimisation of IC. This research seeks to understand how an organisation can capitalise on IC as a decision-making mechanism; and what strategies an organisation can employ to leverage IC as a value generating attribute towards organisational performance. Furthermore, this study aims to identify how a large part of decision making is derived from an organisation's internal intellectual capital, and its critical components.

The research is descriptive in nature, as it identifies the critical components. The findings provide an insight into the influence of intellectual capital on a bank's performance. The research employed a quantitative methodology via the use of a questionnaire. A non-probability purposive sampling strategy based on an individual's knowledge of intellectual capital activities that take place within the bank was employed to ensure data collected was reflective of the target population identified, more specifically, employees who are permanent at one of the big four banks in Johannesburg, and who are directly affected by influencing factors of intellectual capital. After determining that the questionnaire was reliable and valid as well as the sample size being sufficient, descriptive statistics in the form of frequencies and percentages were used to describe the data and compile the findings.

Based on the results of the questionnaire, it was found that organic growth had the highest impact, and being first to market within new target had the lowest impact with regards to processes that measure and maximise the yield from IC. In addition, it was found that keeping customers informed of changes had the highest commitment, and having budget readily available for IC initiatives had the lowest level of commitment within the organisation. Finally, it was found that being innovative, customer-centric, sustainable and aware of market threats were all key factors that influenced the management and enhancement of intellectual capital within the organisation.

The implications of this research for theory and practice are that; productivity and profitability measures are the most effective processes to maximise the yield from IC within this organisation. On the one hand, the commitment to IC within the organisation is reflected by respondents feeling that the organisation is highly committed to human capital processes involving customer communication, especially when they involve major changes. However, on the other hand, when it comes to investing in human capital processes, it was felt by respondents that budgets were not readily available to pursue any IC initiatives. This level of commitment is enhanced and managed through the perspective of all four key factors identified, with no one single factor identified to be the most important or least important; but all four factors being of equally high importance.

Keywords: Intellectual Capital
Organisational Performance

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LIST OF ABBREVIATIONS

CFO: Chief Financial Officer

CHRO: Chief Human Resources Officer

CRM: Customer Relationship Management

CSR: Corporate Social Responsibility

EPS: Earnings Per Share

FICO: Fair Isaac Corporation

GAAP: Generally Accepted Accounting Principles

HR: Human Resources

IC: Intellectual Capital

IFRS: International Financial Reporting Standard

ITSC: Information Technology Solutions & Consulting

KIS: Knowledge Intensive Service

LKIS: Less Knowledge Intensive Service

MI: Management Information

SIC: Sustainable Intellectual Capital

SPSS: Statistical Package for Social Sciences

TMS: Transcribe Memory Frameworks

CHAPTER 1: OVERVIEW OF THE STUDY

1.1. Introduction

Chapter 1 centered around 4 key components that proceeded to outline the impact of intellectual capital in the banking industry, specifically within one of the Big Four banks in South Africa. The first comprised of the summary of the key concepts of the study, which constituted as the overview, the second presented the research objectives combined with the research questions. The third discussed the importance or the arguments for significance of the said topic and the fourth considers the framework of the research paper.

Intellectual capital in many studies was described as the results of a firm's market value, less the cost of replacing the firm's assets. According to Kalkan et al. (2014:701), intellectual capital as 'the total stocks of the collective knowledge, information, technologies, intellectual property rights, experience, organization learning and competence, team communication systems, customer relations, and brands that are able to create values for a firm'.

According to a study by Murthy and Mouritsen (2010:622), intellectual capital (hereon referred to as IC), was normally understood to comprise of human capital, which was innovative, hierarchical capital that consisted of best practices, and social capital, which drew information from, and created learning about, suppliers and clients.

Khan, et.al. (2012:22), explained that the advantages of overseeing intellectual capital were that it grew the market worth of the company, it enhanced better correspondence, optimized self-potential, boosted value creation capability, improved persona, fulfilled clients, inspired workers and most productive business practices.

The main issues addressed in this paper are possible factors that hindered IC as being influential within an organisation and what contributed to an organisations reluctance to embrace the value of the contribution of IC.

According to Kehelwatenna and Premaratne (2013:38), customarily, physical assets remain thought of as more significant in the development of value creation whilst intangible assets are generally perceived as rather less significant in generating value for stakeholders. A dominant feature of IC as a source of competitive advantage validated acknowledgement of IC particularly in banking.

Kehelwatenna and Premaratne (2013:38) further emphasised that perhaps the need to search for more vital assets to prevail in fierce rivalry, the high level of responsiveness to technological changes and more advancements acquired to give better consumer fulfillment may influence the higher importance on IC assets in financial service conglomerates.

Evidence suggested that IC was fast becoming a key instrument for 'new age' banks to remain dedicated to their value creation and value extraction processes, so that they can keep abreast of innovative product offerings to their consumer base, thus satisfying the pursuit for business excellence. According to Shakina and Barajas (2013:26), in terms of the value creation process, the contribution was interpreted as the ability of a particular resource (IC component) to provide enough return to cover all of the investments associated with it. The IC component of resources within this study referred to as customer capital, human capital and structural capital and the vital role it had to play in value creation and value extraction processes.

For a South African banking institution to warrant the relevance of IC as an influencing factor for sustainable growth, the importance and value drivers thereof will have to be further explored, and further investigate change in traditional reporting frameworks.

Firer (2005:2), discussed formalising IC in South Africa as part of regulatory reporting to indicate importance of IC within an organisation, by measuring human, relational and structural capital. Firer's discussion suggested a competitive advantage and re-thinking of the importance of IC within and organisation and the economy as a whole.

Cronje and Moolman (2013:2), further emphasised the value of reporting the non-financial aspects of an organisation by highlighting an organisations management stewardship, which entailed internal and external uses of company information.

1.2. The research problem

Intellectual capital is the summary of all knowledge and competences of every worker that contributed to the organisational performance of a company (Huang and Hsueh, 2007:266). However, as intellectual capital was embedded in the people of an organization, the organization lost this capital when individuals left. Furthermore, intellectual capital was also created or bought; and firms needed to invest in the key factors that influenced intellectual capital in order to achieve have higher productivity, income, and market value (Hejazi et al., 2016:259). Therefore, this study investigated the factors that influenced the intellectual capital within a bank as a financial organisation and influence of IC as a decision making mechanism within strategies in an organisation to leverage of IC as a value generating attribute towards organisational performance.

1.3. The aim of this study

This study aimed to determine if one of the big four banks was paying attention to the various components of IC and whether there were systems in place to manage, safeguard and enhance them. In other words, this study investigated components such as customer, human and structural capital and how to best integrate these elements to maximise optimisation of IC.

1.4. Research objectives

The objectives of this study are as follows:

- To determine if there were existing practices and processes related to the measurement and management of intellectual capital at one of the big four banks
- To identify the most effective processes in which the organisation could maximise on IC, with a view to improving organisational performance
- To understand gaps that existed within the organisation with regard to their level of commitment to IC

- To take advantage of the key factors that influenced intellectual capital within the organisation

1.5. Research questions

The researcher undertook this study by answering the following questions:

- What was the process to measure and manage IC at one of the big four banks?
- What were the most effective processes to maximise the yield from IC to improve organisational performance?
- What was the level of commitment to IC within the organisation?
- What were the factors that influenced intellectual capital within the organisation?

1.6. Overview of methodology

The research was conducted using a purposive or non-probability sample and was underpinned by a descriptive paradigm selected so that the phenomenon could be described and easily understood. The quantitative research methodology allowed for an objective enquiry into the phenomena of interest, namely the influence of intellectual capital on organisational performance in one of the Big Four Banks in South Africa.

1.7. Rationale and significance of the study

The researcher's personal experience of working with unstructured sources of information as a business manager within one of the big four banks in South Africa, was what prompted this research. This study set out to explore the usefulness of having an integrated approach of consolidating unstructured information, and adapted information management strategies in order to gain a competitive advantage. The intention of the study leaned towards determining how elements, for instance, customer capital, human capital and structural capital, contributed towards value generating aspects within the banking industry. The study also contributed to the accumulation of the body of knowledge on intellectual capital especially because its conduction was due to insufficiency of literature on the discourse. The study is so significant in the sense that it would benefit every scholar or researcher who can have an interest and focus on the same phenomenology.

1.8. Assumptions

The researcher was of the belief that intellectual capital was a key driver for the growth of organisational esteem, with the key constituent being the creation of future growth. By investigating the elements and determinants of IC, the researcher could determine whether IC had an influence on the performance within the bank's business clusters and thereby use this knowledge to improve overall competitive advantage within the financial industry. It was assumed that all participants in this study would provide accurate responses to the questions put to them.

1.9. Structure of the study

The structure of this study was as follows:

- Chapter 1: Introduction: This provided the definition of the term intellectual capital as well as a general introduction to the aspects of intellectual capital. The factors that were considered on the influence of intellectual capital and an insight to the current banking processes with regard to their intellectual capital was discussed.
- Chapter 2: Literature review: The literature review consisted of data collected regarding the culture of intellectual capital in the bank which had been analysed and reviewed.
- Chapter 3: Research methodology: The chapter on research methodology discussed the methods with which research was undertaken and was discussed copiously.
- Chapter 4: Data collection: The chapter on data collection discussed the methods in which data analysis was undertaken and was discussed copiously.
- Chapter 5: Results and discussion: The results and findings of the research was included in this chapter.
- Chapter 6: Conclusion and recommendations: This chapter summarised the study and deduced conclusions from the research and findings and concluded the research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter consisted of the conceptual and secondary data collated through literature search from various scholars who had keen interest on the culture of intellectual capital in the bank which had been analysed and reviewed. According to Ghosh and Maji (2014:18), ‘...banks, over time have accumulated a vast amount of unstructured information, which results in inefficient processes – costly manual interactions, non-alignment of processes, definitions, rules and tools, non-alignment of regulatory requirements, inconsistent data, lack of traceability and control of their intellectual capital’. This could be unfavourable to an organisations competitive advantage and financial security of banks considering factors of wealth, influence and liquidity.

The operational sector was also evolving under the impact of regulatory requirements, high-tech expansion and modernization in financial service offerings. Banks are compelled to endure probable cases of several types of risk aside from just credit risk. The complexity and control of other risks, for example liquidity, market and transactional risks have increased extensively in these altering events. Since all the highlighted risk events were correlated, the failure of administering one will invite other risk related events that may potentially lead to a higher probability failure.

Core banking activities revolve largely around risk taking within a banking institution. According to Ghosh and Maji (2014:18), credit risk was the most seasoned of all risks linked to the central banking movement of loaning money to clients. Furthermore, Kuang-Hsun Shih, Ching-Wen Lin and Binshan (2011:289) stated that banks, as some portion of the financial services industry, are client focused and concentrated on service excellence and efficacy with the purpose of winning the support and recurring business from clients.

2.2. What is intellectual capital

Intellectual capital is a collection of knowledge (documented or not) of information in an organisation. This could be from individuals, unstructured information sources and relational sources, such as the customer base. Constituents of intellectual capital consist of human capital, structural capital and external (customer) capital. The following table also highlights several definitions of intellectual capital prescribed by authors in the literature:

Table 1: Definitions of Intellectual Capital

Scholars	Definitions of intellectual capital
Bontis	Intellectual capital, including human capital, structural capital and relational capital.
Ross et al.	Intellectual capital includes an intellectual component, such as human capital and structural capital is a non-intellectual.
Smith	It is part of the organizational capital and other sources of capital to the asset value turns
Broking	Intellectual capital from the capital markets, human capital and intellectual property to be combined.
Mur	Intellectual capital, including human capital, structural capital and customer capital
Petty	Intellectual capital, the economic value of the asset is human capital and structural
Meritum	Intellectual capital, human resources are the structural and relational sources.
Pablos	Between market value and book values jointly of its intellectual capital.

Source: Tabarsa, Fakhari and Hamidian (2014:505)

This classification was admitted in general and several studies have shown relationships between these components of intellectual capital and organisational performance. For instance, Kuang-Hsun Shih, Ching-Wen Lin and Binshan (2011:289), mentioned that companies who have all three elements of human, structural and customer capital, could create a competitive advantage. The study by Huang and Hsueh (2007:266), on intellectual capital in consulting firms also signified intellectual capital to the summary of all knowledge and competences of every worker that contributed to the performance and wealth creation for the firms.

A study by Kamal, Che Mat, Rahim, Husin and Ismail (n.d.), also analysed the role of intellectual capital management in confirming the position of the change content with the strategic intent of the organization. This is further emphasised by Khaliq, bin Shaari, Md. Isa and Ageel (2011:1965) who stated that ‘the role and importance of high-tech organisations in a knowledge-based economy is highly recognized’. The influence of the components of intellectual capital on organisational performance was further illustrated in the following figure:

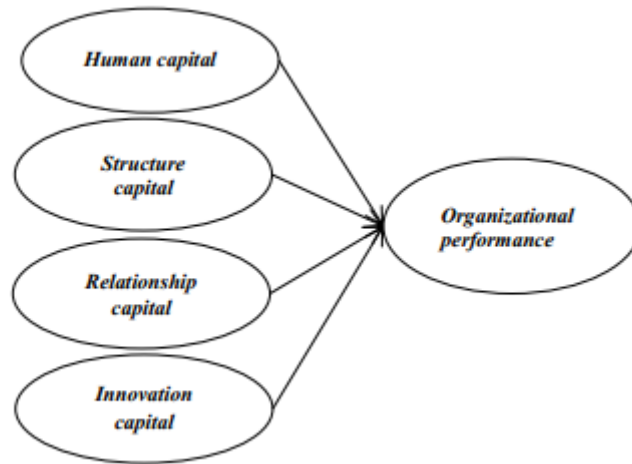


Figure 1: Components of Intellectual Capital

Source: Tabarsa, Fakhari and Hamidian (2014:506)

2.3. Impact of IC on organisational performance

This section defined customer capital and highlights the importance as a component of intellectual capital by reviewing past studies. Thereafter, the impact of IC on organisational performance was presented to determine the extent of the research gap in the existing literature.

2.3.1 What is Customer Capital?

Customer capital can also be regarded as relational capital or external capital. This capital refers to the organization's network of associates and their fulfilment with, and allegiance to the company (Akpınar and Akdemir, 1999:332). Similarly, customer capital acted as a key factor in determining the market value of a business (Tabarsa et al., 2014:505). Therefore, customer capital could be seen as market data that allowed the attraction and retention of customers. This empowered an organisation to invest in all of its relationships with customers, competitors, business associations, and government.

Customer capital put forth the worth of the rapport of an enterprise with clients, providers and society at large, for consideration and aforementioned allegiance of these groups to the conglomerate (Kalkan, Bozkurt and Arman (2014:701). Ahmadi,

Ahmadi and Shakeri (2011:371) believe that instead of customer capital, relational capital was important by stating that dimensions of relational capital are centered on the belief that organisations were deemed not to be remote systems but rather systems that were reliant on their association with their surrounds. Therefore, this type of capital involved the value created by relationships not only with clients, providers or investors, but with all key role players, both internal and external. Several studies were identified to have made varying contributions to the literature by highlighting the importance of customer capital processes. These studies were indicated in the following table:

Table 2: Breakdown of Customer Capital Studies

Customer Capital Processes	Past Studies
Productivity and Profitability	(Gourio and Rudanko, 2014:1102)
Productivity and Profitability	(Saleh and Masduki, 2016:29)
Productivity and Profitability	(Sulistyo and Siyamtinah, 2016:196)
Productivity and Profitability	(Yi et al., 2016:435)
Productivity and Profitability	(Akram et al., 2017:1).
Productivity and Profitability	(Miocevic, 2016:196)
Productivity and Profitability	(Hejazi et al., 2016:259)
Growth and Retention	(Tabarsa et al., 2014:505)
Growth and Retention	(Iordache-Platis, 2017:134)
Growth and Retention	(Leal-Millán et al., 2016:447).
Growth and Retention	(Radhakrishnan et al., 2014:1691)
Growth and Retention	(Husain et al., 2013:54)
Growth and Retention	(Caputa, 2015:109)
Growth and Retention	(Cegarra-Navarro and Sanchez-Polo, 2008 :1125)
Growth and Retention	(Chan and Wang, 2012:848)
Growth and Retention	(Chen et al., 2017:219)
Growth and Retention	(Chen et al., 2016:87)
Growth and Retention	(Mubarik et al., 2016:43)

Source: Researcher's own construction

Table 2 highlighted the studies that were reviewed and are discussed in this section to further develop the research questions. Productivity and profitability were customer capital processes that were important aspects of intellectual capital, as illustrated in the study by Gourio and Rudanko (2014:1102). Their research suggested that firms applied a great deal of resources on advertising and sales, which suggested indications of search resistances in product markets, and required firms to employ resources in building customer capital. In addition, they found that introducing search frictions influenced the level and unpredictability of firm outlay, returns, value, deals and markups, the planning of firm's reaction to surprises, and the connection amongst venture and Tobin's Q (Gourio and Rudanko, 2014:1103).

On the other hand, Eriksson and Stadin (2017:5144) argued that should product markets be defectively aggressive, product demand surprises ought to have directly affect work at given levels of costs and wages. A fundamental finding was that product demand had such an immediate impact on enlisting. This featured the significance of considering imperfect competition on product demand in investigations of business progression and employing.

Also, at given levels of costs, wages, and item request, the number of unemployed specialists in a local labour market positively affected enlisting, recommending that search frictions were important. Quantitatively, product demand surprises appeared to be more essential for understanding the variety in employing rather than surprises to the quantity of jobless specialists (Eriksson and Stadin, 2017:5144). Therefore, an organisation could pay close attention to the variance on its profitability in the short to medium term as this was indicative of frictions in product markets.

Another study related to these customer capital processes was conducted by Saleh and Masduki (2016:29). Their research suggested that there was an association between customer capital disclosures with the corporate governance practices of organisations. In addition, they found that important corporate governance determinants of customer capital disclosure could be predicted when signalling intention of the board and network arguments are considered (Saleh and Masduki, 2016:31). Their findings were useful for regulators in emerging countries, such as South Africa, that are characterized by highly networked economies, whereby,

business and personal networks were important for company sustainability. Similarly, research conducted by Sulistyono and Siyamtinah (2016:196) found that there was a significant and positive influence of entrepreneurship, marketing capabilities, customer capital and empowerment toward innovation capability and performance (Sulistyo and Siyamtinah, 2016:197).

On the other hand, Ahuja, Segel, and Perry (2017:8) argued that development was a tonic for majority of organizations. It pulled in the ability and made key choices while producing liquidity to support new moves – provided the development is beneficial. Additionally, it is harder to come by over the previous decade, as a drowsy macroeconomic condition and increasing, innovation driven disturbance had tightened up weight on organizations. Advanced innovations and the pace of rivalry, in any case, likewise opened new roads to natural development for those organizations that had the abilities and smoothness to exploit them.

Their study showed that there were table stakes for producers over all measurements: deft asset reallocation, successful marketing, and development oriented hierarchical culture. There were different ranges that, typically, appeared to be all the more firmly connected with singular procedures. Deals and evaluating were vital to more quickly developing entertainers while the capacity to create items and administrations separated financial specialists and makers (Ahuja et al., 2017:8). Therefore, customer capital processes could be effective in increasing levels of an organisation's organic growth.

Another study related to these customer capital processes was conducted by Yi, Li, Hitt, Liu, and Wei (2016:435). Their research suggests that administrative capacities and outer ties influence the speed with which vital change could be executed. What's more, they found that particular impacts of resource packaging on key change speed were affected by various sorts of outer social connections (Yi et al., 2016:437), which greatly emphasised how important it is for organisations to focus on building up their customer capital resources.

On the other hand, Wiedner, Barret, and Oborn (2017:823) argued that the most significant change did not develop in organisations that saw the best increment in the

amount of assets or in which change specialists were given the most astounding level of control. Rather, change rose in a training that was not regarded as a need and that in this way pulled in enthusiasm from an exceptionally predetermined number of people. The discoveries add to the resourcing writing by demonstrating that the capacity to utilize assets was formed by how they are esteemed and dispersed, and that key change activities could go about as triggers for asset revaluations and redistributions. In particular, it showed that key change activities may add to the rise of positive conditions for change in rehearses that don't move toward becoming related with esteemed assets.

This is on the grounds that an absence of esteemed assets draws in constrained enthusiasm from partners, subsequently enabling changes to rise as intense specialists confront negligible coordination expenses and examination when endeavouring to adjust courses of action to their own advantages. Their research indicates how and why change activities could trigger disparate improvements over different practices and prompt change rise in surprising spots. It additionally features the part of "resourcing space" in adding to developing change. (Wiedner et al., 2017:823). Therefore, organisations could focus on building their customer capital resources in order to speed up strategic change initiatives.

Another study relating to these customer capital processes was conducted by Akram, Lei, Haider, and Akram (2017:1). Their research suggested that customer capital had a positive and significant impact on the employee innovative work behaviour. In addition, when compared to structural capital, customer capital was found to have a relatively weaker impact on employee innovative work behaviour (Akram et al., 2017:1).

On the other hand, Tillmans, Ter Hofstede, Krafft, and Goetz (2017:99) argued that in order to maximise customer equity, firms needed to direct their attention towards customer acquisition and optimising customer retention, which will eventually lead to increasing the profitability of all customer relationships. However, ignoring new client procurement endeavours could prompt a maturing or contracting client portfolio. In this way, organizations would consistently distinguish and obtain prospects to develop and restore their client base; in any case, this is both expensive and

dangerous (Tillmans et al., 2017:99). Therefore, customer capital processes that relate directly to employee work behaviour could be directed towards keeping employees motivated to increase the acquisition of new customers.

Another study relating to these customer capital processes was conducted by Miocevic (2016:196). Their research suggested that during the progression of going international, small and medium-sized assembling firms look to build long-term relations with key importers providers keeping in mind the end goal to limit the risks of conducting business in a foreign marketplace. More specifically, exporters aim to create customer capital with key importers. In addition, they found that the development of customer capital required relational efforts in terms of reliance and relational bonding norms (Miocevic, 2016:197).

On the other hand, Cha and Yu (2015:26) argued that organizations regularly race to beat their rivals to advertise, trusting that each long stretch of lead time tallies. The examination of pharmaceutical organizations' item launched discovered just a frail advantage from being first to advertise - all things considered, first movers appreciated a piece of the pie advantage over later contestants ten years after dispatch. In many cases, the principal mover edge really vanished, especially when the lead time is short (under two years) or when the primary mover is a little organization. In more than 50 percent of the medication classes that were assessed, late movers were the victors; this was especially so when the late mover was the second contestant to the market, a quick adherent (propelled around the same time or one year after the primary participant), or had its item advertised by an expansive organization. As the display appears, setting matters a considerable measure.

Their research discoveries offered a few lessons for pharma organizations - and perhaps for different enterprises also. One was that unless the primary mover was an all around resourced and experienced player with a long lead time, being the best could be more critical than being the first. This could make clinical improvement of the business system similarly as critical as the planning of the underlying administrative endorsement. Another lesson is that smaller organizations that needed understanding and scale ought to have considered joining forces with substantial pharma organizations. To put it plainly, the main mover preferred

standpoint was considerable, however not difficult (Cha and Yu, 2015:26). Therefore, customer capital processes were important in creating opportunities for being first to market within new target markets.

Hence, from the studies reviewed relating to productivity and profitability as important customer capital processes, a research gap was identified with regards to how these processes could highlight the impact of IC on organisational performance. Likewise, growth and retention were customer capital processes that were important aspects of intellectual capital, as illustrated in the study by Lordache-Platis (2017:133). Their research suggested that younger companies tend to have had more incentives to disclose customer capital information compared to more established companies. In addition, they found that the process of better understanding the very dynamic customer needs involved a high quality for goods and services and did not only mean they provided higher satisfaction in a classical way, but they generated experiences (Lordache-Platis, 2017:134).

On the other hand, Bachrach, Mullins, and Rapp (2017:88) argued that complex offerings and advancing client needed to increment the interest for showcase driven salesmen. However huge numbers of the present supervisors battled to successfully send this offering approach. In light of this reality, they created and tested a multi-level market capacities structure to look at group level drivers and limit states of market-driven sales representative practices, standards, and execution. Information gathered in a slacked, multi-source, cross-level field investigation of 246 business people settled inside 54 deals groups give confirm that interests in group social capital (ITSC) bolster the self-rectifying, client driven, learning practices required for execution.

Likewise, they found that administrators' ITSC are emphatically connected with group objective observing, responsibility regarding administration quality, and learning exertion. Similarly, objective checking and learning exertion increment responsibility regarding administration quality, which helped drive deals execution. Furthermore, it was highlighted that transactive memory frameworks (TMS) could be a productive group information asset that fortifies the learning push to-execution and administration quality-to-execution connections (Bachrach et al., 2017:88).

Therefore, in order to become more attractive, institutions looked for a new type of competitive advantage; and the solution was the investment in customer capital.

Another study related to these customer capital processes was conducted by Leal-Millán, Roldán, Leal-Rodríguez, and Ortega-Gutiérrez (2016:444). Their research suggested that managers enabled customer activities and developed green innovation performance with clients. Moreover, they found that relationship learning exercises was a key managerial activity in misusing client data and information favourable circumstances, empowering firms to structure and reconfigure resources to deliver improved approaches to contend and to contend and satisfy key role players (Leal-Millán et al., 2016:445).

On the other hand, Kearney, Harrington, and Kelliher (2017:49) argued that advancement appeared to develop through the association of parts of administrative capacity and key asset pools. Their research brought about a refined model of administrative capacity for development in setting. A commitment to microfirm administration refinement is made through giving a model of administrative ability which was utilized to enhance the aggressiveness of microfirms in the tourism business.

Partnered to this commitment, they proposed that approach creators utilised the model through further scattering of their endeavours to create industry best practice. Proposals for future experimental research in view of an extended microfirm considered were recommended (Kearney et al., 2017:49). Therefore, customer capital processes that improved managerial capabilities assisted in improving retention on existing clients.

Another study related to these customer capital developments by using their skills and competences through decision-making activities and approaches, such as budding information technology competence, cultivating relationship learning capital processes was led by Radhakrishnan, Wang, and Zhang (2014:1690). Their exploration recommended that clients' capital market data quality is measured by the clients' arrangement of profit gauges, the clients' stated income quality, and the clients' scope by financial examiners and FICO assessment organisations. What's

more, they found that the quality of information provided by the clients to the capital market had an overflow impact in the input market, i.e., enabled the suppliers to pick up their performance (Radhakrishnan et al., 2014:1691).

On the other hand, Mankin, Jewell, and Rivas (2017:95) argued that the objective of money related revealing gave valuable data to leaders. Successful budgetary detailing is fundamental for productive money related markets and gave straightforwardness and responsibility. Comprehensively, there were two essential monetary announcing frameworks. The United States, utilises proper accounting rules (U.S. GAAP). Outside the United States, whatever remained of the world used universal monetary detailing models (IFRS). The two frameworks required both monetary and non-money related divulgements for organizations that issued budgetary explanations. One required revelation for both GAAP and IFRS was for organizations to compute income per share (EPS). This is a vital budgetary proportion, however it isn't the main vital money related proportion.

Notwithstanding, it was as of now the main money related proportion that was required in organization yearly reports both in GAAP and in IFRS. Furthermore, they suggested that extra monetary revelations included a prescribed arrangement of money related proportions. These extra exposures was economical yet gave important extra data to speculators and enhanced the nature of money related reporting (Mankin et al., 2017:95). Therefore, developing customer capital processes that produced quality information for investors gave aid in increasing market share in the short to medium term.

Another study related to these customer capital processes was conducted by Husain, Al-Tameem, and Gautam (2013:53). Their research suggested that information communication technology enables hierarchical efficiencies however bargains viability and client capital. Moreover, an organisation's clients may be happy with interactive correspondence and direct contacts than by passive collaboration utilizing ICT-oriented processes such as process management, sites for online trade and automated calling centres. Furthermore, they found that organisations that underline efficiencies just for cost-cutting may discover their clients less fulfilled, established feeble relations with their clients, and faced

decreasing organizational learning and innovation competencies (Husain et al., 2013:54).

On the other hand, Wan, Wang, Zhang, and Cao (2017:17) argued that individuals frequently demonstrate their identities and thoughts to others with redid items (e.g., rings, shoes, mugs). Online customization conveyed unique experience and different esteems to client. Western researchers concentrated on online customisation encounter from either process esteem or results esteem. In any case, this division disregarded the whole recognition from shopper, and hampered the examination improvement of buyer saw esteem's idea, estimation, and outcomes (Wan et al., 2017:17). Therefore, investing in customer capital processes that maintained a personal or customised customer experience can result in increased client growth in the short to medium term.

Another study related to these customer capital processes was conducted by Caputa (2015:109). Their research suggested that customer feedback and recommendations created value for an organisation by contributing towards its customer capital resources. In addition, they found that the client input and suggestions impacted the buy conduct and took into account cost saving of client correspondence (Caputa, 2015:110).

Similarly, research conducted by Cegarra-Navarro and Sanchez-Polo (2008:1125) suggested that customer capital is a vital resource for a company as it was the after effect of a company's relations with its clients. What's more, they found that before acquiring client capital it was important to change over individual information, aggregate learning, and machine-lucid structures into client learning (Cegarra-Navarro and Sanchez-Polo, 2008:1126).

On the other hand, King, Chao, and Duenyas (2017:1332) argued that in consulting, monetary, and other service oriented ventures, clients contributed to an income stream, and obtained and held after some time. The research suggested that the asset assignment issue of a benefit boosting administration firm that progressively allots its assets toward securing new customers and holding unsatisfied existing ones. The communication amongst obtaining and maintenance in their model was

reflected in the money imperative on add up to expected spending on procurement and maintenance in every period.

Their research demonstrated that when the company's client base size is moderately low, the firm ought to spend vigorously on securing and endeavour to hold each miserable client. Nonetheless, as its client base develops, the firm ought to continuously move its accentuation from procurement to maintenance, and it ought to likewise intend to strike a harmony amongst obtaining and maintenance while spending its accessible assets. What's more, they found that when the client base was sufficiently vast, it was ideal for the firm to start spending less in both procurement and maintenance (King et al., 2017:1332). Therefore, customer capital processes that ensure effective acquisition to further develop customer capital resources assisted in the retention of new business.

Another study related to these customer capital processes was conducted by Chan and Wang (2012:848). Their research suggested that there were six parts of client capital: client focus, capacity to recognize clients' needs, client benefit, development and administration of a client data framework, advertise power, and client dependability. What's more, they found that client focus, altogether impacted the capacity to recognise clients' needs and development and administration of a client data framework. These two viewpoints straightforwardly influenced client benefit capacity, which additionally enhanced client devotion and market force (Chan and Wang, 2012:849).

On the other hand, Nițu, Nițu, and Tileagă (2015:327) argued that a CRM framework great actualized and utilized inside an organization will prompt expanded deals, enhanced nature of offers process, efficiency increment and effective accomplishing of the created extends in organizations, giving perceivability into every one of the exercises of the association. Nonetheless, there is a CRM seen that is entirely centered around data innovation. This new point of view provided the instruments for a genuine review of clients, apparatuses that was utilised to encourage deals achievement and to enhance client connections. (Nițu et al., 2015:327). Therefore, customer capital processes that ensured the capturing of customer information to

further develop customer capital resources assisted in improving customer relationships.

Another study related to these customer capital processes was conducted by Chen, Huang, and Davison (2017:220). Their research suggested that data quality applied a more grounded effect on financial fulfilment than services quality; and monetary fulfilment added to purchasers repurchase aims. Likewise, they found that associations ought to deliberately enhance site quality measurements as per distinctive sorts of purchasers' fulfilment and exploit client capital with a specific end goal to encourage purchasers' repurchase aims (Chen et al., 2017:221).

Similarly, research conducted by Chen, Sharma, and Raghav Rao (2016:87) suggested that customer capital in the types of trust, municipal identifications, and correspondence influenced site utilisation yet, in a non-uniform way. What's more, they found that municipal identifications specifically influenced a member's site usage; and that there were likely gender contrasts on the impacts of client capital (Chen et al., 2016:88).

On the other hand, Evans (2017:24) examined the significance of information in advertising and using new advancements, advertisers could catch more data about their clients, open bits of knowledge into client conduct and conveyed more customised and consistent individuals based interchanges. It expresses that client information was the establishment for building connections to both hold and new clients. The significance of information in advertising was outstanding over all businesses. Research suggested that there was a lot of information accessible. With new advances, advertisers could catch more data about their clients than was already conceivable. Utilising this information, advertisers opened bits of knowledge into client conduct more than ever, and utilised this to convey more customised and consistent individuals based interchanges, on the channels clients were destined to connect with. By adopting this bespoke strategy to advertising, utilities suppliers emerged from the opposition. With client evaluations and criticism influencing shoppers' provider decisions, it was never again cost alone that impacted the choice to switch. Components like long hold times and bungled correspondences truly

affected a buy choice. This move implied information driven showcasing had never been more critical to help shape the best involvement for purchasers.

Client connections turned into utilities' most vital resource, and client information – beforehand utilised for charging purposes – was the establishment for building those connections to both hold and pull in new clients. However new research demonstrated that most utilities had scarcely touched the most superficial layer of what was conceivable. Changing information into esteem and transforming understanding without hesitation wasn't clear. The following tips were highlighted by Evans (2017:24) for those working in utilities to help change their information into esteem were as follows:

- Begin with a best practice way to deal with information administration. In the event that client understanding was vital to upper hand in the advanced age, at that point information was the fuel to give this knowledge. Yet, you just pick up the correct bits of knowledge whether you have the correct information foundations and procedures set up. All information was important yet not all information was similarly profitable. A down to business approach was required to actualising a fitting information condition that conveyed prompt business esteem while being sufficiently adaptable to go up against new and energising wellsprings of information as they ended up plainly accessible.
- Guaranteeing the maintenance and procurement procedure was educated by understanding. The aggressive, effortlessly practically, identical, and switchable nature of the utilities showcase implied advertisers needed to put rise to concentrate on securing and holding clients. Information advised the entire advertising blend by customising correspondences over each channel at an individual level. By guaranteeing your procedure depended on information and knowledge you have at that point ventured in front of the opposition.
- Get the correct innovation set up. Enhancing information driven showcasing could wind up plainly convoluted without access to the correct instruments and investigation. Developing knowledge stages are uniting these two sides, incorporating rich and different client and market information into a solitary

data-driven show. By utilising information driven innovation equipped for following a person's total client travel, advertisers utilised this data to draw in clients with suggestions that best fit their needs to make further connections and expanded consumer loyalty.

- Associate on the web and disconnected channels and information. Given the ascent in clients jumping amongst channels and gadgets to oversee and draw in with their suppliers, enhancing cross-channel advertising and measuring its adequacy was harder to accomplish. By joining the dabs amongst on the web and disconnected client ventures you could make a solitary client see, enhanced the client encounter and enhanced your arrival on speculation in the meantime.
- Personalisation that went past "Hi [first name]". Most utilities advertisers customised email battles. In any case, customising client correspondences does not need to stop at email. By furnishing clients with a customised involvement over all channels you convey a steady trip that fulfils their individual needs.
- Accomplish the correct mix of information and imagination. The focused idea of the utilities showcase implies it is troublesome for associations to separate themselves. We now live in a period of information driven inventiveness, where information was being bridled to understand the estimation of a brand, to shape individual connections and drive more powerful correspondences. Brands that are turning the tide on this approach are opening imaginative thoughts that convey game changing efforts.
- Demonstrate propelled attribution crosswise over channels at an individual level. While utilities advertisers concur that precisely ascribing an incentive crosswise over channels was imperative to their association, only a few are utilising propelled attribution models. This implies advertisers attempted to comprehend the arrival from their ventures. While computerised stages have empowered brands to gather more information about client practices, advertisers are not consolidating this information with their disconnected information to see the full way to buy at an individual level.
- Join forces with specialists. Information and investigation aptitudes keep on being a missing bit of the perplex. An aptitudes lack was frequently the

greatest boundary to advertising programs, with just under 50% of utilities advertisers referred to this as their best test. Master information researchers won't just find new experiences, yet they made it significant and important for a technique or battle. Through information science and client knowledge and insight, advertisers secured the understanding expected to enable clients to settle on savvy provider decisions. By utilising data-driven bits of knowledge to convey improved, customised encounters, utilities will then have the capacity to successfully connect with clients and keep up their piece of the overall industry. The emphasis on utilising information to make an incentive for clients before endeavouring to separate an incentive from them was the way to winning the information driven advertising race.

Therefore, an organisation's website should be aligned to customer capital processes to ensure increased client growth and retention in the short to medium term. Another study relating to these customer capital processes was conducted by Mubarik, Chandran, and Devadason (2016:45). Their research suggests it was imperative for firms to enhance customer fulfilment to build up behavioural dependability and support their client demographic base. In addition, they found that customer capital influences the quality of customer dependability, including both behavioural and attitudinal measures (Mubarik et al., 2016:46).

On the other hand, Fašiang (2016:75) argued that the contemporary promoting pattern is progressively indicating the issue of how the brand esteem is seen through the client's eyes. There was a look for shared reliability measuring the size of consumer loyalty's in connection to his dependability and wanted impact of tedious buy. This relationship can be translated on the reliance rule - if the size of fulfillment was expanding, the apparent brand esteem and wage was developing also. Regarding retail, this can be considered as the key component in expressed reliance the shopping place determination.

Their research portrayed that the buyer shopping choice in period of shopping place determination. In this procedure the key part was retail activity sweep and seeing of its characteristics. The other point conveyed by their study was to diagram the likelihood of shopping place determination regarding brand esteem seeing and

activity span affecting of contender's retails (Fašiang, 2016:75). Therefore, dependence and assurance ought to be achieved autonomously, contingent on the attention of businesses, either attitudinal dependability or behavioural dedication.

Hence, from the studies reviewed relating to growth and retention as important customer capital processes, a research gap has been identified with regards to how these processes can highlight the impact of IC on organisational performance.

2.3.2 Customer capital and business performance

According to bin Ahmad and Mushraf (2011:369), the business execution stretches out the territories of estimations to the three viewpoints. There was advancement, rate of new product improvement, consumer loyalty, client maintenance and working expenses. This was further supported by Akbari, Rostami and Veismoradi (2013:265), who state that monetary activity is proportional to the count of sales and purchases of customers, total count of customers, total number of contracts and eventually the profitability of the main indicators that measured financial activity and performance.

According to bin Ahmad and Mushraf (2011:106), business execution assessment is the procedure to help management choices with regards to a company's execution by choosing indicators, gathering and investigating information, surveying data against execution criteria, announcing and conveying and occasionally looking into and enhancing this procedure and that the part of intellectual capital was the most critical source of competitive advantage and the firm's profitability.

Wu and Sivalogathan (2013:140) also confirmed that 'a firm's capacity to develop and apply its expertise and knowledge is highly related to its intellectual capital'. Intellectual capital was being considered a new reconciling variable for understanding a high performance work system and organisational performance (Becker and Huselid, 1998). With the practice of high performance work systems in supporting and elevating human, structural and social capitals of an organisation, operational efficiency may be enhanced, thereby influencing the financial

performance of an organisation and in the long run bringing into view value-added business performance for the organization (Lee, Wu and Chao, 2015). In light of this, several studies were identified relating to the impact of IC on organisational performance.

Productivity and profitability were customer capital processes that can potentially highlight the impact of IC on organisational performance, as illustrated in the study by Hejazi, Ghanbari, and Alipour (2016:260). Their research suggested that competitive advantage and achievement were accomplished by vital administration of intellectual capital instead of allotment of physical and financial assets. In addition, they found that intellectual capital was often measured so as to compare the market value and development of firms and improve their performance (Hejazi et al., 2016:261). Furthermore, they assert that intellectual capital was the main source of innovation in a cutting-edge economy.

On the other hand, Narwal and Yadav (2017:45) argued that to meet the worldwide rivalry, the general convergence of Indian corporate is on physical and scholarly capital. The intellectual capital assets continue changing the impact on the organisation's execution. Furthermore, their study illustrated the application of customer capital specifically within the Indian real estate sector. It was found that aggressively growing companies were using structural capital to gain competitive advantages.

Hence, the associations that expect latest change and revamp their impalpable asset base may build extra upper hand in the economy. There is presumably that blasting organizations over all industry areas are using scholarly money to increase monetary favorable position. (Narwal and Yadav, 2017:45). Therefore, investing in customer capital can also play a key role in developing competitive advantages for an organisation or industry.

Growth and retention are customer capital processes that can potentially highlight the impact of IC on organisational performance, as illustrated in the study by Tabarsa, Fakhari, and Hamidian (2014:505). Their research suggests that intellectual capital (human, structural, customer and innovation) impacted on

organisational performance. In addition, they found that significant relationships exist between dimensions of intellectual capital such as human capital, structural capital, customer capital and innovation capital and organisational performance effectiveness (Tabarsa et al., 2014:507).

On the other hand, Imran, Ilyas, and Aslam (2016:232) argue that transformational administration has a critical positive effect on hierarchical learning and information administration process ability, and somewhat intercedes the connection between transformational initiative and authoritative learning. Furthermore, learning serious culture has fortified the connection between transformational initiative and information administration process capability.

Subsequent to looking at the significance of authoritative learning with regards to inventive capacity, upper hand, imagination and hierarchical execution, administration needs to start ventures to accept transformational pioneers, create information serious culture and acquaint information administration forms with support learning condition in associations (Imran et al., 2016:232). Therefore, knowledge-based resources such as customer capital, human capital, and structural capital prompt competitive advantage for companies. As a result, in order to enable proactive behaviour in the market place, entrepreneurial firms have to reconfigure their intangible assets (Mohammad, Ansari, Ologbo and Rezaei, 2013:99).

Hence, the past studies reviewed emphasised the position of customer capital as a factor of intellectual capital; however, gaps were identified in the literature relating to which processes ought to be implemented to quantify and manage the impact of organisational performance. Likewise, the literature does not shed any conclusive light on the most efficient processes to maximise the results from IC in an organisation within the banking sector. Therefore, customer capital processes that had been identified to potentially address these research gaps are illustrated in Figure 2 below:

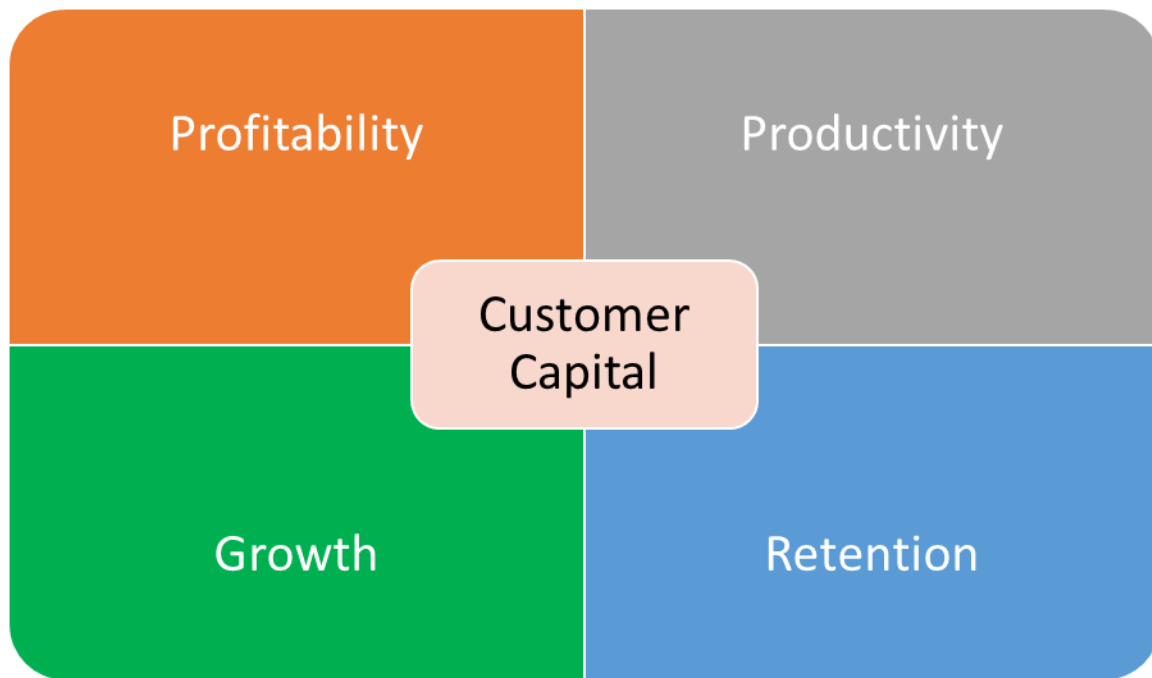


Figure 2: Overview of Key Customer Capital Processes

Source: Researcher's own construction

2.4. Commitment to IC

This section defined human capital and highlights its importance as a component of intellectual capital presenting past studies. Thereafter, the commitment to IC within organisations was reviewed by to determine the extent of the research gap in the existing literature.

2.4.1 *What is human capital?*

Human capital alluded to the learning that exists in the minds of individuals and their experiences; therefore it is especially important in today's competitive environment, because it is the sum of employees' capacity to create tangible and intangible assets using their ideas and knowledge (Hejazi et al., 2016:260). It was these ideas that create value for the organization and help it succeed in competitions. Moreover, unlike structural capital that was retained by the business, human capital was embedded in the people of an organization, and the organization loses these capitals when individuals leave. Furthermore, human capital was also created or bought; and

firms with better and more human capital had higher productivity, income, and market value (Hejazi et al., 2016:262).

Several studies were identified to have made varying contributions to the literature by featuring the significance of human capital processes. These studies are indicated in the following table:

Table 3: Breakdown of Human Capital Studies

Human Capital Processes	Past Studies
Communication	(Battaglio et al., 2017:297).
Communication	(Hollenbeck and Jamieson, 2015:370)
Communication	(Niculescu, 2015:45)
Innovation and Decision-Making	(Greer et al., 2017:137)
Innovation and Decision-Making	(Jansen et al., 2013:192)
Innovation and Decision-Making	(Bagieńska, 2016:92)
Technology and Resources	(Huseinov, 2017:38)
Technology and Resources	(Ployhart, 2015:342)
Technology and Resources	(Ali and Al-Aali, 2016:200)
Budget and Investments	(Morris et al., 2017:912)
Budget and Investments	(Riley et al., 2017:1895)
Budget and Investments	(Mahoney and Kor, 2015:296)
Budget and Investments	(Marimuthu et al., 2009:265)
Budget and Investments	(Kryscynski and Ulrich, 2015:357)

Source: Researcher's own construction

Table 3 highlights the studies that were reviewed and are discussed in this section to further develop the research questions. Communication was a human capital process that was a vital aspect of intellectual capital, as illustrated in the study by Battaglio, Goodman, and French (2017:297). Their research proposed that not all representatives have learning and abilities that are of strategic equivalent significance to the organisation. In addition, they found that successfully implementing a strategic plan must include communication from management as to

directives for achievement and feedback from employees on the plausibility of such directives in their day-to-day activities (Battaglio et al., 2017:298).

On the other hand, Sullivan (2016:14) argued that HR ought to take after the approach utilized by other overhead capacities like inventory networks that have demonstrated to officials that they can straightforwardly affect income and benefit. HR can embrace a "high business affect procedure" that spotlights on directly affecting vital business objectives like advancement, income, and benefit. Furthermore, it also highlighted the objective of enlightening senior management to "reconsider HR," on the grounds that for a considerable length of time HR pioneers have been very happy with being considered as an overhead or authoritative capacity.

As administrative functions within organisations, HR, bookkeeping and security all have the following in come: they cost a lot of cash to work, yet they don't endeavour to contribute specifically to achieving key corporate objectives and benefits. However Sullivan (2016:14) highlighted the following key elements for developing strategic plans to ensure that HR became the #1 business impact function:

- Focused on the key objectives that administrators think about. Top management and senior administrators are laser-centered around creating vital outcomes.
- Convert HR came about into unmistakable salaries. Figuring out how to change over HR came about into income impacts expects HR to work intimately with its greatest commentator, the CFO. This organization guaranteed that the procedures used to figure the dollarize measurements which uncover business impacts are tenable and solid
- Build a convincing business case. When you see how to change over HR comes about into dollars, you should assemble a convincing business case to get the required help and financing for your new technique.

- Contribute to building an execution culture. The most effective vital approach for getting everybody in the association concentrated on execution is to assemble an "execution culture." An execution culture was the place each administrator, representative and administration process is laser centered around straightforwardly enhancing worker and authoritative execution.
- Shift concentration from "HR issues" to "Business Problems". Refocus from "strategic HR issues" (i.e. enrolling, maintenance and so forth.). So as to have key effect, HR must figure out how to rather move center towards affecting "business issues" like expanded income and enhanced client benefit.
- Enable information based basic leadership. Each and every other business work outside of HR long prior embraced a model where each critical choice is made in view of measurements, information, and realities. On the off chance that you keep up HR's notoriety for settling on choices in view of feelings, instinct and past training, you just won't be regarded by the pioneers of other information driven business capacities.
- Become forward-looking and prescient. Truly 100% of HR measurements are verifiable and in reverse looking. Be that as it may, key business pioneers are forward-looking.
- Prioritise specialty units, occupations, workers and HR programs. HR can never again accept that everything is of equivalent significance; that attitude lessens HR's general effect. Begin by recognising the different vital specialty units/works that administrators had effectively resolved to be a high need in view of their net revenues or fast development, at that point concentrate your consideration excessively on them.
- Focus on expanding incomes as opposed to cutting expenses. HR customarily concentrated on cutting expenses as opposed to expanding income. Lamentably, depending entirely on cost-cutting measures could be a colossal slip-up in light of the fact that CEO's leaned toward expanding

incomes (top line development) over cutting expenses. Concentrate efforts on particular activities that specifically increment income. What's more, since people in income producing positions (e.g. deals and accumulations) or income affect positions (e.g. client benefit) have such a vast effect on income, those positions ought to have been organised

- Create upper hand. Since HR faced outside ability rivalry, it's insufficient to just work in seclusion and to enhance your HR forms a little every year. Rather, you should figure out how to look remotely and do an occasional outer "aggressive investigation" to guarantee that each of your HR procedures and results were better than those of your immediate item and ability contenders.

Therefore, developing a strategic plan with human capital processes at forefront can ensure that communication filtered effectively throughout the organisation. Bearing this in mind, coordinating strategic plans required collaboration among all employees at varying levels of human capital in carrying out new directives for the purpose of achieving organisational intents. Similarly, research conducted by Hollenbeck and Jamieson (2015:370) suggested that a significant number of the marvels and results identified with human capital, for example, enlisting and on-boarding, cooperation and correspondence, knowledge management, and employee fulfilment are additionally subject to social capital and the social systems that exist among workers (Hollenbeck and Jamieson, 2015:371).

On the other hand, Oh, Blau, Han and Kim (2017:353) argued that human asset (HR) directors' sense of duty regarding their occupation (HR) prompted the correct conveyance and execution of HR rehearses and, consequently, was esteemed as a basic factor for the accomplishment of HR hones. In light of sociocognitive, human capital, and flagging hypotheses, looked into recommends that: (a) HR supervisors' own particular and their central HR officer's (CHRO) HR-particular human capital as forerunners of their sense of duty regarding HR, and (b) the interceding component through which the CHRO's HR-particular human capital decidedly impacts HR chiefs' responsibility regarding HR.

Likewise, CHROs with more elevated amounts of HR-particular human capital decidedly impact HR chiefs' sense of duty regarding HR by motioning to them that HR and its capacity were esteemed and thought about by their associations (Oh et al., 2017:353). Hence, from the studies reviewed relating to communication as an important human capital process, a research gap had been identified with regards to how communication can highlight an organisation's commitment to IC.

Innovation and decision-making are human capital processes that are important aspects of intellectual capital, as illustrated in the study by Greer, Lusch, and Hitt (2017:137). Their research suggested strategic capabilities that aid decision-making and achieved through the development, bundling, and deployment of human capital assets (in which connections are particularly critical). Furthermore, they found that the exchange of service (as opposed to transactional engagements) and the indications of a service viewpoint, for example, enduring relations, joint effort, co-creation, open discourse, trust, and status minimization—can encourage the packaging and organization of human capital assets for compelling strategy execution (Greer et al., 2017:138).

On the other hand, Gambardella, Panico, and Valentini (2015:37) argued that propelling human capital in information escalated exercises is a genuine administrative test since it is hard to connect prizes to activities or execution. Firms rather may spur information specialists by offering them chances to expand individual advantages (e.g., learning, fulfillment) through independence in the basic leadership process.

Their study proposed that organizations can offer less self-governance in ventures nearer to their center business: Because firm specialisation raises the estimation of the undertaking's results, it additionally expanded the advantages for information laborers, who infer inspiration despite the fact that they settle on less choices to help their acknowledgment of individual objectives. Ventures more distant from the center offer weaker firm commitments, so firms can spur information laborers by enabling them to profit by more noteworthy independence (Gambardella et al., 2015:37). Therefore, the bundling of human capital resources ensured that staff are empowered in decision-making and innovation.

Another study relating to these human capital processes was conducted by Jansen, Curşeu, Vermeulen, Geurts, and Gibcus (2013:193). Their research suggested that in high-stake choices the qualities of individual decision-makers, their translation of choice circumstances, and their social ties assumed a vital part in decision outcomes. What's more, they found that that the interaction between human capital and social capital influences decision outcomes through evaluative judgments and this impact was directed by decision content, such that relying upon decision content (interior versus outer concentration) entrepreneurial experience and the expansiveness of social capital were either resources or liabilities for choice viability (Jansen et al., 2013:194).

On the other hand, Williams, Chen, and Agarwal (2017:1391) argued that standard way of thinking holds that organizations were in an ideal situation contracting the individuals who exhibited related knowledge and aptitude in errands as close as conceivable to the activity. In the domain of the best administration group (Top Management Team), in any case, it was found that many firms advantage from enlisting freshmen from different firms who were new to the best administration group level. These hopefuls brought helpful information of the operations of contenders and different firms, and they were less demanding to mingle and incorporate with the current group.

While more experienced senior pioneers brought important key learning, this examination proposed that lone best administration groups with since quite a while ago shared experience can climate the interruption that they caused to understand the potential advantages (Williams et al., 2017:1391). Hence, from the studies reviewed related to innovation and decision-making as important human capital processes, a research gap had been identified with regards to how these processes highlighted an organisation's commitment to IC.

Technology and resources are human capital processes that were important aspects of intellectual capital, as illustrated in the study by Huseinov (2017:39). Their research suggested that human capital was the foundation of modern knowledge for growth, employment and social development. In addition, they found that human

capital development was logically defined as a task of paramount importance in any modern political doctrine of social development (Huseinov, 2017:40).

On the other hand, Gujral (2016:51) argued that government disability frameworks around the globe advanced at various circumstances, at various velocities, for frequently altogether different necessities. In any case, now every nation faces a well known fact: their government disability associations was really versatile, prepared to convey another kind of administration during a period of consistent innovative and social change. Every government managed savings framework was moving toward this overwhelming errand in their own specific manner - an excellent social examination in how offices gave a proactive, customised benefit that met their natives' consistently evolving needs.

Research likewise features that best in class innovation, computerisation and new organisations between open area offices guaranteed a significantly more quick witted, more understanding driven administration for all. Innovation was just a single side of this condition. As a major aspect of re-examining their whole mission, standardised savings offices will require new specialists with new arrangements of abilities, and for their current labourers to adjust and grasp their evolving parts. None of this was clear. Whatever the first reason for the government disability association, it was now changed permanently. Yet, with the correct blend of ability and innovation, organisations can try to another model: one that was sufficiently adaptable to withstand monetary and social stun and sufficiently versatile for the difficulties that lie ahead (Gujral, 2016:51). Therefore, investing in the technology and resources that aid the development of human capital resources was also critically important.

Another study relating to these human capital processes was conducted by Ployhart (2015:345). Their research suggests that organisational behaviour processes must be aligned with strategic human capital processes; because organisational behaviour resources might be important, uncommon, exorbitant or hard to emulate, and hard to substitute. In addition, they found that these organisational behaviour traits may frame complementarities with human capital assets that render every such resource

firm-specific through the development of firm-specific technology and resources (Ployhart, 2015:346).

On the other hand, Prusak (2016:27) argued that capabilities of representatives and ability administration are components genuinely all around portrayed in the writing. A cutting-edge way to deal with these issues, nonetheless, must have a more extensive than conventional character. This was after the huge changes that occurred in administration sciences communicated by an expanded part of impalpable resources.

Scholarly capital, its segments, associations with big business assets and components of nature are vital parts of the key contemplations attempted by administration staff in present day undertakings. Skills which are particular articulation of the capability of representatives, their capacity to identify changes and discovering arrangements - in this new setting turn out was significantly more vital. (Prusak, 2016:27). Hence, from the studies reviewed relating to technology and resources as important human capital processes, a research gap was been identified with regards to how these processes can highlight an organisation's commitment to IC.

Budget and investments are human capital processes that are important aspects of intellectual capital, as illustrated in the study by Morris, Alvarez, Barney, and Molloy (2017:915). Their research suggested that firm-specific human capital speculations can be a market flag of a person's eagerness and capability to make such investments later on. Moreover, they found that investing in specific relationships inside a firm would be viewed as firm-particular ventures; which sent profitable signs to contending firms that such representatives were eager and ready to make the same likely investments somewhere else (Morris et al., 2017:916).

On the other hand, Sienkiewicz and Wojtczuk-Turek (2013:115) highlighted the following barriers within human capital development:

- absence of budgetary assets,

- higher need of different issues/ventures/speculations,
- absence of time for formative activities,
- absence of awareness of board individuals and supervisors concerning the significance of advancement,
- absence of workers' energy to learn, and an
- authoritative culture impervious to change.

Furthermore, their study illustrated the application of human capital specifically within Poland medium and large companies categorized as knowledge-intensive service (KIS), less-knowledge intensive service (LKIS) and production; which highlighted the importance of employees' eagerness to learn (Sienkiewicz and Wojtczuk-Turek, 2013:115). Henceforth, directors were occupied with deciding whether a potential recruit had made earlier firm-particular ventures that enabled them to know whether that individual may probably have similar interests in his or her future place of work. Another study related to these human capital processes was conducted by Riley, Michael, and Mahoney (2017:1899). Their research suggested that viable interests in human capital and training material, and that these human capital speculations had more impact when joined with correlative resources of research and development, physical capital, and advertising ventures. In addition, they found that executives who saw operatives as an asset to be further developed, could hope to beat the individuals who saw it as a cost to be limited (Riley et al., 2017:1900). Similarly, research conducted by Mahoney and Kor (2015:298) research suggested that interests in firm particular human capital was an essential pathway to building and upgrading an association's core capabilities. Subsequently, it was crucial to assemble components and frameworks that empower the improvement and shielding of these human capital-based capacities (Mahoney and Kor, 2015:299).

On the other hand, Asrar-ul-Haq (2015:97) argued that there is intense requirement for the correct strategies to diminish the hole between the scholarly community, research and occupation advertise. The colleges need to rebuild their projects to plan Human Resource Development experts for what's to come. Also, the legislature ought to make and urge the private segment to offer new open doors. Cerebrum deplete was a basic test for creating nations. It had ability and inventiveness, yet

needed in the framework to recognise, create, inspire and compensate this ability pool. (Asrar-ul-Haq, 2015:97). Therefore, it had been clearly demonstrated that human capital was perceived as the biggest and the most imperative elusive resource in an organisation.

Human capital alluded to forms that identify with preparing, instruction and other expert activities to build the levels of information, aptitudes, capacities, qualities and social resources of a representative which prompted the worker's fulfillment and execution, and in the long run impacted on an organisation's performance (Marimuthu et al., 2009:268). On the other hand, Mas-Machuca, Berbegal-Mirabent, and Alegre (2016:586) argued that organisations focused on representative work-life adjust to improve authoritative pride and occupation fulfillment. The exploration tries to help organisations to all the more successfully utilise their human capital assets. (Mas-Machuca et al., 2016:586). Hence, from the studies reviewed relating to budget and investments as important human capital processes, a research gap had been identified with regards to how these processes can highlight an organisation's commitment to IC.

2.4.2 Human Capital and Commitment to IC

'Intellectual capital in organisations had become the most important measure of developing a successful business framework (Safapour and bin Ahmadi, 2015:202)'. Tabarsa, Hadizadeh and Minaee (2015:2), believed that the 'intellectual capital concept is exceeding the sum of human, structural and relational resources of company and their application should be for value creation'. Al-Dujaili (2012:128), stated that, 'The collective knowledge of employees in the companies can be used to produce wealth. This is because intellectual capital offers significant resources and it can be considered non-material wealth in a broader perspective, determining its scope and components'. In light of this, several studies were identified relating to human capital and commitment to IC.

Communication was a human capital process that could potentially highlight an organisation's commitment to IC, as illustrated in the study by Niculescu (2015:46).

Their research suggested that organizational disclosure bodes well objectively and morally, subsequently the business pioneers and the best executive administration must decipher how to viably communicate, impart, and cultivate genuineness in a straightforward way. What's more, they found that the part of a pioneer of an organisation is never again essentially to maintain the business once a day, however to make the correct culture in light of morals and qualities (Niculescu, 2015:47); which can only be achieved through effective communication.

On the other hand, Meier, Favero, and Compton (2016:258) argued that social capital advantages a few gatherings more than others and that it collaborates with administration to enhance execution. Furthermore, it was found that social capital and human capital do not reinforce the benefits of each other. On the contrary, it was actually found that the two IC processes were substitutable; which implied that management may substitute human capital resources when social capital is low to improve communication throughout the organisation.

Their research further suggested that the advantages related with social money to be non-uniform crosswise over group gatherings (Meier et al., 2016:258). Therefore, communication ended up plainly fundamental to develop such a structure, in light of authority forms, toward accomplishing business targets and related development, benefit, and return objectives, plotting the eventual fate of corporate administration and what's required for proceeded with adequacy in a system where knowledge is ceaselessly improved.

Innovation and decision-making were human capital processes that can potentially highlight an organisation's commitment to IC, as illustrated in the study by Bagieńska (2016:92). Their research suggested that the absence of unanimity of stakeholders' opinions on building esteems, coming about because of the separation of their access to data, brought about the estimation of the undertaking in the monetary sense, assessed from inside the firm, not conforming to the market esteem assessed by speculators on the premise of accessible data. In addition, they found that in spite of differences in understanding the value measurement, evaluated the role played by financial, human and social capital results in creating value for an organisation (Bagieńska, 2016:93).

On the other hand, McGuirk, Lenihan, and Hart (2015:965) argued that the capacity to recognise and assess the upper hand of workers' transferable and imaginative attributes was of significance to firms and policymakers. This exploration broadened the standard measure of human capital by building up a special and sweeping idea of Innovative Human Capital and stresses its impact on little firm development and henceforth development (occupations, deals and efficiency).

This new Innovative Human Capital idea typifies four components: instruction, preparing, eagerness to change in the working environment and employment fulfillment to conquer the confinements of estimations utilised already. An expanded advancement creation work is utilised to test the theory that little firms who utilise top management with Innovative Human Capital probably improved (McGuirk et al., 2015:965). Therefore, formal value-added statements and measurements are the outcomes of effective innovation and decision-making human capital processes; and according to Bagieńska (2016:94), from the partners' perspective, the data on produced salary designation was generally vital.

Technology and resources are human capital processes that can potentially highlight an organisation's commitment to IC, as illustrated in the study by Ali and Al-Aali (2016:200). Their research suggested that increasing accidents and dangerous events occurring at organisational and national levels had made it imperative that proper structural and cultural arrangements were established; and that one of the most effective approaches was crisis management. In addition, they found that crisis management was doomed to failure without adequate training, learning, and development of human capital (Ali and Al-Aali, 2016:201).

On the other hand, Wilson (2016:309) argued that the significance of a de-centralised operational decision leadership, growing correspondence channels, guaranteed sufficient outside assets, and drawing in outer partners in the administration of an association tried to effectively work and at last rise up out of liquidation. The exploration distinguished the focal significance of growing basic leadership limits in the strength of associations and their capacity to adjust when under antagonistic conditions, for example, liquidation. The suggestions bolster an

association building up a human asset technique to create hierarchical flexibility (Wilson, 2016:309). Therefore, having policies in place, such as crisis management, also ensure that adequate resources are dedicated to IC within an organisation.

Budget and investments are human capital processes potentially highlighted an organisation's commitment to IC, as illustrated in the study by Kryscynski and Ulrich (2015:357). Their research suggested that the area of key human capital is developing at the crossing point of strategy and key human asset administration. Furthermore, Kryscynski and Ulrich (2015:358) have posited the following three strategic assumptions:

- Assumption 1: Firm-specific human capital was imperative for a company's focused execution
- Assumption 2: Employees must have the capacity to assess which speculations will yield firm-particular versus general human capital before making those ventures
- Assumption 3: Employees must have optional decision over their interests in firm-particular and general human capital

Hence, the past studies reviewed highlighted the importance of human capital as a component of intellectual capital; however, gaps were identified in the literature relating to the processes that help better understand the level of commitment to IC within an organisation in the banking sector. Therefore, the human capital processes that have been identified to potentially address these research gaps are illustrated in Figure 3 below:

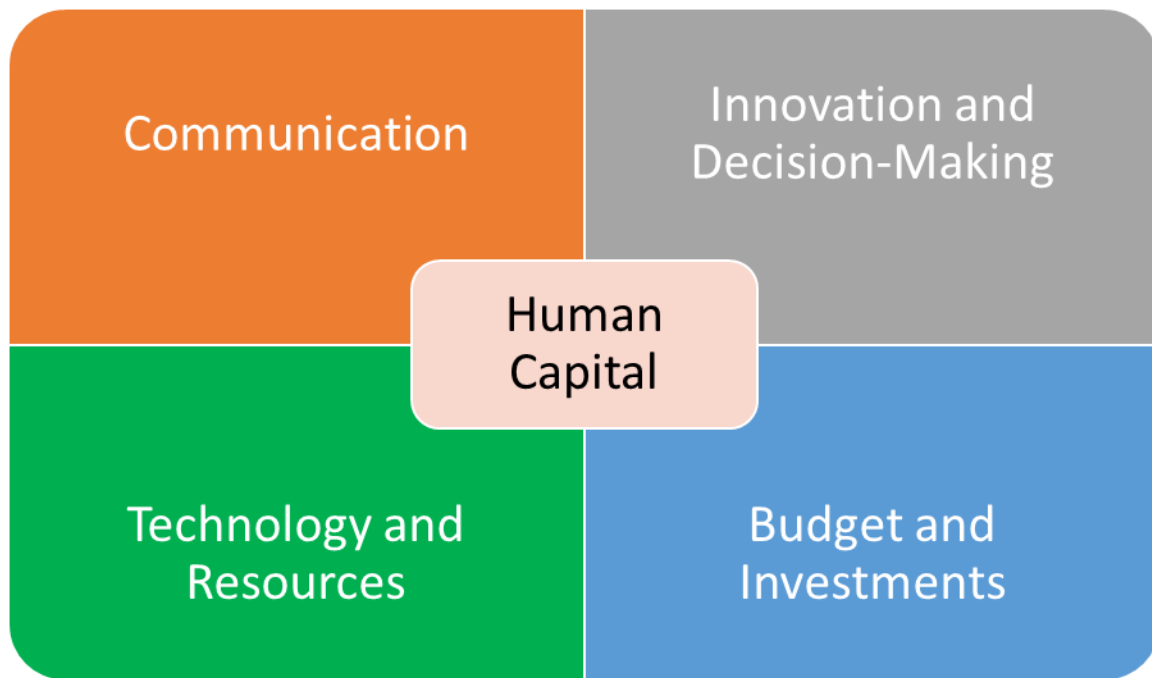


Figure 3: Overview of Key Human Capital Processes

Source: Researcher's own construction

2.5. Factors influencing IC

This section defined structural capital and highlights its importance as a component of intellectual capital by reviewing past studies. Thereafter, the factors influencing IC are presented to determine the extent of the research gap in the existing literature.

2.5.1 *What is structural capital?*

Structural capital was the routine knowledge, including the knowledge stored in databases, procedures, publications, and organisational culture, which created value for an organisation. In other words, structural capital was the knowledge embedded in an organisation's processes, routines, and practices (Hejazi et al., 2016:259). Structural capital incorporates all the non-human storage facilities of information in firms which incorporate the databases, hierarchical graphs, process manuals, techniques, schedules and anything whose incentive to the organization is higher than its material esteem.

Furthermore, effective structural capital was worked through authoritative procedures, data frameworks, hierarchical culture, interior hierarchical structure, or regulatory frameworks. Moreover, it was only structural capital that belonged to the organisation and can be reproduced or shared (Hejazi et al., 2016:260). Similarly, Roos et al. (1997:42) described structural capital as ‘what remains in the company when employees go home for the night’. Several studies were identified to have made varying contributions to the literature by highlighting the importance of structural capital processes. These studies are indicated in the following table:

Table 4: Breakdown of Structural Capital Studies

Structural Capital Processes	Past Studies
Sustainability and Customer-Centric	(Núñez Ramírez et al., 2017:33)
Sustainability and Market Awareness	(Singh et al., 2011:813)
Innovation and Customer-Centric	(Filiari and Alquezai, 2014:728)
Innovation and Market Awareness	(Aramburu et al., 2015:39)
Customer-Centric	(Biong and Ulvnes, 2011:223)
Innovation	(Yuqian and Dayuan, 2015:40)
Innovation and Sustainability	(Fan and Lee, 2011:172)
Sustainability	(Wildowicz-Giegiel and Misiewicz, 2016:276)
Market Awareness	(Molloy and Barney, 2015:309)

Source: Researcher’s own construction

Table 4 highlights the studies that were reviewed and are discussed in this section to further develop the research questions. Sustainability, customer-centricity and market awareness are integrated structural capital processes that were important aspects of intellectual capital, as illustrated in the study by Núñez Ramírez, Nunez, Alejandro Banegas Rivero, and Nélida Sánchez Bañuelos (2017:33). Their research suggested that there is an association among intellectual capital dimensions (human capital, structural capital and social capital). What's more, they found a positive and critical relationship among intellectual capital measurements, whose outcomes gave experimental proof that structural capital was explained by elements of human capital and customer capital in organisations (Núñez Ramírez et al., 2017:34).

On the other hand, Teixeira and Queirós (2016:1636) argued that human capital is distinguished as one of the fundamental determinants of monetary development and assumed an essential part in the mechanical advance of nations. In any case, existing investigations had to some degree ignored the significance of human capital in the development procedure by means of the collaboration it can have with a nation's mechanical specialisation. Also, the accentuation is principally put on supply-side determinants, while request side elements were dismissed, especially the importance of the procedures of basic change. Accordingly, utilising a development display which coordinated factors from both the supply side and request side, the study surveyed the immediate and roundabout impacts of human capital on monetary development, incorporating into the last the connection of human capital with the modern specialisation of nations. In view of dynamic board information estimations, the study found that human capital and the nations' gainful specialization elements were vital components for monetary development. In addition, the cooperation between human capital and auxiliary change in high information serious ventures impacts essentially on monetary development. In any case, the indication of this impact relied upon the kind of nation and the time of investigation.

Their research suggested that human capital fundamentally and emphatically impacted on the nations' monetary development however the impact of human capital by means of specialisation in cutting edge and learning escalated exercises was negative. The last outcome demonstrated that the absence of mechanical structures ready to legitimately incorporated very instructed people into the beneficial framework drives nations to encounter disillusioning monetary returns (Teixeira and Queirós, 2016:1636). Therefore, the development of structural capital processes can assist in the implementation of a long term sustainable plan on profitable as well as sustainable growth.

Another study related to these structural capital processes was conducted by Singh, Tan, and Mookerjee (2011:816). Their research suggested undertakings with more noteworthy inward union (that is, attachment among the participating individuals) were more fruitful. What's more, they found that the amount of immediate and outside contacts emphatically influenced an undertaking's success (Singh et al.,

2011:817). Therefore the facilitation of social cohesion within an organisation can also result in the ability to be innovative, flexible and transparent.

On the other hand, Gallardo-Vázquez (2017:106) addressed two current points in associations: Corporate Social Responsibility (CSR) and Intellectual Capital (IC). The writing said that the two were wellsprings of upper hands. On one hand, the activity of CSR gave greater profitability, more execution and more focused achievement. Then again, the IC contained an arrangement of immaterial esteems in associations (human capital, social capital and auxiliary capital) ready to give more an incentive than substantial resources. Research participated in the potential effect of a joint system in light of the activity of CSR and the IC, brought about the purported Sustainable Intellectual Capital (SIC). The frequency of this was the accomplishment of an upper hand over corporate methodology, prompting the making of significant worth in the association. also, the conceivable linkage amongst CSR and IC in associations.

Their research asserted that this thusly achieves, a socially dependable organisation had a superior Human Capital, a more extensive Relational Capital and a more grounded Structural Capital. The estimation of the examination lies in getting another approach connecting the two sorts of vital resources under investigation, called the SIC (Gallardo-Vázquez, 2017:106). Hence, from the studies reviewed relating to sustainability, customer-centricity and market awareness as integral structural capital processes, a research gap had been identified with regards to how these processes can play a role as a key factor that influences IC within an organisation.

Innovation, customer-centricity and market awareness were integrated structural capital processes that were important aspects of intellectual capital, as illustrated in the study by Filieri and Alguezaui (2014:731). Their research suggested that people and firms ended up progressively engaged with joint effort systems to share information and produce development. In addition, they found that it was the adjust of various combinations of structural which empowers an individual or an organisation to investigate, get to, acclimatize and join diverse learning sorts, which prompted enhanced advancement results (Filieri and Alguezaui, 2014:732).

On the other hand, Chahal and Bakshi (2016:61) argued that associations which have talented, innovative, and particular learned representatives alongside strong authoritative structures and frameworks and kept up sincere client relations that contributed to accomplishing unrivaled hierarchical position. Henceforth, it was essential to comprehend to what degree scholarly capital was effectively used by particular segments in making an incentive for associations

All the three measurements namely human capital, social capital, and basic capital were found to essentially add to the scholarly capital, among which social capital contributed generally more, trailed by human capital and basic capital. Relational capital comprised of critical things like meeting with clients, client input, and information and normal client communication. Essentially, human capital measurement comprises of critical things like worker imagination, dedicated staff, preparing and instruction, experience, state of mind, and inventive representatives. Auxiliary capital was a composite of significant things like structure, frameworks, data innovation, abilities, culture, strengthening, and administration quality which helps in creating scholarly capital.

Their research discoveries could help bank supervisors in deciding how to produce esteem utilising human, basic, and social capital. For example, the investigation discoveries offered significant knowledge into how the directors enhanced the bank's basic capital by empowering advancement capacity among representatives, positive culture, and reinforcing data innovation as far as constantly refreshing programming and equipment (Chahal and Bakshi, 2016:61). Therefore, collaboration networks that aim to increase structural capital resources can play a pivotal role in the delivery of customer services to increase client retention.

Another study related to these structural capital processes was conducted by Aramburu, Sáenz, and Blanco (2015:39). Their research suggested that in the present economy, development was thought to be one of the primary main impetuses behind business competition, if not the most significant one. What's more, they found that the impact of every particular authoritative segment making up basic capital (hierarchical plan, hierarchical culture, enlisting and expert improvement

strategies, advancement system, techno capital, and outer structure) differs (Aramburu et al., 2015:40).

On the other hand, Yongqiang, Yulin, Lim, and Straub (2012:1195) argued that existing exploration had since quite a while ago considered administration quality as an essential determinant of client fulfillment with data innovation (IT) benefit conveyance. Because of the learning serious and synergistic nature of IT benefit conveyance in the contemporary business setting, the study proposed the hypothetical comprehension of client fulfillment by re-conceptualising IT benefit conveyance as a respective, social process between the IT staff and clients and proposed the impacts of social capital—basic capital—on client fulfillment is completely intervened through psychological capital and social capital (Yongqiang et al., 2012:1195). Therefore, playing close attention to how structural capital was fostered within an organisation also assisted in innovative organisational designs that leverage the other organisational components making up structural capital to improve business competitiveness.

Hence, from the studies reviewed relating to innovation, customer-centricity and market awareness as integral structural capital processes, a research gap has been identified with regards to how these processes can play a role as a key factor that influences IC within an organisation.

2.5.2 Structural capital and factors that influence IC

IC can be acknowledged as the sum of innovations, personnel mind-sets, position, retention rate, skillset and knowledge, and learning aptitudes; structural capital as the current information gathered utilising a profoundly productive strategy and tried, sorted out, coordinated, with the insignificant part filtered out before distribution; client capital as the connections a given firm builds with all contingents it manages, including consumer loyalty, standard for dependability, and allegiance (Chang and Lee, 2012:80). On the other hand, as discussed by Ahmad and Mushraf (2011:106), basic capital is the equipment, programming, databases, hierarchical structure,

licenses, trademarks and everything else that representatives used to help their business undertakings and procedures. In light of this, several studies were identified relating to structural capital and factors that influence IC.

Customer-centricity is a structural capital process that can potentially play a role as a key factor that influences IC within an organisation, as illustrated in the study by Biong and Ulvnes (2011:225). Their research suggested that since experts are very versatile, purchasers of expert business benefits continually need to choose whether to take after their key contact worker or stay with their current firm, while service oriented firms confront the danger of losing clients if the employee resigns. Besides, they contended that larger amounts of basic capital decreased the estimation of the contact worker's interests in human capital should the employee exit. On the other hand, human capital makes inspiration to take after the contact worker, while social capital just offered some benefit in mix with human capital. Also, they found that expert administration firms' interests in organisation particular structural capital make an obstruction for customers to take after the contact worker, in light of the fact that staying with the administration firm will built customers' arrival on the specialist co-ops' basic capital (Biong and Ulvnes, 2011:226).

On the other hand, Rui, Sharma, and Rao (2017:205) argued that site utilisation is imperative to the support of long range interpersonal communication destinations. In addition the research also explored the perplexing connections among the three capital acts and proposed that psychological and social capital will fortify (i.e., positive balance) the connection between basic capital and part site utilise. This article added to the writing on long range interpersonal communication destinations by building up a hypothetical structure that clarifies client conduct.

Their research additionally revealed an insight into social capital research by supporting the potential estimation of social capital hypothesis in person to person communication inquire about and guessing the common connections among unmistakable social capitals (Rui et al., 2017:205). Therefore, investing in more customer-centric structural capital processes can result in the delivery of customer services to increase client retention.

Innovation was a structural capital process that potentially played a role as a key factor that influences IC within an organisation, as illustrated in the study by Yuqian and Dayuan (2015:41). Their research suggested that realising superior innovative performance was dependent on a firm's intellectual capital and its ability to sense opportunities and threats, to make timely and correct decisions, and to facilitate necessary changes efficiently. In addition, they found that intellectual capital positively affected innovative performance (Yuqian and Dayuan, 2015:42).

On the other hand, Manzaneque, Ramírez, and Diéguez (2017:167) argued that the connection between intellectual capital and advancement had turned out to be a standout amongst the most pertinent points for the two intellectuals and rehearsing supervisors in the field of development administration. The study endeavoured to propel this topic by exactly researching both human and basic capital effectiveness as determinants of accomplishing mechanical development yields

Their research recommended that both the drawing in and enlisting of equipped HR and the capacity to create components to catch and interpret learning, ability, and aptitudes of hierarchical individuals and partners were vital to accomplish mechanical advancement yields. Furthermore, it was found that family administration expanded the productivity of human and auxiliary funding to get mechanical development results (Manzaneque et al., 2017:167). Therefore, investing in more innovative structural capital processes could result in the ability to be innovative, flexible and transparent throughout the organisation.

According to Fan and Lee (2011:173), innovative advancement was viewed as the key component to guarantee economic development and market advantage. Their exploration recommended that the progression of a firm chose the present motive as well as what's to come with regard to strength and competence. Also, they found that simply expanding intellectual capital can't ensure better development execution (Fan and Lee, 2011:174).

On the other hand, Grzegorzcyk and Ghiorghiuță (2017:63) argued that the improvement of a learning based economy implied that the present organisations confronted a large number of the new difficulties of adjusting to the evolving

condition. Since the mid 1990s, information administration ended up plainly a scholarly teach, as well as more than that, a viable approach to guarantee the nonstop change of the association. The look for upper hands drove organisations to concentrate on the perplexing reasoning of scholarly capital and its associated ideas: human capital, basic capital, hierarchical capital, protected innovation, and to wrap things up, social capital (Grzegorzcyk and Ghiorghiuță, 2017:63). Therefore, it was important to identify the complexity of the structural capital processes within the organisation in order to determine how effective these can be leveraged to generate innovation performance.

Sustainability was a structural capital process that can potentially play a role as a key factor that influences IC within an organisation, as illustrated in the study by Wildowicz-Giegiel and Misiewicz (2016:278). Their research suggested that the existence of innovative and internationally competitive enterprises was a critical prerequisite for a country's future growth and prosperity. In addition, they found that structural capital played a significant role in this process especially under the condition of new economy which sustainable growth depends on innovation (Wildowicz-Giegiel and Misiewicz, 2016:279).

On the other hand, Makarov (2015:45) argued that intellectual capital administration issues seemed extremely important so as to move to development economy at the earliest opportunity. It was difficult to deal with the district's scholarly capital adequately without an uncontroversial model that would depict its structure and piece. Goals, the examination seeks after defining a model of intellectual capital structure that would be appropriate to look at the area's intellectual capital.

Furthermore, their study illustrated the application of structural capital specifically within the Russian economy, which is beset with crises such as Western sanctions, drop in global oil prices, and systemic problems within the economy itself. Thus, the model proposed in their research empowered Russian organisations and industries to recognise segments of the locale's intellectual capital that overcame these issues holding back regional growth and sustainability. The model ought to likewise be adaptable and mirror the intellectual capital of provincial frameworks at different levels (Makarov, 2015:45). Therefore, investing in more sustainable structural capital

processes can result in the development of a long-term plan to achieve profitable growth.

Market awareness was a structural capital process that potentially played a role as a key factor that influences IC within an organisation, as illustrated in the study by Molloy and Barney (2015:309). Their research suggested that when labour markets are very focused, people will catch a greater amount of the value their general human capital and optional firm-particular human capital makes, and firms and people will share the esteem made by required firm-particular and co-specific human capital. What's more, they found that when work markets were less aggressive, who catches the value made with a specific sort of human capital relies upon the reasons why the work advertise was less focused and each gathering's bartering force and negotiation expertise (Molloy and Barney, 2015:310).

On the other hand, Philipson (2016:132) argued that key forerunners to the utilization of radical advancement of the plan of action of an administration firm to accomplish upper hand. The article depended on activity inquire about, in which the re-building of an administration business transformed into radical advancement of the plan of action. Discoveries demonstrated that radical advancement (thought about as another predominant rationale) of the plan of action of an administration firm was appeared to give reasonable upper hand. It demonstrated how central the idea of plan of action is to understanding the idea of the business and connections it to principal scholarly dialog of late decades around ideas, for example, "practical upper hand", "auxiliary capital" and "inferred knowing".

Handy ramifications brought about complexity to the information administration and basic capital proselytizing, much implicit learning (free) can't be changed over to auxiliary capital. Innovation/esteem – Business display was a focal idea to comprehend business execution, however should not be considered as widely inclusive (Philipson, 2016:132). Therefore, investing in more market sensitive structural capital processes can result in identifying the global threat and new entrants to the market.

Hence, the past studies reviewed, highlighted the importance of capital as a component of intellectual capital; however, gaps were identified in the literature relating to processes that exacerbate differences that may exist in the management and enhancement of intellectual capital within an organisation in the banking sector. Therefore, the structural capital processes that have been identified to potentially address these research gaps are illustrated in Figure 4 below:

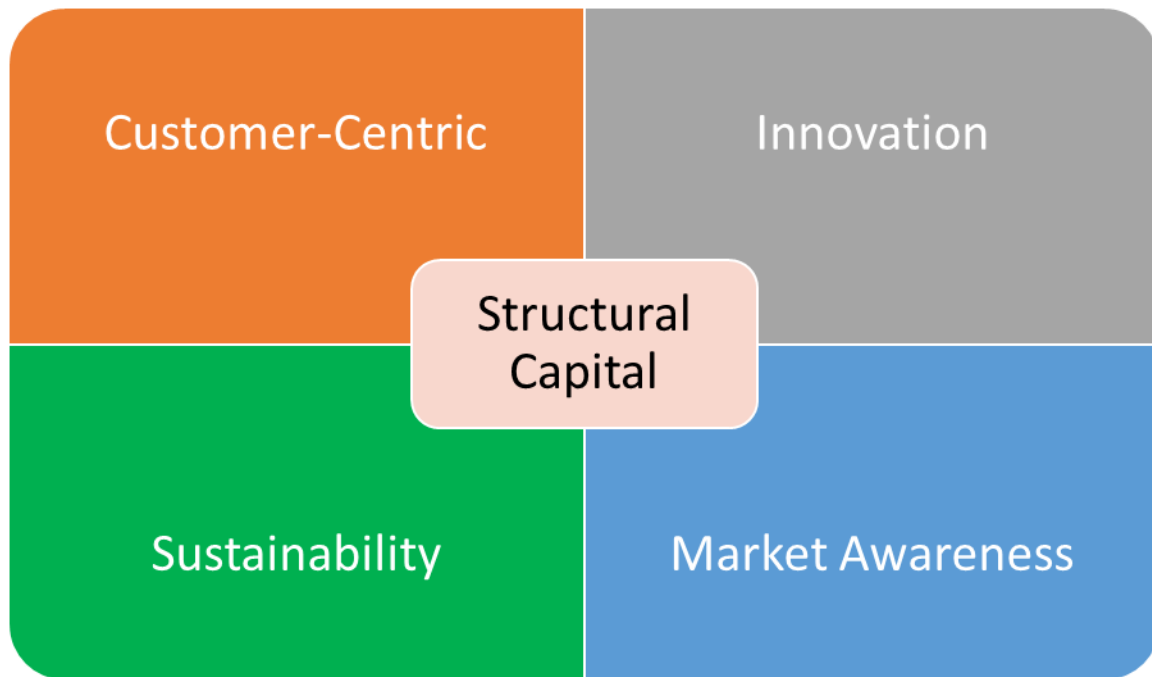


Figure 4: Overview of Key Structural Capital Processes

Source: Researcher's own construction

2.6. Conclusion

Burgman et al. (2005:588) saw intellectual capital as an advantage that spoke to every one of the many matters of what makes a difference to the production of big business value of an undertaking. Also, intellectual capital was the total of everything everyone in the organisation realises that gives an aggressive edge in the commercial center. In light of this, the core definitions and components of intellectual study that were most appropriate, namely customer capital, human capital and structural capital were presented in this chapter.

However, through an extensive review of the extant literature, several research gaps were identified with regards to the most effective processes to maximise the yield

from IC; the understanding of IC within an organisation in the South African banking sector; and the factors that influence intellectual capital within the organisation. Based on these research gaps, a theoretical framework was developed to address the relevant research questions developed throughout this chapter as illustrated in Figure 5 below; and the next chapter outlines the research methodology undertaken to find the answers to these questions.

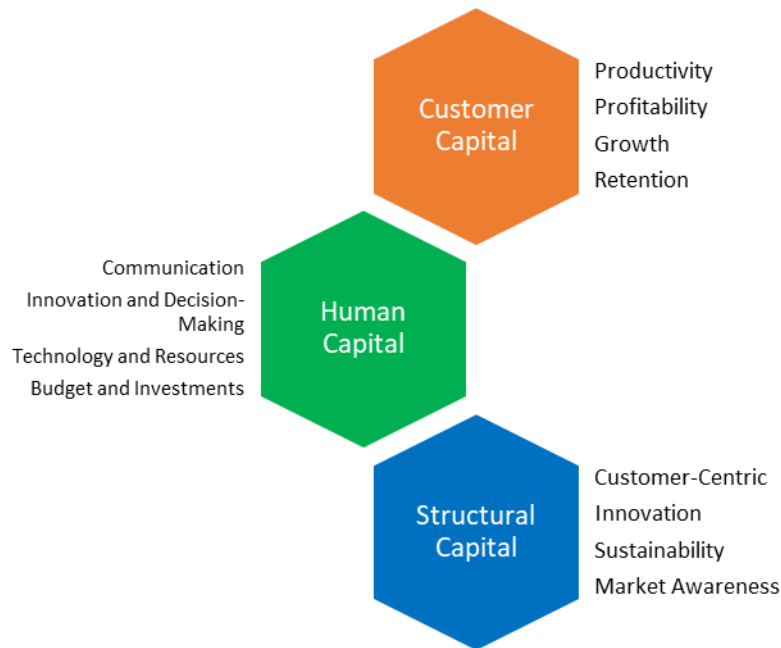


Figure 5: Framework for the Influence of Intellectual Capital on Organisational Performance

Source: Researcher's own construction

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

Chapter 3 focused on on the research methodology and presented the methods with which research was undertaken. Lavrakas (2008:192) argued that the research methodology sheds light on what the researcher did in order to find the truth. This was supported by Maree (2007:339) who explained that 'research methodology was the strategy or plan of action which lies behind the choice and use of a particular method'. Therefore, methodology is concerned with why, what, from where and how data is collected and analysed.

Within the research methodology the processes of identifying participants was a sample, the preparations and the distributing of the questionnaires, the research questions for data collection and data analysis were explained categorically.

3.2. Research paradigm

The research was conducted using a quantitative approach and was underpinned by a positivist paradigm selected so that the phenomenon through the objective perceptions that participants assign to the research questions was understood. The positivist research paradigm was based on testing objective theories by examining the relationship among variables (Creswell, 2014:4). This was more appropriate - due to the objective involvement of the researcher for the purposes of this research - than an interpretivist approach, which is based on understanding the society from the standpoint of the participant in an action rather than the observer (Morgan, 1980:608).

3.3. Research design

The research consists of a descriptive research design and the instruments or tools used as a design to collect data are stated below logically. As aforementioned this study is concerned with the investigation of the influence of intellectual capital on a banks organisational performance. So, for the research task to be accomplished, the

appropriate instrument in the form of a questionnaires was developed. The questionnaire was then utilised for the purposes of a cross-sectional study to gather the perceptions of respondents at a single point in time.

3.4. Population

The target population included the employees who are permanent at one of the big four banks in Johannesburg, and who were directly affected by influencing factors of intellectual capital.

3.5. Sampling strategy

According to Lavrakas (2008:193), sampling involved the selection of a portion of the finite population that was studied. Maree (2007:340) further postulated that sampling decisions were made for the explicit purpose of obtaining the richest possible source of information to answer the research questions. The participants in this study were told that their individual responses were anonymous and confidential. No compensation was provided to the participants. The survey was conducted while the subjects could either spare 10-15 minutes to fill in the questionnaire in English language if time allowed or take them to fill in their convenient but strictly to be collected by a researcher after two weeks. If the chosen participant was unwilling to participate in the survey or in a hurry, then the next convenient individual was approached.

3.6. Research instrument

The research instrument chosen for the purposes of this study was a questionnaire, which was developed after reviewing pertinent literature from past studies on IC, and textbooks emphasising the role of IC in organisations. The questionnaire consisted of three separate sections that were aligned to the research questions. Questions were measured on 5-point Likert scales for each section.

The first section outlined the impact of IC on organisation performance at the bank. Statements were rated on a scale that ranged from “Very Dissatisfied” to “Very Satisfied”. Likewise, the second section outlined the company’s current commitment

to IC. Statements were rated on a scale that ranged from “Strongly Disagree” to “Strongly Agree”. Finally, the third section outlined the factors affecting IC at the bank. Statements were rated on a scale that ranged from “Not at all important” to “Extremely important”. The questionnaire was conducted using SurveyMonkey, a free online questionnaire and survey software. As aforementioned, the questionnaire was distributed to the 133 participants, who were all employees of the bank, and was given two weeks to complete it. The questionnaire was a SurveyMonkey link that was sent to the employees work e-mail addresses. Participants were reminded during the two-week period to complete the survey at their most convenient time. After these attempts, only 32 responses were received. The survey was re-distributed to all participants and an ipad compatible version was also created and distributed to reach participants who were unable to open the link to the first version. Participants and colleagues were also urged to forward the survey link to other colleagues within the bank that would be eligible to complete it. A further two weeks were given to the participants, to complete the survey. The second attempt to re-distribute resulted in receiving a further 35 responses. In total there were 67 responses out of the initial 133 and this automatically became a limitation of the study. Among the 67 questionnaires, 1 was incomplete and was therefore excluded from the analysis and 66 questionnaires out of the 67 were used to conduct the analysis. Possible constraints on not receiving responses from the remaining 66 participants could be the result of employees being on leave and no access to e-mail, public holidays in the time of distributing the survey, or recipients of the survey not entirely convinced that it was a trusted source with definitive confidentiality and anonymity.

3.7. Data Analysis

The data collected were analyzed using SPSS to compute the findings for this research. Descriptive statistics, such as frequencies, percentages and graphs were used to describe the demographic profile of respondents and their physical and exercise activities. The reason descriptive cross-tabulation statistics were used in this study was to describe and compare variables numerically, as well as to provide a broad overview of trends within the data (Saunders et al., 2009:210).

3.8. Validity and reliability

'Validity refers to how well a test measures what it is purported to measure' (Phelan and Wren, 2005-2006). The respondents are employees of the bank, the ones who had an influence on IC. Golafshani, (2003:598) defined reliability as the extent to which results were consistent overtime and an accurate representation of the total population under study and if the results could be produced under similar methodology, then the research instrument was considered to be reliable. According to (Remenyi et al., 2005:104), reliability was that similar observations should be made by researchers on different occasions and the concern was that how replicable the study was. This was validated by keeping the data which had been gathered safely and enabled others to investigate if any doubts were to arise in the research results. Remenyi et al., (2005:104), further stated that this provided transparency and trust in the philosophy, approach and methods used in collecting and analysing data since they are open for scrutiny.

Trustworthiness of the study was the most important aspect of the research report. According to (Joubert et al., 2016:137), four aspects had to be considered namely that the reader must be able to determine the truth of the research, the reader must determine how this research was applicable to other contexts and other participants, if the study had the same outcomes if done in the same or similar contexts with the same or similar participants, and fourthly, the reader must determine to what extent the researcher was objective.

In this study, the researcher undertook to ensure the truth of the research and the validity of the results by reviewing past studies to develop the questionnaire. In addition, the results were applied to the specific context from one of the big four banks. Likewise, the researcher undertook to consistently apply all four aspects to ensure the reliability of the data collected (Joubert et al., 2016:138). Furthermore, the internal consistency approach was used by the researcher to determine the extent to which a research instrument measured all theoretical constructs. Hence, Cronbach's

Alpha was the statistic used to determine questionnaire reliability, and Factor Analysis was the technique used to determine questionnaire validity.

In order to address further threats to the validity and reliability of the research and responses, the researcher only used e-mail addresses of permanent employees within the bank, who had a valid bank domain e-mail address and who also primarily worked with management information(MI) and reports on a daily basis or who were senior employees of the bank who managed the MI teams and used the insights derived from information to make more informed decisions.

3.9. Limitations

The questionnaire was conducted using SurveyMonkey, a free online questionnaire and survey software. The questionnaire was distributed to the 133 participants, who were all employees of the bank. In total there were 67 responses out of the initial 133. Among the 67 questionnaires, 1 was incomplete and was therefore excluded from the analysis and 66 questionnaires out of the 67 were used to conduct the analysis. Possible constraints on not receiving responses from the remaining 66 participants could be the result of employees being on leave and without having an access to e-mail, public holidays in the time of distributing the survey, or recipients of the survey not entirely convinced that it was a trusted source with definitive confidentiality and anonymity.

3.10. Delimitations/scope

The study was conducted at the bank's staff head office, and included all hierarchies of employees, from executive levels, through to technical staff, but will exclude junior staff. The questionnaire was distributed to the 133 participants, who were all employees of the bank. In total there were 67 responses out of the initial 133. Among the 67 questionnaires, 1 was incomplete and was therefore excluded from the analysis and 66 questionnaires out of the 67 were used to conduct the analysis.

3.11. Ethical considerations

The research was conducted with individuals within the industry and whose perceptions were valued. Participant's decisions were autonomous and voluntary and responses were used solely for the study in aggregate form as part of the data analysis. There was full disclosure provided to the sample of respondents so that they understood and knew the extent of the research.

Conducting research in an ethically sound manner enhances the quality of research and contributes to its trustworthiness (Rule and Vaughn, 2011:11). Research ethics, which are developed and embraced by a community of scholars, govern and guide the practices of researchers (Rule and Vaughn, 2011:11-12). Research ethic requirements flow from three standard principles. Firstly, autonomy, which meant that the participants were fully informed, to decide whether to participate, and to choose to withdraw from the study. It also implied ensuring participants' privacy, confidentiality and anonymity. Secondly, non-maleficence which means not to cause any harm in the course of their study was also taken into cognizance. Thirdly, beneficence, which suggested that research should aim to contribute to public good was still considered as an important principle. It also means providing feedback, follow-up or intervention if this was negotiated.

The study was conducted in fair, honest and ethical in terms of the views provided from the samples be it objective or subjective. Privacy of the information and participants was a priority, and participants were kept anonymous. Knowledge and information obtained from participants was used as the primary data for this study, and for no other purpose. Subjects had the right to withdraw from the research and at no point was there be any coercion. Furthermore, confidentiality and autonomy were always assured. The results were only reported in aggregate or summary form and no individual responses were reported on to ensure that participants could not be singled out for their submission.

3.12. Conclusion

This chapter highlighted the research methodology used to collect, analyse and interpret data for the purpose of this study. The quantitative research methodology was used as part of a descriptive research design. A purposive non-probability sampling strategy was used to identify and collect data from intended participants. The data was analysed using descriptive statistical techniques to describe the data and determine the appropriate research findings that address the research questions. The next chapter outlines the results, and the discussion and interpretations of data collected during this study.

CHAPTER 4: RESULTS

4.1. Introduction

Chapter 4 discusses the results of the survey and in light of the research objectives and questions. This chapter consists firstly of a discussion around the sample and the quality of the data collect in terms of its reliability and validity. Thereafter a description of the sample is provided in terms of their demographic file. Finally, results for each section of the questionnaire are presented and aligned to addressing the specific research objectives of this study. The alignment is further illustrated by the consistency matrix found in Appendix B.

4.2. Data quality

Questionnaire reliability was measured by Cronbach's Alpha statistic. A Cronbach's Alpha of greater than 0.7 is the benchmark for acceptable reliability. Likewise, questionnaire validity was measured by looking at the average variance explained from the factor analysis results. An average variance explained of greater than 0.5 is the benchmark for acceptable validity. These results are presented in the following table:

Table 5: Reliability and Validity Results

IC Constructs	Cronbach Coefficient Alpha	Average Variance Explained	Total Items
Impact of IC on Organisational Performance	0.933	63.77%	10
Commitment to IC	0.876	61.96%	6
Factors Influencing IC	0.794	62.49%	4

Table 5 highlights that very acceptable reliability and validity results were achieved for all three major sections of the questionnaire. Therefore, the sample and quality of the data collected was concluded to be sufficient, reliable and valid for the appropriate data analysis techniques to yield significant findings to address the objectives of this study.

4.3. Demographics

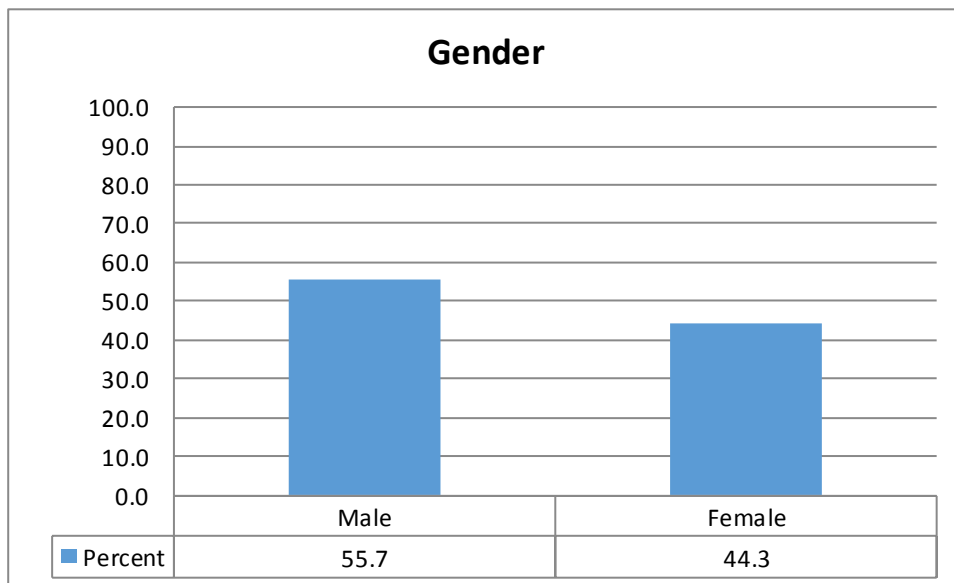


Figure 6: Gender

Figure 6 shows that 55.7% of respondents were male and 44.3% of respondents were female. There were slightly more male respondents in the sample than female respondents.

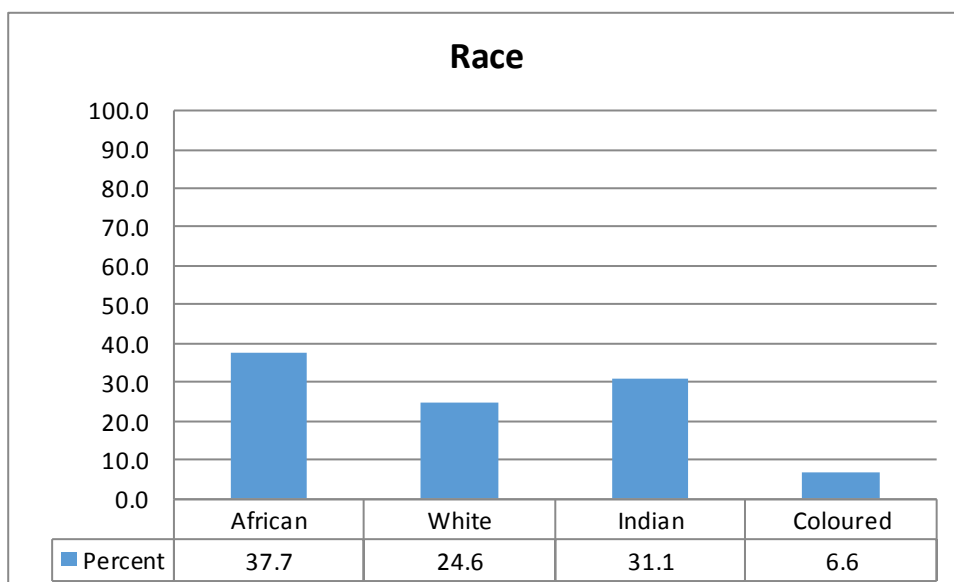


Figure 7: Race

Figure 7 shows that 37.7 of respondents were African, 24.6% of respondents were White, 31.1% of respondents were Indian, and 6.6% of respondents were Coloured. Even though the majority of respondents were from the African race category, the other race groups are well represented with the exception of the Coloured category, which was the minority of the sample.

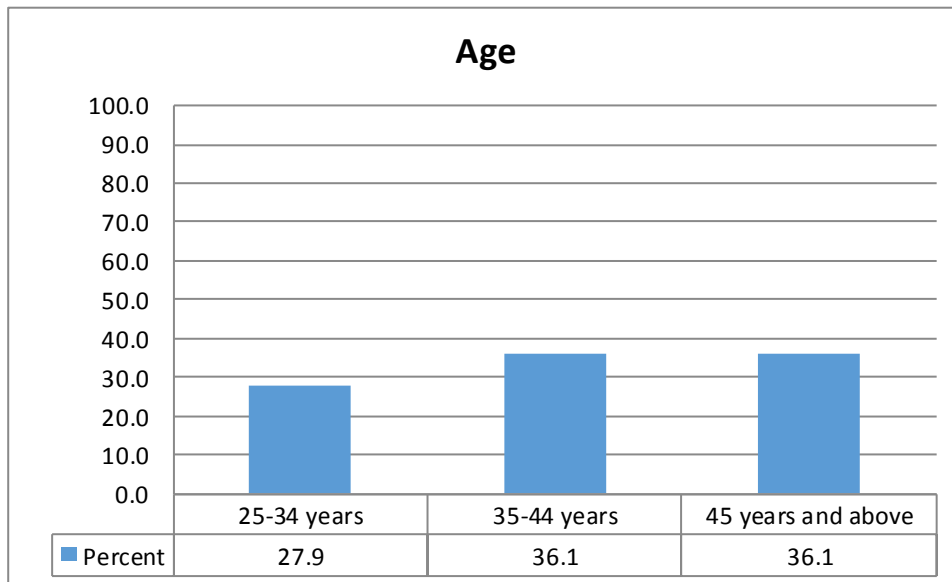


Figure 8: Age

Figure 8 shows that 27.9% of respondents were between the ages of 25 and 34 years, 36.1% of respondents were between the ages of 35 and 44 years, and 36.1% of respondents were aged 45 years and above. There was a relatively even split amongst these three age categories as the sample was well balanced in terms of representing the views of both younger and older participants.

4.4. Impact of IC on organisational performance

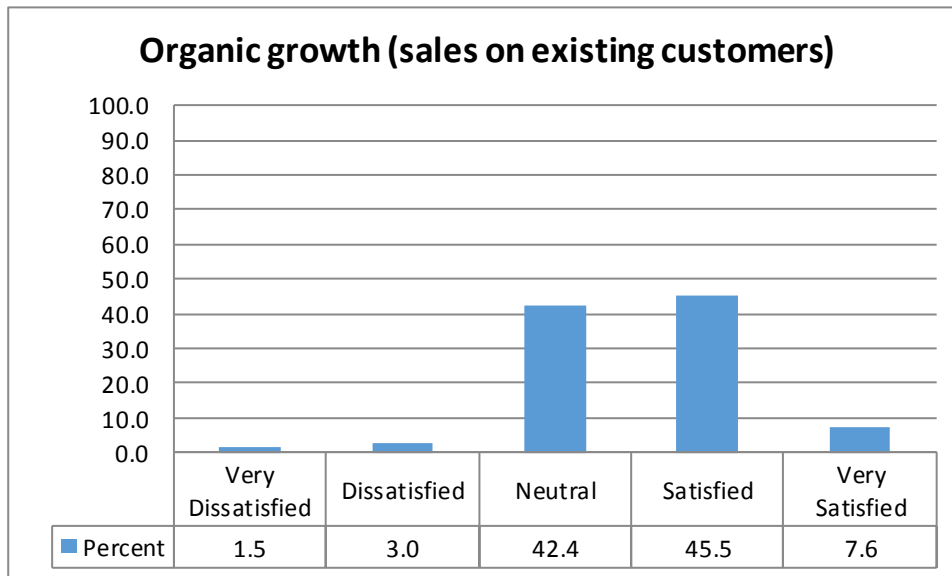


Figure 9: Organic growth (sales on existing customers)

Figure 9 indicates that 1.5% of respondents were very dissatisfied, 3.0% of respondents were dissatisfied, 42.4% of respondents were neutral, 45.5% of respondents were satisfied, and 7.6% of respondents were very satisfied with organic growth (sales on existing customers). The majority of respondents (53.1%) were satisfied with this customer capital process, which highlights its positive significance in relation to the productivity aspect of organisational performance.

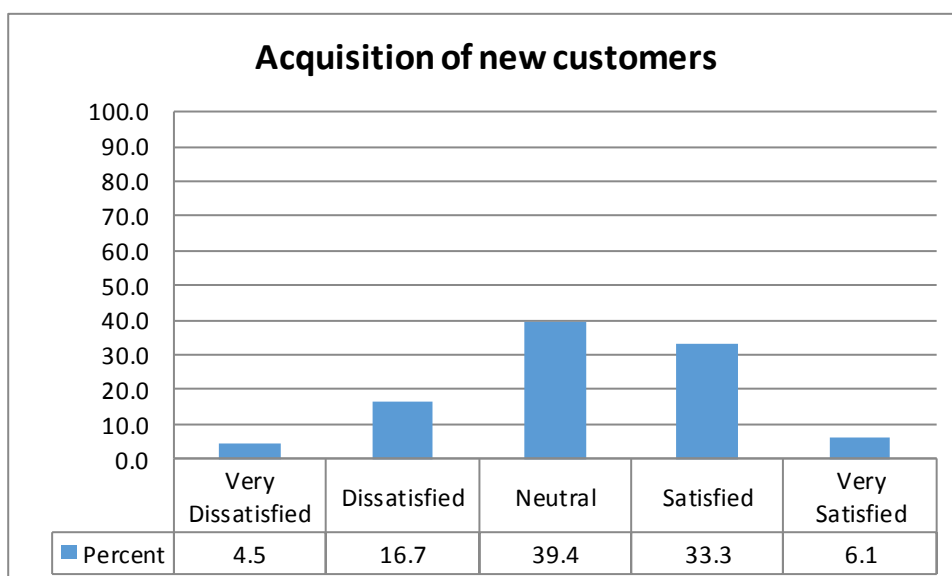


Figure 10: Acquisition of new customers

Figure 10 indicates that 4.5% of respondents were very dissatisfied, 16.7% of respondents were dissatisfied, 39.4% of respondents were neutral, 33.3% of respondents were satisfied, and 6.1% of respondents were very satisfied with the acquisition of new customers. The majority of respondents (39.4%) were neutral with this customer capital process, however, there were more respondents that were satisfied (39.4%) than dissatisfied (21.2%). This highlights its positive significance in relation to the productivity aspect of organisational performance.

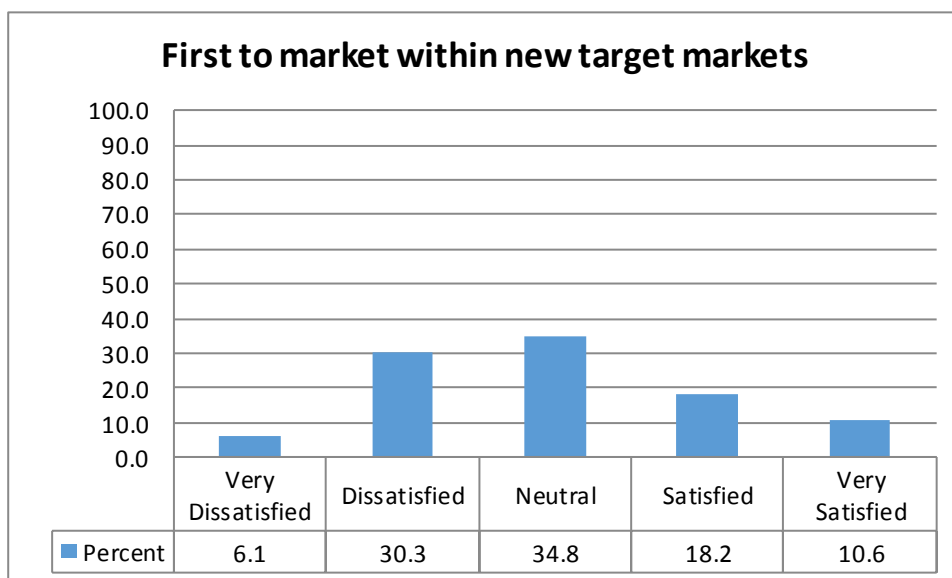


Figure 11: First to market within new target markets

Figure 11 indicates that 6.1% of respondents were very dissatisfied, 30.3% of respondents were dissatisfied, 34.8% of respondents were neutral, 18.2% of respondents were satisfied, and 10.6% of respondents were very satisfied with being first to market within new target markets. The majority of respondents (34.8%) were neutral with this customer capital process, however, there were more respondents that were dissatisfied (36.4%) than satisfied (28.8%). This highlights its negative significance in relation to the productivity aspect of organisational performance.

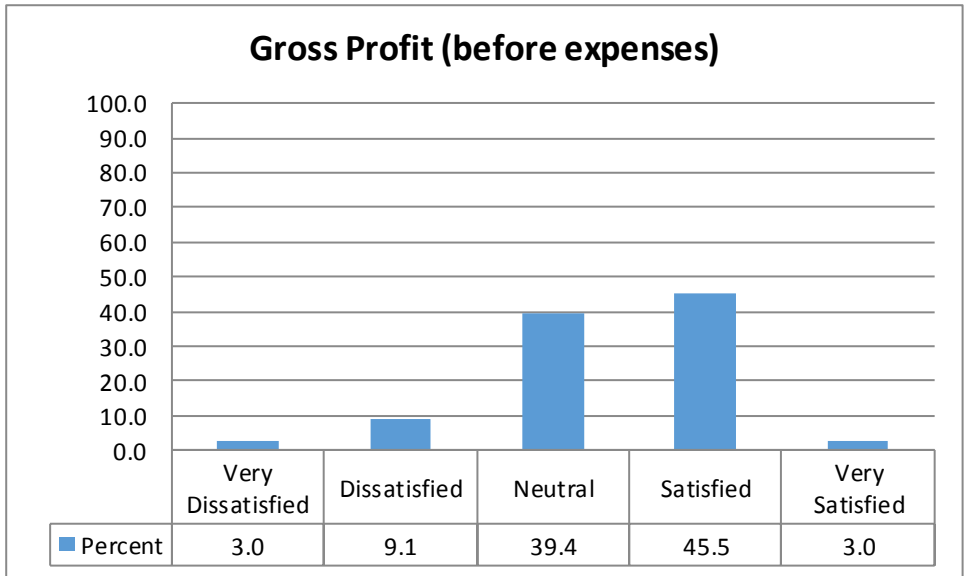


Figure 12: Gross Profit (before expenses)

Figure 12 indicates that 3.0% of respondents were very dissatisfied, 9.1% of respondents were dissatisfied, 39.4% of respondents were neutral, 45.5% of respondents were satisfied, and 3.0% of respondents were very satisfied with gross Profit (before expenses). The majority of respondents were satisfied (48.5%) with this customer capital process, which highlights its positive significance in relation to the profitability aspect of organisational performance.

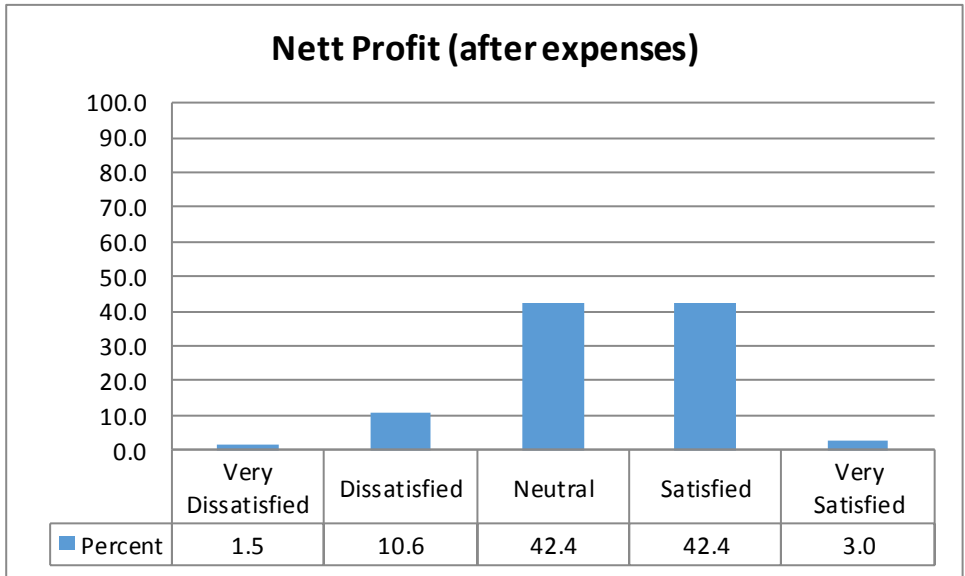


Figure 13: Nett Profit (after expenses)

Figure 13 indicates that 1.5% of respondents were very dissatisfied, 10.6% of respondents were dissatisfied, 42.4% of respondents were neutral, 42.4% of respondents were satisfied, and 3.0% of respondents were very satisfied with net Profit (after expenses). The majority of respondents were satisfied (45.4%) with this customer capital process, which highlights its positive significance in relation to the profitability aspect of organisational performance.

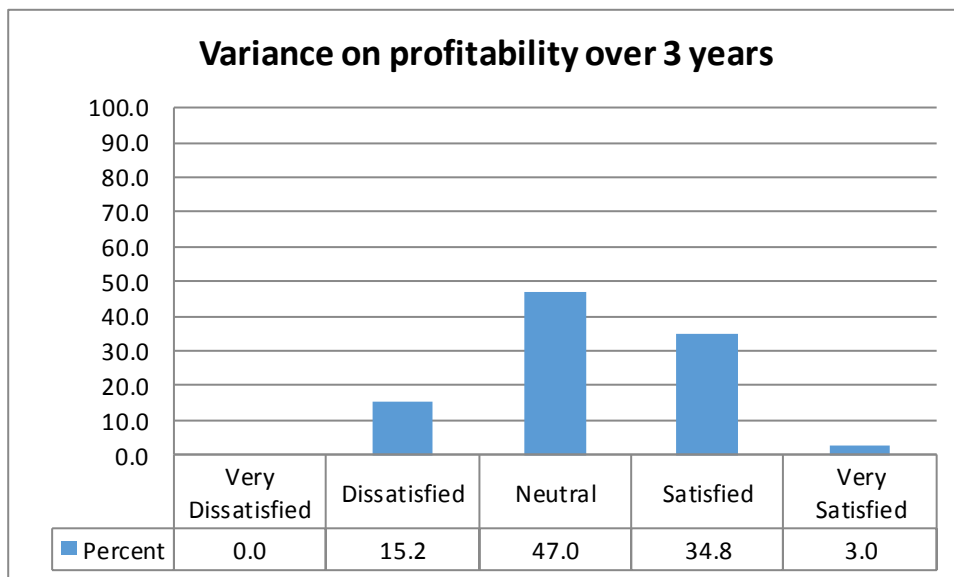


Figure 14: Variance on profitability over 3 years

Figure 14 indicates that no respondents were very dissatisfied, 15.2% of respondents were dissatisfied, 47.0% of respondents were neutral, 34.8% of respondents were satisfied, and 3.0% of respondents were very satisfied with the variance on profitability over 3 years. The majority of respondents (47.0%) were neutral with this customer capital process, however, there were more respondents that were satisfied (37.8%) than dissatisfied (15.2%). This highlights its positive significance in relation to the profitability aspect of organisational performance.

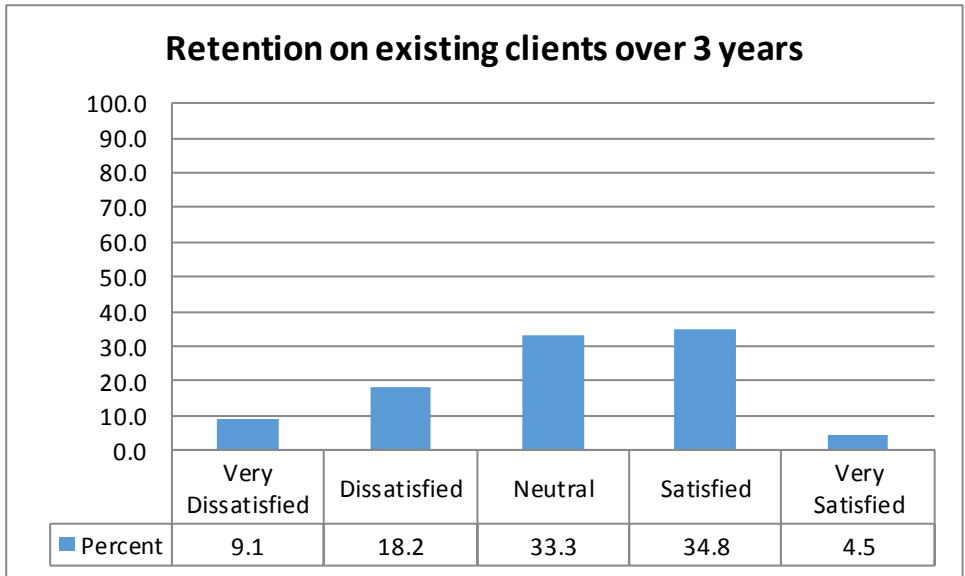


Figure 15: Retention on existing clients over 3 years

Figure 15 indicates that 9.1% of respondents were very dissatisfied, 18.2% of respondents were dissatisfied, 33.3% of respondents were neutral, 34.8% of respondents were satisfied, and 4.5% of respondents were very satisfied with the retention on existing clients over 3 years. The majority of respondents (39.3%) were satisfied with this customer capital process, which highlights its positive significance in relation to the retention aspect of organisational performance.

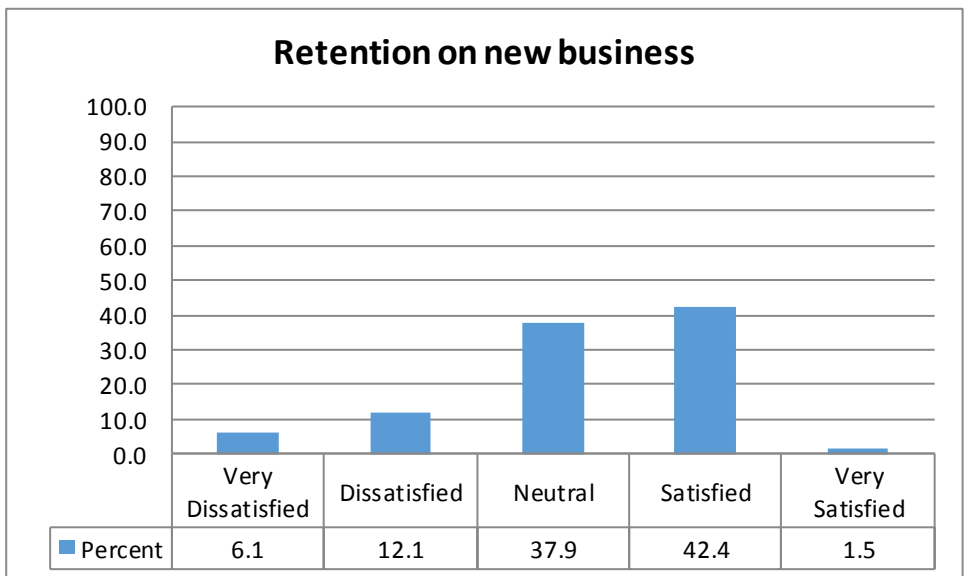


Figure 16: Retention on new business

Figure 16 indicates that 6.1% of respondents were very dissatisfied, 12.1% of respondents were dissatisfied, 37.9% of respondents were neutral, 42.4% of respondents were satisfied, and 1.5% of respondents were very satisfied with the retention on new business. The majority of respondents (43.9%) were satisfied with this customer capital process, which highlights its positive significance in relation to the retention aspect of organisational performance.

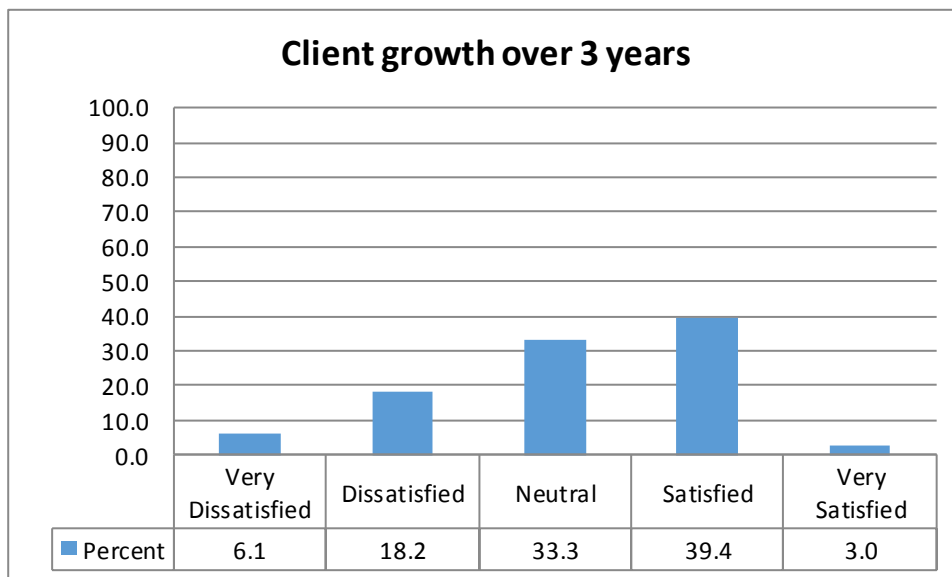


Figure 17: Client growth over 3 years

Figure 17 indicates that 6.1% of respondents were very dissatisfied, 18.2% of respondents were dissatisfied, 33.3% of respondents were neutral, 39.4% of respondents were satisfied, and 3.0% of respondents were very satisfied with the client growth over 3 years. The majority of respondents (42.4%) were satisfied with this customer capital process, which highlights its positive significance in relation to the growth aspect of organisational performance.

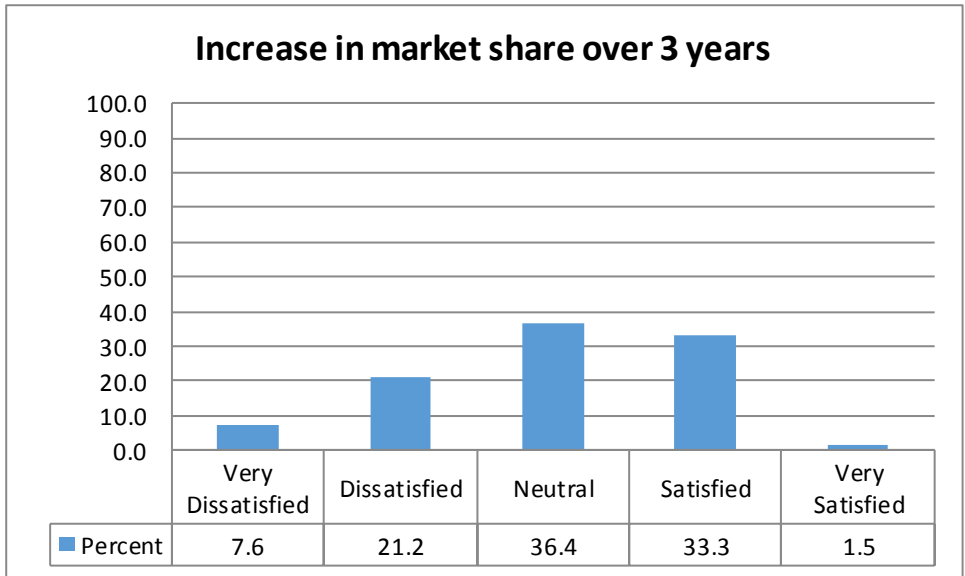


Figure 18: Increase in market share over 3 years

Figure 18 indicates that 7.6% of respondents were very dissatisfied, 21.2% of respondents were dissatisfied, 36.4% of respondents were neutral, 33.3% of respondents were satisfied, and 1.5% of respondents were very satisfied with the increase in market share over 3 years. The majority of respondents (36.4%) were neutral with this customer capital process, however, there were more respondents that were satisfied (34.8%) than dissatisfied (28.8%). This highlights its positive significance in relation to the growth aspect of organisational performance.

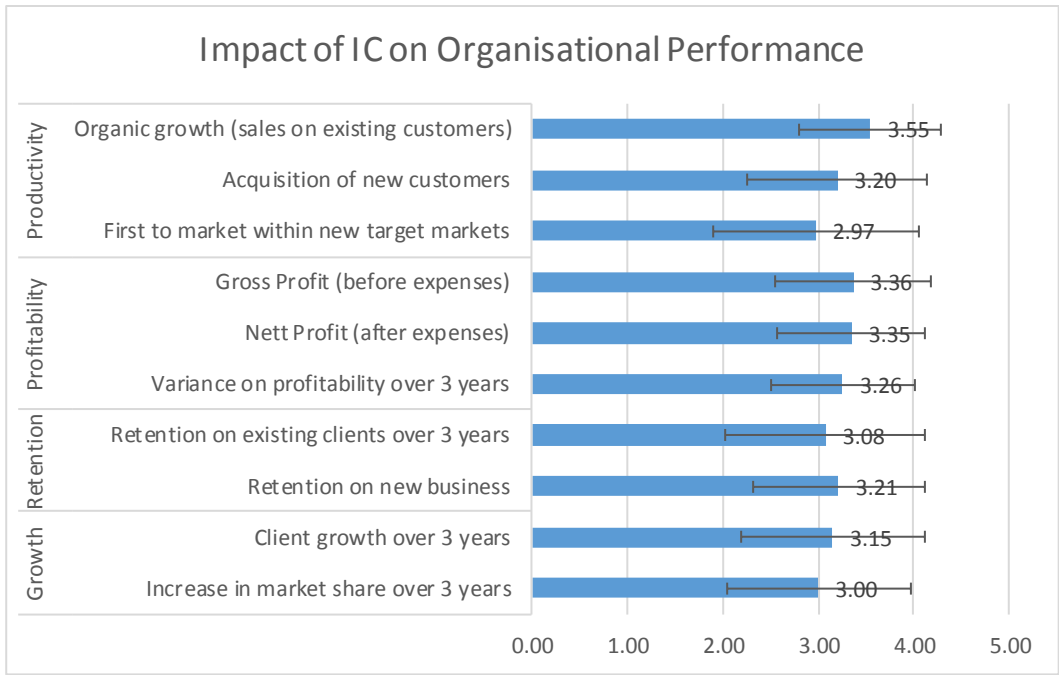


Figure 19: Impact of IC on Organisational Performance

Figure 19 illustrates that organic growth (3.55) was the customer capital process that had the highest impact on organisation performance. Likewise, being first to market within new target markets (2.97) was identified as the relatively lowest customer capital process that impacts organisational performance. Furthermore, respondents were found to be relatively more satisfied with productivity and profitability processes when compared to growth and retention processes.

4.5. Commitment to IC

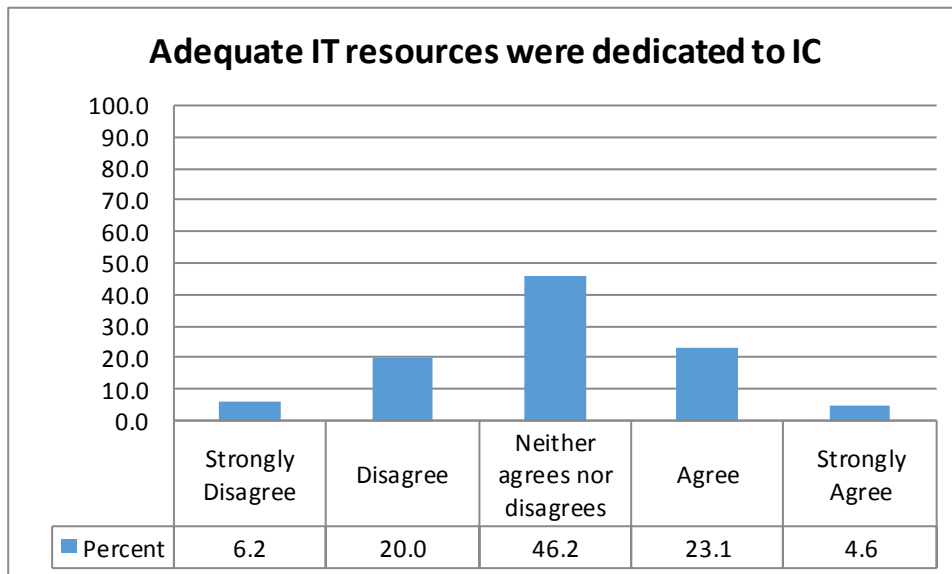


Figure 20: Adequate IT resources were dedicated to IC

Figure 20 indicates that 6.2% of respondents strongly disagree, 20.0% of respondents disagree, 46.2% of respondents neither agree nor disagree, 23.1% of respondents agree, and 4.6% of respondents strongly agree that adequate IT resources were dedicated to IC. The vast majority of respondents (46.2%) were in agreement with this human capital process, which highlights the inconclusiveness with respect to the organisation’s commitment to it.

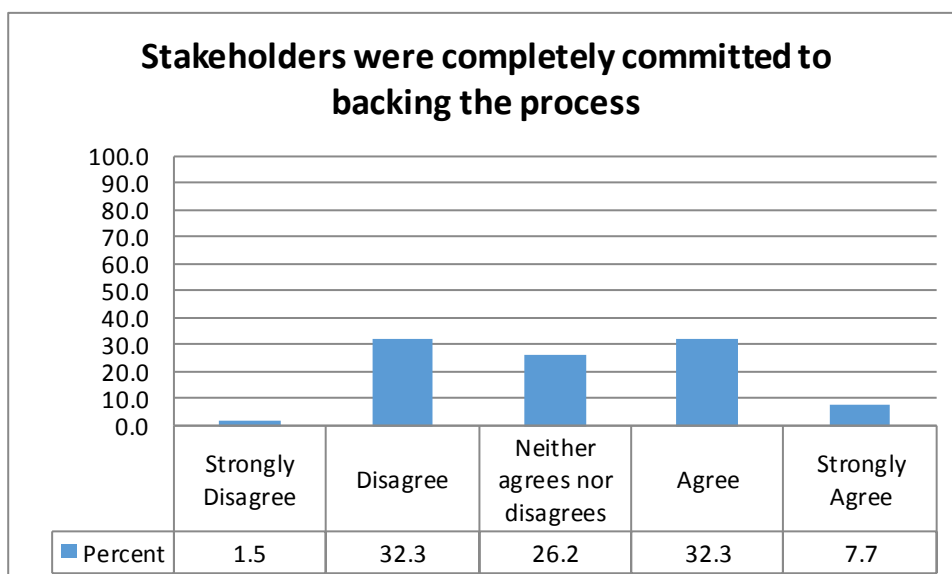


Figure 21: Stakeholders were completely committed to backing the process

Figure 21 indicates that 1.5% of respondents strongly disagree, 32.3% of respondents disagree, 26.2% of respondents neither agree nor disagree, 32.3% of respondents agree, and 7.7% of respondents strongly agree that stakeholders were completely committed to backing the process. The majority of respondents (40.0%) were in agreement with this human capital process, which highlights the positive significance with respect to the organisation’s commitment to it.

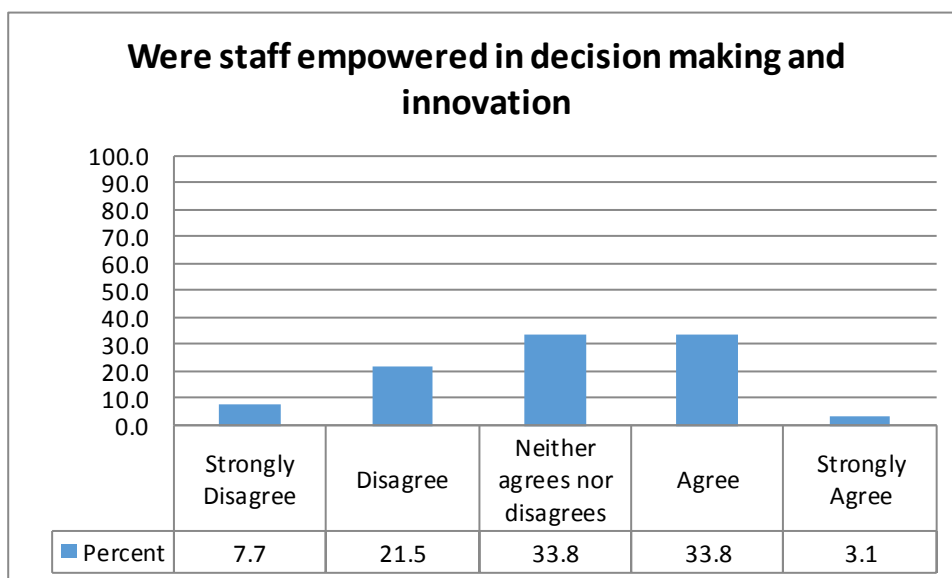


Figure 22: Were staff empowered in decision making and innovation

Figure 22 indicates that 7.7% of respondents strongly disagree, 21.5% of respondents disagree, 33.8% of respondents neither agree nor disagree, 33.8% of respondents agree, and 3.1% of respondents strongly agree that staff were empowered in decision making and innovation. The majority of respondents (36.9%) were in agreement with this human capital process, which highlights the positive significance with respect to the organisation’s commitment to it.

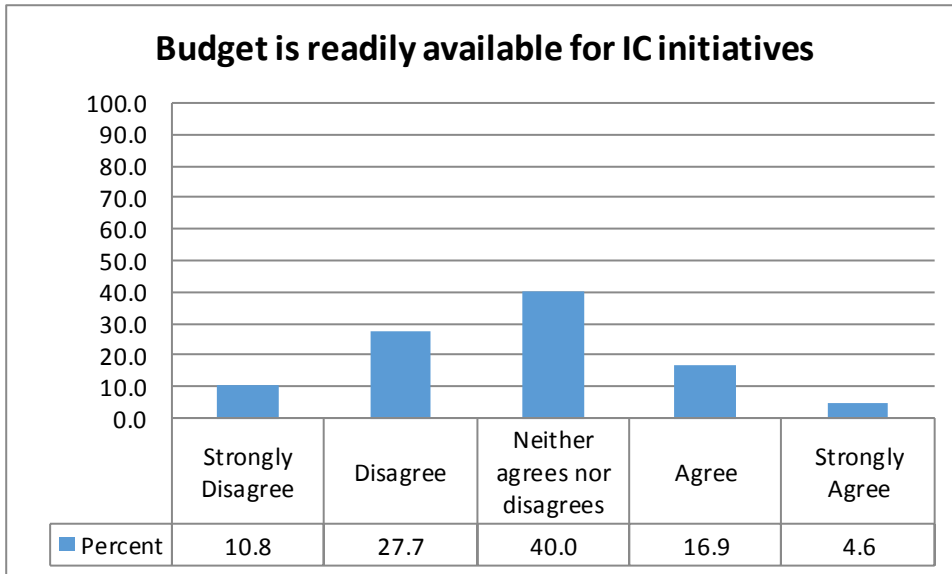


Figure 23: Budget as readily available for IC initiatives

Figure 23 indicates that 10.8% of respondents strongly disagree, 27.7% of respondents disagree, 40.0% of respondents neither agree nor disagree, 16.9% of respondents agree, and 4.6% of respondents strongly agree that budget as readily available for IC initiatives. The majority of respondents (40.0%) were neutral with this customer capital process, however, there were more respondents that disagreed (38.5%) than agreed (21.5%). This highlights the negative significance with respect to the organisation’s commitment to it.

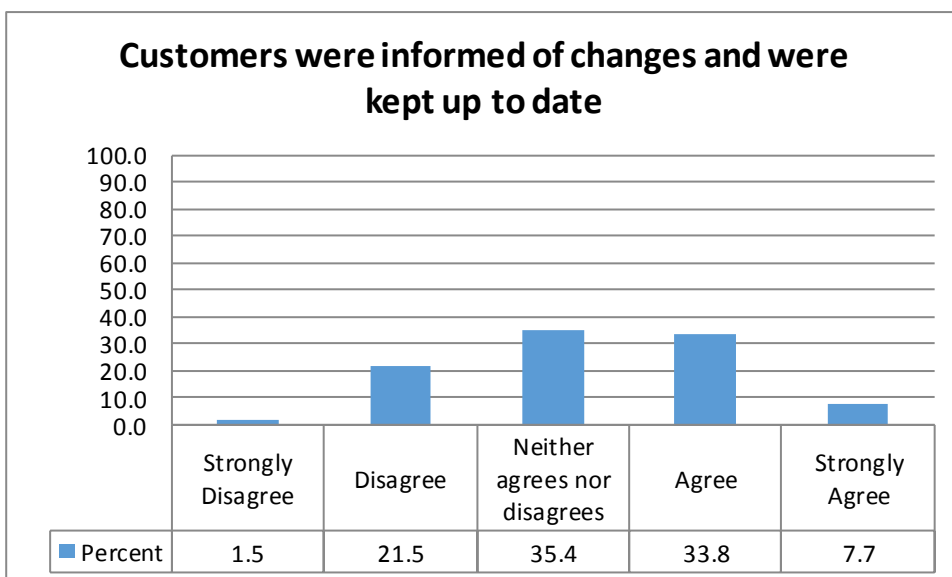


Figure 24: Customers were informed of changes and were kept up to date

Figure 24 demonstrates that 1.5% of respondents strongly disagree, 21.5% of respondents disagree, 35.4% of respondents neither agree nor disagree, 33.8% of respondents agree, and 7.7% of respondents strongly agree that customers were informed of changes and were kept up to date. The majority of respondents (41.5%) were in agreement with this human capital process, which highlights the positive significance with respect to the organisation’s commitment to it.

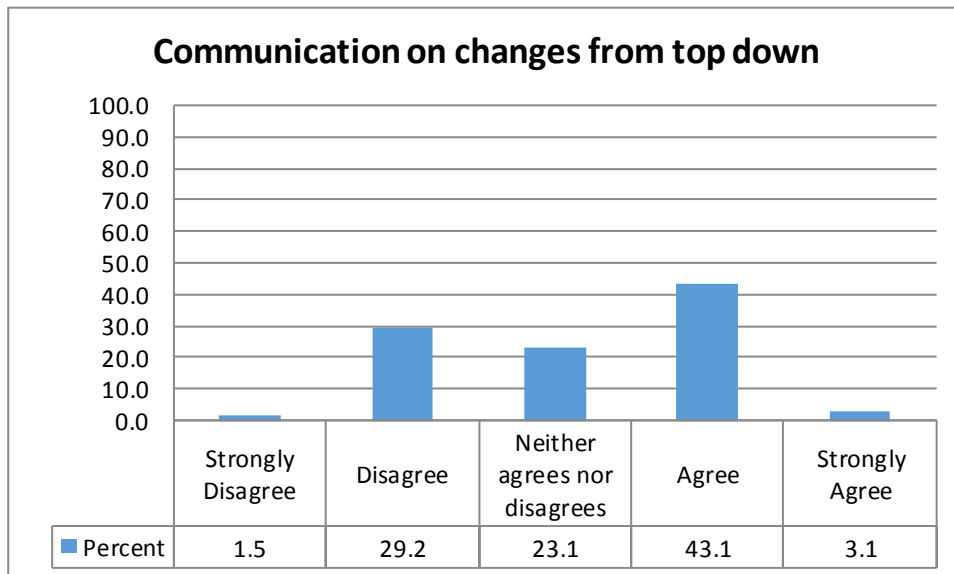


Figure 25: Communication on changes from top down

Figure 25 indicates that 1.5% of respondents strongly disagree, 29.2% of respondents disagree, 23.1% of respondents neither agree nor disagree, 43.1% of respondents agree, and 3.1% of respondents strongly agree that communication on changes from top down. The majority of respondents (46.2%) were in agreement with this human capital process, which highlights the positive significance with respect to the organisation’s commitment to it.

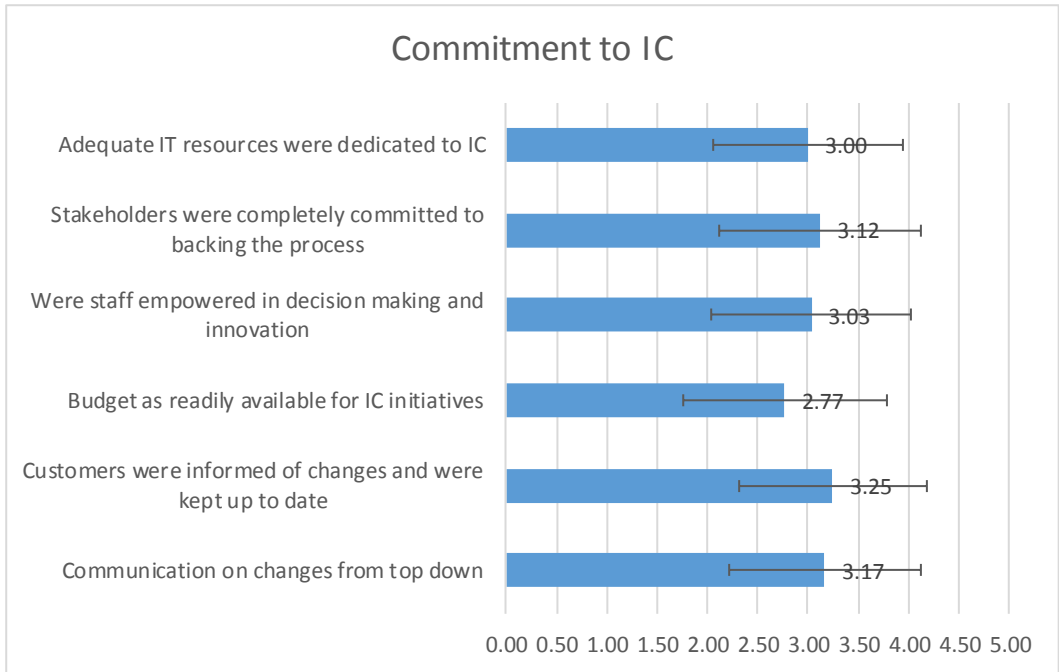


Figure 26: Commitment to IC

Figure 26 illustrates that keeping customers informed of changes (3.25) was the human capital process that had the highest level of commitment within the organisation. Likewise, having budget readily available for IC initiatives (2.77) was identified as the human capital process that had the relatively lowest level of commitment within the organisation.

4.6. Factors influencing IC

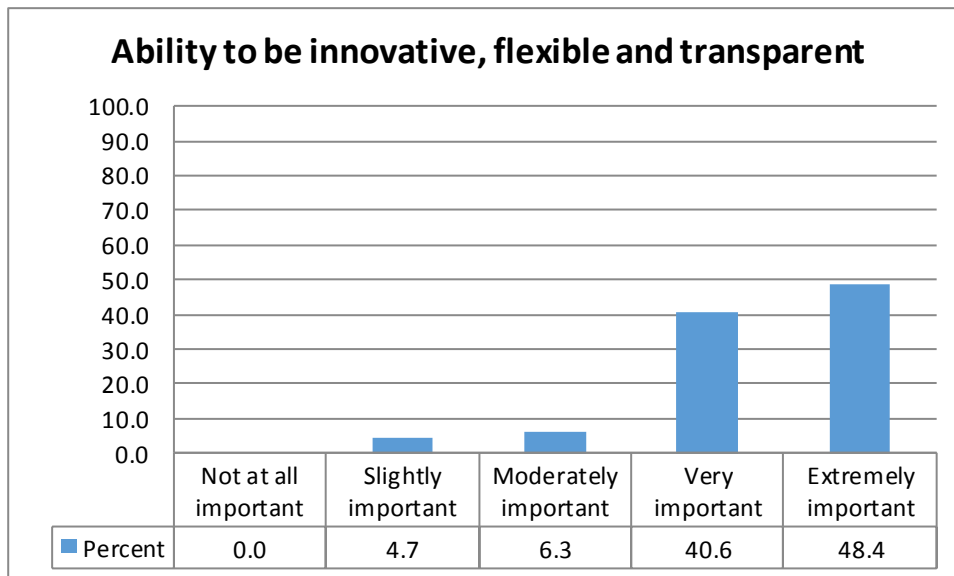


Figure 27: Ability to be innovative, flexible and transparent

Figure 27 demonstrates that no respondents chose not at all important, 4.7% of respondents chose slightly important, 6.3% of respondents chose moderately important, 40.6% of respondents chose very important, and 48.4% of respondents strongly agree chose extremely important with regards to the ability to be innovative, flexible and transparent. The majority of respondents (89.0%) felt that this structural capital process was very important, which highlights its positive significance as a key factor influencing IC within the organisation.

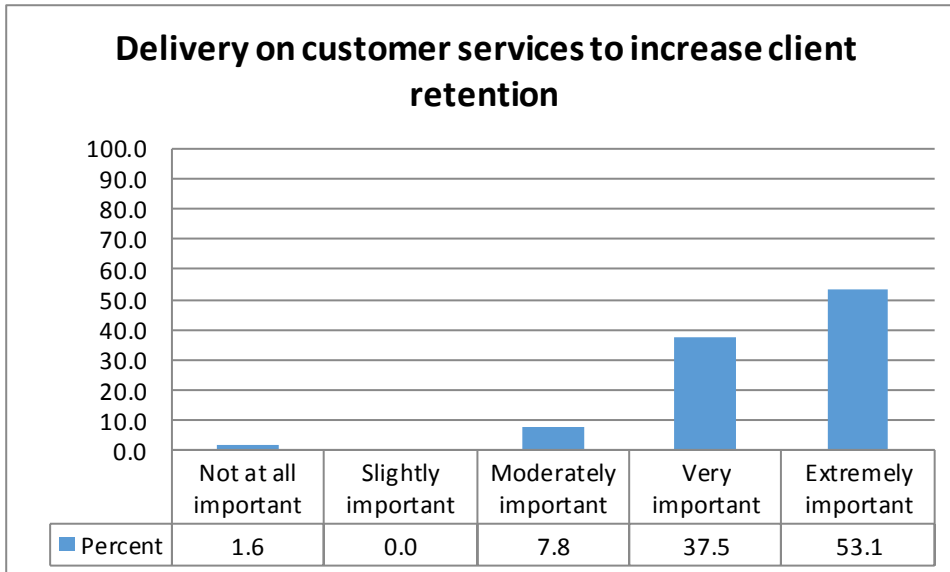


Figure 28: Delivery on customer services to increase client retention

Figure 28 demonstrates that 1.6% of respondents chose not at all important, no respondents chose slightly important, 7.8% of respondents chose moderately important, 37.5% of respondents chose very important, and 53.1% of respondents strongly agree chose extremely important with regards to delivery on customer services to increase client retention. The majority of respondents (90.6%) felt that this structural capital process was very important, which highlights its positive significance as a key factor influencing IC within the organisation.

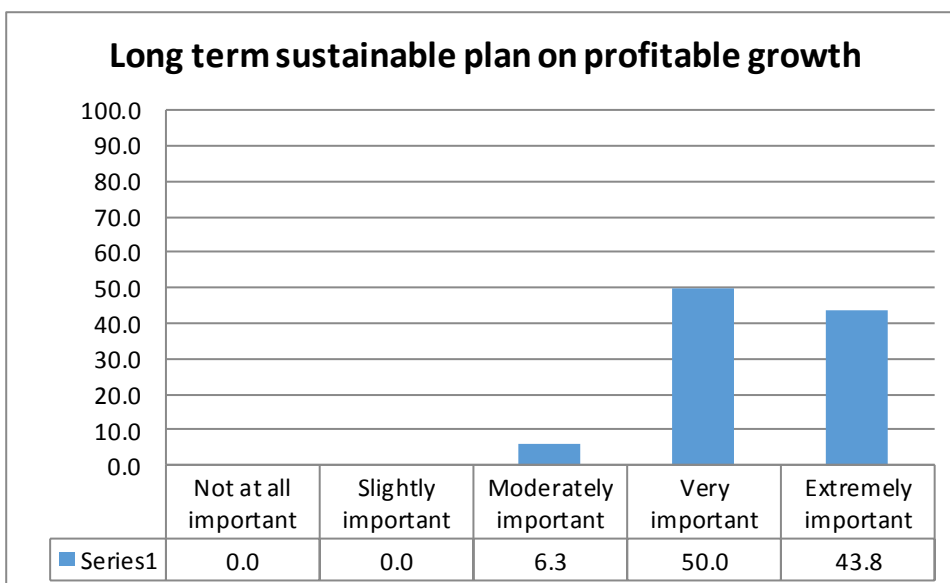


Figure 29: Long term sustainable plan on profitable growth

Figure 29 demonstrates that no respondents chose not at all important, no respondents chose slightly important, 6.3% of respondents chose moderately important, 50.0% of respondents chose very important, and 43.8% of respondents strongly agree chose extremely important with regards to the long term sustainable plan on profitable growth. The majority of respondents (93.8%) felt that this structural capital process was very important, which highlights its positive significance as a key factor influencing IC within the organisation.

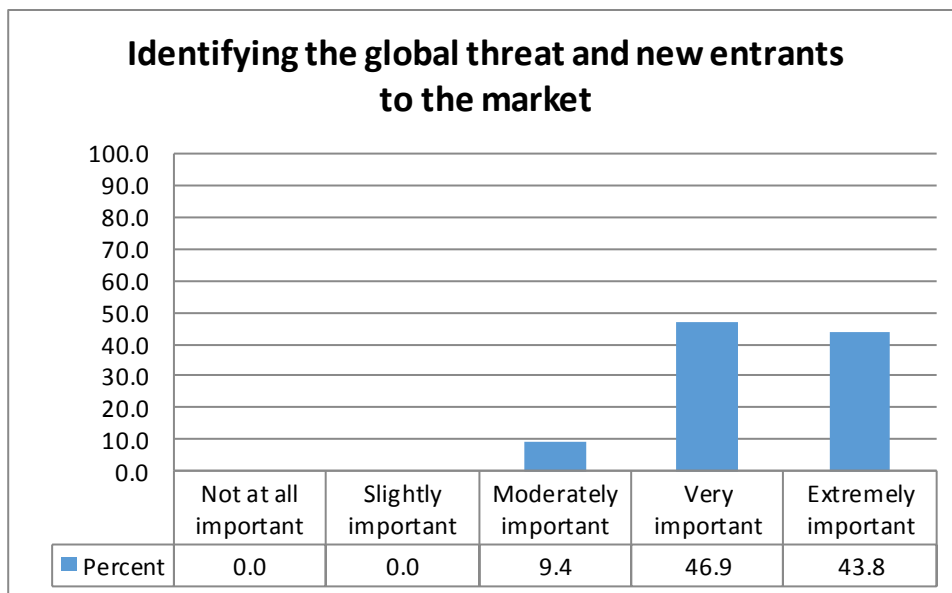


Figure 30: Identifying the global threat and new entrants to the market

Figure 30 demonstrates that no respondents chose not at all important, no respondents chose slightly important, 9.4% of respondents chose moderately important, 46.9% of respondents chose very important, and 43.8% of respondents strongly agree chose extremely important with regards to identifying the global threat and new entrants to the market. The majority of respondents (92.7%) felt that this structural capital process was very important, which highlights its positive significance as a key factor influencing IC within the organisation.

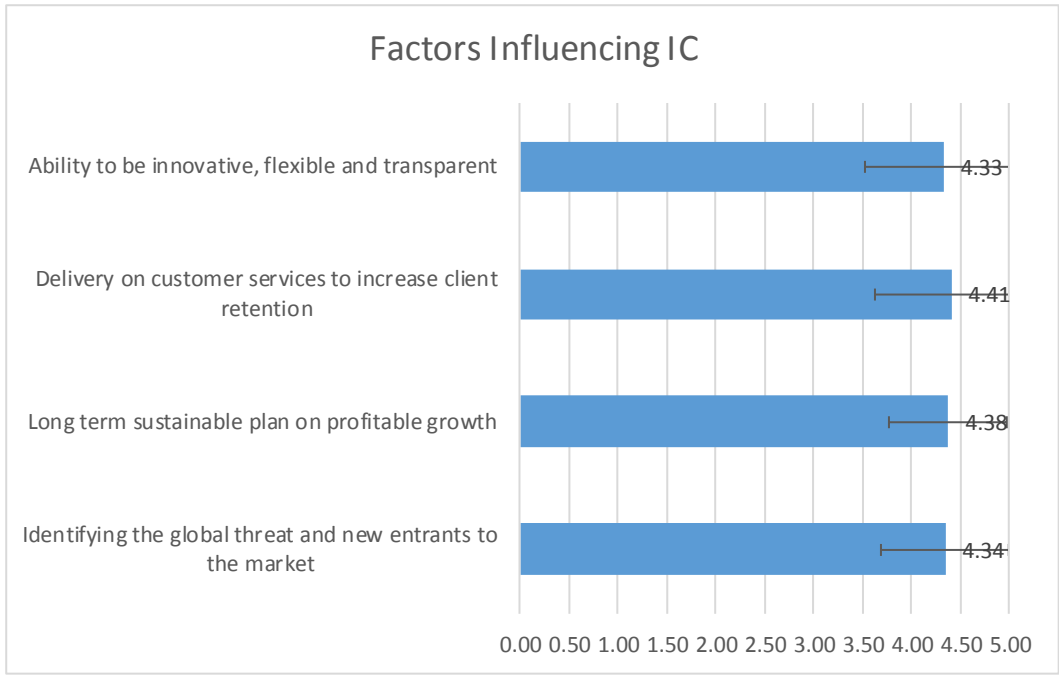


Figure 31: Factors Influencing IC

Figure 31 illustrates that being innovative (4.33), customer-centric (4.41), sustainable (4.38) and aware of market threats (4.34.) were all structural capital processes that influenced the management and enhancement of intellectual capital within the organisation. There was no single factor identified to be the most important or least important.

4.7. Conclusion

To conclude this chapter, the key significant findings from the questionnaire results are summarised in the Table 6 below:

Table 6: Summary of Key Findings

Constructs	Sub Constructs	Items	Negative	Neutral	Positive
Impact of IC on Organisational Performance	Productivity	Organic growth (sales on existing customers)			X
		Acquisition of new customers			X
		First to market within new target markets	X		
	Profitability	Gross Profit (before expenses)			X
		Nett Profit (after expenses)			X
		Variance on profitability over 3 years			X
	Retention	Retention on existing clients over 3 years			X
		Retention on new business			X
	Growth	Client growth over 3 years			X
Increase in market share over 3 years				X	
Commitment to IC	Commitment to IC	Adequate IT resources were dedicated to IC		X	
		Stakeholders were completely committed to backing the process			X
		Were staff empowered in decision making and innovation			X
		Budget as readily available for IC initiatives	X		
		Customers were informed of changes and were kept up to date			X
		Communication on changes from top down			X
Factors Influencing IC	Factors Influencing IC	Ability to be innovative, flexible and transparent			X
		Delivery on customer services to increase client retention			X
		Long term sustainable plan on profitable growth			X
		Identifying the global threat and new entrants to the market			X

A finding was deemed to be significant when a level of satisfaction, agreement or importance was felt by the majority of respondents, either in a positive or negative sense. This illustrates the significance of the results and forms the basis for further discussion in light of the research questions, which are presented in the next chapter.

CHAPTER 5: DISCUSSION

5.1. Introduction

Chapter 5 discusses the results and findings of the research in light of the research questions formulated through the extensive literature review.

5.2. Impact of IC on organisational performance

The first and second research questions seek to determine what were the processes to measure and manage IC at one of the big four banks; and which were the most effective processes to maximise the yield from IC. The results of this study indicated that organic growth had the highest impact, and being first to market within new target had the lowest impact. These findings are supported in the literature as a significant relationship was found between dimensions of intellectual capital and human capital, structural capital, customer capital and innovation capital on organizational performance effectiveness (Tabarsa et al., 2014:505).

When targeting new markets, it was suggested that the development of value-added statements included in the integrated reports of international partnerships shows the dimension of the generated added value and its distribution among stakeholders. In spite of differences in understanding the value measurement, one can recommend both of these approaches to the evaluation of the role played by financial, human and social capital in creating the value of an enterprise. From the stakeholders' point of view, the information on generated income allocation is most important (Bagieńska, 2016:92).

In addition, it was also found that human and intellectual capital are positively related to performance (Tobin's Q), and intellectual capital can be taken into consideration for improving the performance of Iranian firms (Hejazi et al., 2016:259). Moreover, in order to enable proactive behaviour in the market place, entrepreneurial firms have to reconfigure their intangible assets (Mohammad, Ansari, Ologbo and Rezaei, 2013:99).

Similarly, Wu and Sivalogathan (2013:140) also confirm that 'a firm's capacity to develop and apply its expertise and knowledge is highly related to its intellectual capital'. Intellectual capital is being considered a new reconciling variable for understanding a high performance work system and organizational performance (Becker and Huselid, 1998:53). With the practice of high performance work systems in supporting and elevating human, structural and social capitals of an organisation, operational efficiency may be enhanced, thereby influencing the financial performance of an organization and in the long run bringing into view value-added business performance for the organization (Lee, Wu and Chao, 2015:68).

Therefore, it can be concluded that the organisation does have processes in place to measure and manage the impact of organisational performance at the bank. These can take the form of productivity, profitability, retention and growth measures. Furthermore, the productivity and profitability measures were found to be the most effective processes to maximise the yield from IC.

5.3. Commitment to IC

The third research question seeks to understand the commitment to IC within the organisation. The results of this study indicated that keeping customers informed of changes had the highest commitment, and having budget readily available for IC initiatives had the lowest level of commitment within the organisation. These findings are supported in the literature as it was found firm-specific human capital is important for a firm's competitive performance; employees must be able to evaluate which investments will yield firm-specific versus general human capital before making those investments; and employees must have discretionary choice over their investments in firm-specific and general human capital (Krzycki and Ulrich, 2015:357)

In addition, it was found that when dealing with crises, these efforts are doomed to failure without investing adequately to training, learning, and development of human capital (Ali and Al-Aali, 2016:200). Likewise, one of the ways to develop IC that produces effective communication requires the use of integrated value reporting whose scope and informational quality would build appropriate social-economic

solutions with stakeholders. This report on added value is one of the ways of communication with the stakeholders in the area of the value generated by the enterprise (Bagieńska, 2016:100).

With regards to maintaining a commitment to IC when it comes to communicating change, organisational transparency makes sense rationally and ethically, therefore the business leaders and the top management must learn how to effectively build trust, communicate, and foster true values in a transparent manner (Niculescu, 2015:48). Furthermore, the role of a leader of an organization is no longer simply to run the business on a daily basis, but to create the right culture based on ethics and values. It becomes essential to cultivate such a framework, based on leadership processes, toward achieving business objectives and related growth, profit, and return goals, outlining the future of corporate governance and what's needed for continued effectiveness in a framework where knowledge is continually enhanced (Niculescu, 2015:49).

Therefore, it can be concluded that the organization is highly committed to human capital processes involving customer communication, especially when they involve major changes. However, when it comes to investing in human capital processes, it was felt by respondents that budgets were not readily available to pursue any IC initiatives.

5.4. Factors influencing IC

The final research question seeks to determine which factors which are influenced by intellectual capital within the organisation. The results of this study indicated that being innovative, customer-centric, sustainable and aware of market threats were all key factors that influenced the management and enhancement of intellectual capital within the organisation. These findings are supported in the literature as it was found that an organisation's investments in company-specific structural capital create a deterrent for clients to follow the contact employee, because remaining with the service firm will increase clients' return on the service providers' structural capital (Biong and Ulvnes, 2011:250). Furthermore, higher levels of structural capital reduce

the value of the contact employee's investments in human capital should the employee leave. Conversely, human capital creates motivation to follow the contact employee, while social capital only provides value in combination with human capital (Biong and Ulvnes, 2011:251).

With regards to innovation, it was found that intellectual capital positively affects innovative performance, and knowledge-based dynamic capability is a mediator rather than a moderator which partly mediates the relationship between intellectual capital and innovative performance. The authors suggested that realizing superior innovative performance is dependent on a firm's intellectual capital and its ability to sense opportunities and threats, to make timely and correct decisions, and to facilitate necessary changes efficiently (Yuqian Han and Dayuan Li, 2015:50), which are supported by the findings of this research.

Furthermore, it was found that the existence of innovative and internationally competitive enterprises is a critical prerequisite for a country's future growth and prosperity (Wildowicz-Giegiel and Misiewicz, 2016:280). Similarly, innovation is considered the key element to ensure sustainable growth and competitive advantages. The innovation performance of an organization determines not only the current value but the capability and strength for the future (Fan and Lee, 2011:180).

Likewise, in the case of market awareness, it was found that when labour markets are highly competitive, individuals will capture more of the value their general human capital and discretionary firm-specific human capital creates, and firms and individuals will share the value created by required firm-specific and co-specialized human capital. When labour markets are less competitive, who captures the value created with a particular type of human capital depends on the reasons why the labour market is less competitive and each party's bargaining power and negotiation skill (Molloy and Barney, 2015:310).

Therefore, it can be concluded that there are no gaps that may exist in the management and enhancement of intellectual capital because all factors influencing intellectual capital in the organization are viewed as being very important and

significant, which ultimately contributes to the development of sustainable growth and competitive advantages.

5.5. Conclusion

This chapter presented the key findings of this study in light of the research questions. The next chapter will seek to draw pertinent conclusions and recommendations based on these findings, whilst also highlighting any limitations and areas for further study.

CHAPTER 6: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

6.1. Conclusions

Chapter 6 summarises the study and deduces conclusions, recommendations, limitations, and areas of further study from the findings to conclude the research. The aim of this study was to investigate the critical components of IC, such as customer, human and structural capital; and how to best integrate these elements to maximise optimisation of IC.

The following conclusions are presented based on the discussion of the major findings identified:

- **The impact of IC processes on organisational performance:** it was found that organic growth had the highest impact, and being first to market within new target markets had the lowest impact with regards to processes that measure and maximise the yield from IC. In addition, it was found that respondents were relatively more satisfied with productivity and profitability processes when compared to growth and retention processes. It was therefore concluded that the organisation does have processes in place to measure and manage the impact of organisational performance at the bank.
- **The understanding of the commitment to IC within the organisation:** it was found that that keeping customers informed of changes had the highest commitment, and having budget readily available for IC initiatives had the lowest level of commitment within the organisation. It was therefore concluded that the organization is highly committed to human capital processes involving customer communication, especially when they involve major changes. However, when it comes to investing in human capital processes, it was felt by respondents that budgets were not readily available to pursue any IC initiatives.

- **The key factors that influence IC within the organisation:** it was found that that being innovative, customer-centric, sustainable and aware of market threats were all key factors that influenced the management and enhancement of intellectual capital within the organisation. Additionally, it was found that there was no single factor identified to be the most important or least important. It was therefore concluded that there are no gaps that may exist in the management and enhancement of intellectual capital because all factors influencing intellectual capital in the organization are viewed as being very important and significant, which ultimately contributes to the development of sustainable growth and competitive advantages.

6.2. Recommendations

As part of addressing the final research objective, the following recommendations are offered relating to the influence of intellectual capital on organisational performance:

- Even though participants were mostly satisfied with the customer capital processes within the organisation, management should start to focus on opportunities within new target markets. The productivity, profitability, growth and retention processes currently in place should ensure success in capitalising on new ventures and having a positive influence on organisational performance.
- Management should invest more in IC initiatives to ensure that there are adequate IT resources in place to capitalise on opportunities to develop additional competitive advantages within the organisation.
- Management should pay close attention to the four key factors that influence IC, namely being innovative, customer-centric, sustainable and having market awareness as these can influence organisational performance both positively and negatively. Investments in any of these areas are sure to improve the effectiveness of all IC initiatives undertaken within the organisation.

6.3. Limitations

The following limitations were identified that had a bearing on the findings of this research:

- The response rate achieved from the questionnaire was very low and a bigger sample size could've allowed more options for conducting sophisticated statistical analyses; and would have increased the accuracy of the data.
- Due to the nature of the industry, banking executives are always facing logistical challenges and time-constraints. This has impeded the progress of both the researcher and participants, and could be the major contributing factor to the low number of responses received on the questionnaire.
- A quantitative methodology was employed for this study to ensure the objective involvement of the researcher; but a qualitative study could have shed light on issues very specific to the organisation. However, this would have required the researcher to be an active participant, hence the position of the researcher within the organisation can also be seen as limiting factor. If the researcher was at one of the highest levels within the organisation, it would have been possible to identify specific issues that needed urgent attention; whilst also ensuring more authoritative access to research participants throughout the organisation.

6.4. Areas of further research

The following suggestions for areas of further research can be considered:

- Similar quantitative research could be conducted in the other major South African banks to create an opportunity to benchmark the influence of IC on organisational performance across the entire industry.
- A longitudinal study could be conducted to follow-up on this research in order to determine any trends and patterns related to the influence of IC on organisational performance that takes IC effectiveness over time into account.

- To understand IC from a more detailed perspective highlight specific issues, a qualitative study that could involve focus groups and with more open ended questions could be implemented.

6.5. Conclusion of the study

The findings and conclusions drawn from this study highlight that the organisation does have a great balance of IC processes in place that are having a positive influence on organisational performance. Furthermore, the leadership at the higher structures within the organisation have demonstrated their commitment to communication both to customers and employees regarding any changes in the organisation. However, the level of commitment is not as high when it comes to investing and budgeting for IC initiatives to develop resources throughout the organisation that should create competitive advantages. Management needs to re-assess its priorities in this regard and has to demonstrate a greater level of commitment to IC initiatives to really take advantage of the benefits that these can bring to the organisation in the form of improved organisational performance. This can be achieved by leveraging the four key factors that influence IC to further develop and enhance the organisation's structural, customer relational and human capital competitive advantages.

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APPENDIX A: LETTERS FOR PERMISSION TO CONDUCT STUDY

ACCESS LETTER REQUESTING PERMISSION TO CONDUCT RESEARCH

160 Main Street
Johannesburg
2001

The Engagement Manager
Absa
160 Main Street
Johannesburg 2001

27 October 2015

Dear Mr Rajendran Naidoo

REQUEST FOR PERMISSION TO CONDUCT RESEARCH

I am a registered Master's student in the Department of Management Studies at the Durban University of Technology. My supervisor is Dr Ntswazikhona Simon Chili

The proposed topic of my research is: Influence of Intellectual Capital on organisational performance in Absa. The objectives of the study are:

- To identify the current opportunities, influence, factors and processes within Retail and Business Banking with regards to intellectual capital.
- Explore the importance and influence of intellectual capital within Absa in relation to their performance.
- To make recommendations to management on improving Intellectual Capital efficiencies, to enhance organisational performance.

I am hereby seeking your consent to conduct this study to assist you in reaching a decision. I have attached to this letter:

- (a) A copy the research instruments (by means of my proposal) which I intend using in my research

Should you require any further information, please do not hesitate to contact me or my supervisor. Our contact details are as follows:

Supervisor : Dr Ntswazikhona Simon Chili (0729952586)

or

The researcher : D. Venkatsamy(084 303 7700)

Upon completion of the study, I undertake to provide you with a bound copy of the dissertation.


Your permission to conduct this study will be greatly appreciated.

Yours sincerely,


Dhaneshree Venkatsamy (Researcher)


Rajendran Naidoo (Engagement Manager)

Supervisor(s).
2. Number all pages and show correct author source references both in the text proper and in the References at the end using the Harvard referencing method (IEEE for Engineering students).
3. Complete the Ethics Section, the Work Plan and the Budget correctly in every respect and again engage in a thorough spell check prior to submission to your Supervisor/Co-Supervisor(s).
4. Please note carefully the closing dates, as outlined in the Academic Calendar, contained in the Rule Book for Students, the registration dates as well the expected duration for the completion of the project.
5. It is imperative that you adhere to your specified guidelines for completion of your research and institutional/faculty deadlines as published on the DUT website.
Declarations

Student Declaration
I, the undersigned, certify that:
<ul style="list-style-type: none"> • I am familiar with the rules regulating higher qualifications at Durban University of Technology, and understand the seriousness with which DUT will deal with violations of ethical practice in my research. • Where I have used the work of others this has been correctly referenced in the proposal and again referenced in the bibliography. Any research of a similar nature that has been used in the development of my research project is also referenced. • This project has not been submitted to any other educational institution for the purpose of a qualification. • All subsidy-earning outputs (artefacts and publications) from postgraduate studies will be in accordance with the Intellectual Property Policy of the Durban University of Technology. • Where patents are developed under the supervision of the Durban University of Technology involving institutional expenditure, such patents will be regarded as joint property entitling the Durban University of Technology to its share, subject to the Durban University of Technology's policy on the Management and Commercialisation of Intellectual Property. • I understand that I am expected to publish an article based on my research results. • I understand that plagiarism is wrong, and incurs severe penalties.
I HEREBY DECLARE THAT THE ABOVE FACTS ARE CORRECT.
Signed:  Date: <u>09/11/2015</u>

Supervisor Declaration

	COMMENTS			
32	Does permission need to be obtained in terms of the location of the study? If yes indicate how permission is to be obtained.		x	
	COMMENTS			
33	Does the researcher have indemnity cover relating to research activities? If yes, specify, if no, explain why not.	x		
	COMMENTS: The researcher will write an application letter to the Department Heads to ask for permission to conduct the study.			
34	Does the researcher have any affiliation with, or financial involvement in, any organisation or entity with direct or indirect interests in the subject matter or materials of this research? If yes, specify.	x		
	COMMENTS: The researcher works at Barclays Africa Group Ltd.			

The undersigned declare that the above questions have been answered truthfully and accurately

STUDENT NAME 

SIGNATURE  DATE 09/11/2015

SUPERVISOR NAME _____

SIGNATURE _____ DATE _____



Faculty of Management Sciences

Department of Business Administration

Date

Dear Participant

My name is Daneshree Venkatsamy, and I am a student at the Durban University of Technology. I am currently conducting research as part of my dissertation towards a Master of Technology qualification.

The aim of this research is to address the influence of intellectual capital within Absa.

Absa will be subjected to interviews. The interviewees will make up a sample size 200 and a pilot study will make up around 20, including the distribution of questionnaires. The target sample will comprise Absa employees.

Please be advised that the interview process is confidential, and the information obtained cannot be traced back to any business organisation, or any individuals.

The dissertation will also not make mention the names of any organisation, or any individuals.

Also note that your participation in this interview is voluntary.

Daneshree N. Venkatsamy
Tel: 0843037700
Email: daneshreev@gmail.com

[Redacted Signature]

Student [Redacted]
Contact Details 084 303 7700

Dr Nelizwazi Khona S Chiti
Cell: 0729962586
Email: nelizwazi.khona@dut.ac.za

Supervisor / Promoter
Contact Details

APPENDIX B: CONSISTENCY MATRIX

Questionnaire Sections	Research Objectives	Research Questions	Constructs	Sub Constructs	Items	Mean	Std. Deviation	N
Impact of IC on organisational performance at the bank	To determine whether the bank has processes in place to maximise on IC with a view to improving organisational performance	What is the process to measure and manage IC? What are the most effective processes to maximise the yield from IC?	Impact of IC on Organisational Performance	Productivity	Organic growth (sales on existing customers)	3.55	0.748	66
					Acquisition of new customers	3.20	0.948	66
					First to market within new target markets	2.97	1.081	66
				Profitability	Gross Profit (before expenses)	3.36	0.816	66
					Nett Profit (after expenses)	3.35	0.774	66
					Variance on profitability over 3 years	3.26	0.751	66
				Retention	Retention on existing clients over 3 years	3.08	1.042	66
					Retention on new business	3.21	0.903	66
				Growth	Client growth over 3 years	3.15	0.965	66
Increase in market share over 3 years	3.00	0.961	66					
Recommendations to management that ensures that IC has a positive impact on organisational performance 2. A Company's commitment to IC	To investigate current practices related to the management and enhancement of intellectual capital at one of the big four banks	What is the understanding of IC within the organisation?	Commitment to IC	Commitment to IC	Adequate IT resources were dedicated to IC	3.00	0.935	65
					Stakeholders were completely committed to backing the process	3.12	1.008	65
					Were staff empowered in decision making and innovation	3.03	1.000	65
					Budget as readily available for IC initiatives	2.77	1.012	65
					Customers were informed of changes and were kept up to date	3.25	0.936	65
					Communication on changes from top down	3.17	0.945	65
Factors affecting IC at the bank 3. Optimising IC is dependent on continuous improvement to stay ahead of competitors	To identify gaps that may exist in the management and enhancement of intellectual capital	What are the factors that influence intellectual capital within the organisation?	Factors Influencing IC	Factors Influencing IC	Ability to be innovative, flexible and transparent	4.33	0.798	64
					Delivery on customer services to increase client retention	4.41	0.771	64
					Long term sustainable plan on profitable growth	4.38	0.604	64
					Identifying the global threat and new entrants to the market	4.34	0.648	64

APPENDIX C: QUESTIONNAIRE

Impact of IC on organisational performance at the bank						
<ul style="list-style-type: none"> 1. Following a process of IC in your organisation how satisfied have you been with the company results over the last 3 years compared to the industry benchmark 						
	Less Satisfied			More Satisfied		
Financial Performance						
Productivity						
Organic growth (sales on existing customers)	1	2	3	4	5	
Acquisition of new customers	1	2	3	4	5	
First to market within new target markets	1	2	3	4	5	
Profitability Indicator						
Gross Profit (before expenses)	1	2	3	4	5	
Nett Profit (after expenses)	1	2	3	4	5	
Variance on profitability over 3 years	1	2	3	4	5	
Retention Indicator						
Retention on existing clients over 3 years	1	2	3	4	5	
Retention on new business	1	2	3	4	5	
Growth Indicator						
Client growth over 3 years	1	2	3	4	5	
Increase in market share over 3 years	1	2	3	4	5	

Recommendations to management that ensures that IC has a positive impact on organisational performance					
2. A Company's commitment to IC					
The changes in the financial industry, that is, legislation, climate change and corporate governance has seen a need for IC over the last 3 years					
Company's current commitment to IC	Strongly agree			Strongly disagree	
Adequate IT resources were dedicated to IC	1	2	3	4	5
Stakeholders were completely committed to backing the process	1	2	3	4	5
Were staff empowered in decision making and innovation	1	2	3	4	5
Budget as readily available for IC initiatives	1	2	3	4	5
Customers were informed of changes and were kept up to date	1	2	3	4	5
Communication on changes from top down	1	2	3	4	5

Factors affecting IC at the bank	Not Important			Very Important		
3. Optimising IC is dependent on continuous improvement to stay ahead of competitors						
Clear vision, mission, strategic intent and objectives outlined and communicated from management to staff						
Ability to be innovative, flexible and transparent	1	2	3	4	5	
Delivery on customer services to increase client retention	1	2	3	4	5	
Long term sustainable plan on profitable growth	1	2	3	4	5	
Identifying the global threat and new entrants to the market	1	2	3	4	5	