UNIVERSITY OF KWAZULU-NATAL

STRATEGIC INTELLECTUAL CAPITAL MANAGEMENT: CASE STUDY IN THE BANKING AND FINANCIAL SERVICES SECTOR IN ZIMBABWE

By

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DECLARATION

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ABSTRACT

In today's dynamic and competitive business environment, one way organisations can achieve and sustain competitive advantages is through the leveraging of valuable, inimitable, rare intangible assets. These intangible assets make up the organisation's intellectual capital which consists of human capital, structural capital and relational capital. Each organisation has its intangible assets or intellectual capital which must be leveraged well in order to succeed. That efficient use of company resources can impact on profitability and competitiveness. This research sought to explore the extent to which the management of intellectual capital was being pursued within a participant institution in the banking and financial services sector in Zimbabwe to gain competitive advantage. The Zimbabwean banking and financial services sector provides an ideal research platform for such an investigation as much prior similar scholarship has been conducted in the context of developed, first world economies.

With the world moving towards a knowledge-based economy, knowledge circulates at every level of business; as such it is of growing importance for knowledge intensive firms to reflect on their intellectual capital as a source of sustained competitive advantage.

The case study research method was used to help with the understanding of the complex issues within the organisation's real life setting. A mixed-methods research approach was used which in essence entailed the use of both qualitative and quantitative data collection tools. Data collection was to proceed by documents review, questionnaire based surveys and semi structured in-depth interviews.

The findings revealed that the participant institution was leveraging its intellectual capital through good staff hires, enhancing of employee skills, adequately investing in information systems and being mindful of its customer and stakeholder relations. The findings have implications for strategic management in that it allows managers to identify the activities and factors of value which companies can devote resources to in order to augment their competitive position.

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LIST OF ACRONYMS

ABV – Accounting Book Value

BPC – Business Process Capital

CMV – Corporate Market Value

CPU- Central Processing Unit

EVA – Economic Value Added

GAAP- General Accepted Accounting Practices

HR─ Human Resources

HC ─ Human Capital

IASB ─ International Accounting Standards Board

IC – Intellectual Capital

ICM – Intellectual Capital Management

ICR ─ Intellectual Capital Research

ICTs – Information and Communication Technologies

KF – Knowledge Forum

KM – Knowledge Management

KSF: Key Success Factors

MIS – Management Information System

MVA – Market Value Added

OECD – Organisation of Economic Cooperation and Development

POSB – People's Own Savings Bank

PWC – PriceWaterhouseCoopers

R & D – Research and Development

RBZ ─ Reserve Bank of Zimbabwe

SN – Skandia Navigator

SPSS – Statistical Package for Social Sciences

TQM—Total Quality Management

UNICEF– United Nations Children's Fund

VA – Value Added

WIPO ─ World Intellectual Property Organisation

ZECT— Zimbabwe Emergency Cash Transfers

ZimASSET — Zimbabwe Agenda for Sustainable Socio-Economic Transformation

ZSE ─ Zimbabwe Stock Exchange

CHAPTER 1

INTRODUCTION, BACKGROUND AND MOTIVATION FOR STUDY

1.1. INTRODUCTION

The modern dynamics of the business environment are seemingly changing the traditional bases of organisational competitive advantage. For management, this paradigmatic shift has warranted obsolete the traditional notion of 'business as usual' style of management and as such the changeover has consequentially precipitated in business organisations becoming more reflective of their intangible assets and adopting more belligerent and subtle aggressive strategies in their quest for profitability and economic success. The challenge of attaining competitive advantage for the modern firm has been affected by such factors as the liberalisation of product and labour markets, reduced market barriers and the global deregulation of capital flows and this has gradually led to the erosion of the traditional sources of competitive advantage but has nonetheless exposed newer means for wealth creation (Teece, 2014). The notion of intangible assets as sources of competitive advantage is now emergent and can no longer be ignored (Chiucchi and Dumay, 2015: 306).

Empirical research shows an expedient shift towards the valuing and use of knowledge and intellectual capital as key strategic tools in the rigorous advancement towards the furtherance of organisational competitiveness and cultivation of forceful sustainable competitive advantages (Kaplan and Norton, 2004:59). This phenomenal shift has according to Guthrie and Petty (2000:241) markedly increased interest in the fields of research on intellectual capital and Leo and Adelman (2010:6) concede that little has been written to succinctly describe and define the conception of intellectual capital. Lipunga (2014) concurs that the burgeoning demand for knowledge-based products and services in the revolving global economy has made the role of intellectual capital in achieving competitive advantage imperial and requiring further inquisition. This hence brings the imperative of conducting this research on how intellectual capital is managed to gain competitive advantage in an institution within the banking and financial services sector in Zimbabwe. A banking institution is a knowledge intensive institution, as such, conducting a research on such an institution eliciting insights and perspectives on the desired research topic will to a greater extent yield credible output. Knowledge intensive companies according to Firer (2003:95) are companies that "derive their value exclusively from the efforts of people (their human capital) and the collective routine systems, processes and information within the organisation (their structural capital), for example banking, electronics and health".

Mention and Bontis (2013) are in support of the strategic philosophy that the capacity of organisations to ensemble and exploit their intangible assets has become more significant than investing in and managing physical tangible assets. This apprehension is reinforced by the observations of Neuland (2006, as cited in Louw and Venter, 2006:471) which affirmed that key factors of production inherently subsist in human and organisational capital.

Capital in conventional business context is meant to refer to any asset that will produce future cash flows. The bulk of this capital tends to be tangible and purportedly representing the physical and financial assets of the organisation (Elliot and Elliot, 2011; Talukdar, 2008:1). That difference between the value of the tangible assets, (both physical and financial), and the market value assessment of the enterprise is a measure of its "intellectual capital" (Magrassi, 2002:122; Luthy, 2014: 4). The term "intellectual capital" can thus be construed to be more inclined towards the human and structural resource aspects of the intangibles within an enterprise. According to Sullivan (2000:53) the term is meant to collectively impute all the intangible resources that determine the value of an organisation and the competitiveness of an enterprise and these intangible resources according to the International Accounting Standards Board (IASB) (2012) are "identifiable non-monetary assets without physical substance".

It is important to highlight the observations by Girella, Basnoli and Zambon, (2016: 17) that there seems to be a shift in the modern economy from the traditional notion of product and production ostensibly being of prime importance within the economic, accounting and management arenas. The authors note that "over the last decades, concepts and practices related to intangibles have gained momentum" and this has spawn business leaders, economists and strategists to lean towards the exploration of different success factors. Petty and Guthrie (2000:242) concede that there has been mounting recognition to the limitations of existing systems of financial reporting such that there has emerged a "new dialogue" on the significance of finding new ways to report on an enterprise's intellectual capital. With the rapidly changing dynamics within the 'new economy' which are characterised by the transition from the traditional industrialised and manufacturing-based economy to a service-based economy, it becomes increasingly paramount for firms to look up new approaches for fostering unique competitiveness.

1.2. BACKGROUND OF STUDY

The global economy is seemingly gravitating towards what is famously referred to as the knowledge-based economy or the ‘new’ economy which has heralded a new era in governance (Dawson, 2015:1; Bruggen, Vergauwen, and Dao, 2009:233). According to the World Bank (2014), the knowledge-based economy is typified by the presence of an educated and well trained population, the omnipresence of an economic and institutional regime that fundamentally accommodates and incentivises knowledge creation, transfer and growth. Consensus in mainstream academic publications on this so-called knowledge-based economy highlights the fact that competitiveness now relies more on the productive utilisation of knowledge and other forms of intellectual capital (IC) than on traditional physical assets (Guthrie and Dumay, 2015:4; Firer and Williams, 2003:34; Amison, Formica and Mercier-Laurent, 2005:83). This paradigmatic shift has consequentially moved organisations to adapt to more belligerent and subtle aggressive strategies in their quest for profitability with a role and effect so profound that it has been compared by some scholars to the Kuhnian paradigmatic shift (Guthrie, Ricceri and Dumay, 2012:74; Foray, 2005; Foss, 2004).

There is now an acceptance of intellectual capital as a worthy subject of serious corporate and academic investigation (Chiucchi and Dumay, 2015:308; Roos *et al.,* 2005:13). Since the beginning of the 1990s, authors such as Barney (1991) and Grant (1991) have established a series of characteristics that are essential to resources if they are to generate competitive advantages. Barney (1991:99) repeatedly asserts that understanding the sources of sustained competitive advantage is now a dominant research theme in the fields of strategic management and the theory of the firm.

It is material to mention however, that within the African context, there are complex diverse socio-cultural underpinnings which may be unique and directly impactful to people-centered systems which involve such dynamics as leadership, employee welfare, family systems, sharing and caring, management and governance (Khomba and Bakuwa, 2013:10). As such, it is important to conduct a research to understand the extent to which an African institution engages in the management of its intellectual capital in fostering retained competitive advantages.

1.3. RESEARCH PROBLEM

Since the revolution towards the ‘new economy’ or the ‘knowledge economy’ as reported by Amison *et al.* (2005:83), the world is moving away from traditional tangible drivers of value such as plants and machinery towards an economic order driven by intangible drivers such as knowledge, (Henry, 2013:84). Knowledge assets have developed into being the crux of sustained competitiveness, it has become important for organisations to be introspective of their intellectual capital. Cronje and Moolman, (2013) note that business entities are fast coming to the realisation that there is importance in such intangible factors as knowledge, brands, patents, trademarks, customer relationships, research and development and human capital and that their good management crucial. Intellectual capital has started to gain recognition as an integral ingredient in the workings of the modern organisation and as a major driver of productivity. It is therefore critical that a clear understanding of the concept subsists within the managerial strata of any modern organisation, with a clear understanding of the elements of intellectual capital and how these can be controlled and maneuvered in the perusal of organisational goals (Henry, 2013:84).

This research is devoted to the analysis of the strategic management of intellectual capital as a source of sustained competitive advantage within a selected participant financial institution. The research fundamentally seeks to determine the extent to which the management of intellectual capital is being pursued within the participant organisation in the banking and financial services sector in Zimbabwe. The research further seeks to provide a holistic and balanced enquiry by way of soliciting insights from the managerial participants as well as from the non-managerial participants from the selected participant institution within the banking and financial services sector in Zimbabwe. The research also inquires on the usefulness of the quantitative measures of intellectual capital to modern organisational competitiveness.

1.3.1. Research questions

In attempting to achieve an accomplishment of the research problem, the researcher will be aided by the following research questions:

- How does the institution under study define intellectual capital as a competitive strategy tool?

- Does this institution have a strategy for the management of its intellectual capital, if so, what is the nature of such strategy?
- To what extent is the bank management addressing the constructs of intellectual capital (namely human, structural and relational capital) as presented in the standard intellectual capital models in the management of their IC?
- How does the organisation replicate its IC strategies to retain long term competitiveness?
- What are the challenges faced by the financial institution with regards to measurement components of intellectual capital?

In attempting to clarify the research questions presented above the research will be guided by the following research objectives:

- To investigate how the institution defines intellectual capital as a competitive strategy tool.
- To establish if the institution has a strategy for the management of its intellectual capital, if so, establish the nature of such a strategy.
- To investigate the extent to which bank management is addressing the constructs of intellectual capital as presented in standard intellectual capital models in the management of its intellectual capital.
- To investigate how the organisation replicates its IC strategies to retain long term competitiveness?
- To identify the challenges faced by institutions with regard to measurement components of intellectual capital.

1.4. RATIONALE OF STUDY

With the world gravitating towards the "knowledge based economy", one crucial challenge is finding sustainable sources of value that business organisations can use to enhance their competitive positions. Intellectual capital offers an opportunity for a potential source of competitive advantage. According to Motion and Bontis (2013) there is a wide shift in the new economy; knowledge assets have become the crux of sustainable competitive advantage and the burgeoning field of intellectual capital is an exciting area for both researchers and practitioners. According to Mohanta (2010:8) improving the productivity of the knowledge worker is one of the major challenges for the management thinkers in the 'new' economy.

The motivation that compelled this research study was the need to have an enhanced understanding into the relatively under-researched, but vital conception of intellectual capital. Despite strong empirical background, Leaniz and Bosque (2013:263) acknowledge that this issue has not been fundamentally well studied. Chiuchi (2016) concurs that although several frameworks for measuring and reporting Intellectual Capital (IC) have been developed over the past two decades, their actual use in practice is still limited. The majority of prior scholarship on the management of intellectual capital has been conducted in the context of developed world countries, hence it would be plausible to assert that conducting such a research in the context of a developing world economy not only helps fill the gap in literature on such matters but also it helps with understanding the incorporeal value of companies and their intangible assets and how these can be better managed particularly in the context of developing nations. Hence against such a backdrop, it would be important to fill the gap in knowledge by investigating the strategic management of intellectual capital within a selected financial institution in the context of developing world economy.

1.5. MANAGERIAL IMPLICATIONS

A research of this nature would have implications for strategic management in that it allows managers to identify the activities and intangible factors of value which companies can devote resources to in order to augment their competitive position. Kianto, Andreeva and Pavlov (2013:113) note that intellectual capital management is about balancing and aligning the intellectual capital of a company with its vision and this involves the "establishment of monitoring, measurement and management processes that secure intellectual assets".

This study sought to undertake a practicable research endeavour exploring a relatively under-researched subject on intellectual capital with the goal of helping improve knowledge on the management of intellectual in retaining organisational competitive advantages. The study yielded findings with managerial insights on matters surrounding intellectual assets and may subsequently affect how managers view and organise they intangible assets of value.

1.6. OVERVIEW OF METHODOLOGY

In order to obtain insights from all the facets of the financial institution under study, a mixed-method research approach was acceded to. In essence, this entailed the use of both qualitative and quantitative data collection tools. It is important to mention that the research to a greater extent was rooted on the epistemological position that acquaints the recognition of the context in which the research was being conducted and the standing of the participants within the social setup of the institution under study. The target population for this study was the population of one selected institution in the banking and financial services sector in Zimbabwe. Secondary data was captured from documents in the public domain and the document reviews were integrated into the capturing of research findings. In selecting a workable sample, there was use of the stratified sampling technique. The stratified sampling technique was pursued for the convenience of ensuring that managerial participants and non-managerial participants could be separated and selected independently in applying the relevant measuring instruments within each stratum. Primary data was collected through the use of questionnaire based surveys and semi-structured in-depth interviews. The questionnaire based surveys were used to collect data from the non-managerial members of staff from within the participant institution; the in-depth interviews were used to capture data from the managerial members of staff within the institution. The justification for undertaking a multi-method research approach was based on the reasonable assumption of seeking to triangulate findings and by that triangulation, any bias inherent in any particular data source, method or researcher perspective may be neutralised when employed in conjunction with the other methods (Bryman, 2006: 99; Denzin, 2012).This incorporation of views from both the managerial and non-managerial participants was so as to help the researcher have more balanced insights and perspectives from within the participant institution on the topic under study.

1.7. LIMITATIONS OF STUDY

This study, like any other, had inherent limitations. Study limitations according to Simon and Goes (2013:67) are such factors falling outside the researchers' scope of control that may consequentially influence the results of the study and the interpretation of the findings. Whilst much of these limitations may not have been readily clear and noticeable until the progression of the research activity (Wiersma, 2000:199), certain plausible limitations had been forecast from secondary literature that could reasonably affect the study. More methodological limitations that were identified in the research process have been highlighted in Chapter 6. These limitations include the following:

- The results may not be considered universal or generalisable beyond the particular population from which the specific sample was drawn.

1.8. STRUCTURE OF DISSERTATION

This dissertation was organised into six chapters as follows:

Chapter 1

This chapter has been constructed to for the sake of introducing the research topic, the research problems and the specific research aims that are driving the research undertaking. Chapter 1 has also had the objective of presenting the motivation behind the research endeavor and goes on to give the background and context of the study in an attempt to depict the gap in knowledge and opportunity the research protocol sought to fill.

Chapter 2

This chapter has been crafted to present the literature on the subject matter, and to assist in offering the theoretical abstractions that motivated the research endeavour. Existing bodies of finished, documented and published works were systematically extracted from the works of varied researchers, academics and practitioners and an attempt was made to amalgamate the research significant ideas into this body of work. The chapter firstly takes a broad examination of the evolution of intellectual capital, explaining its differing dimensions and narrows in on the various approaches of the differing dimensions. The chapter further goes to explicating the importance of the sub-dimensions of intellectual capital and presents some modern research frameworks on the particular subject. The chapter further delves in on the strategic implications of intellectual capital and its management on the creation and sustenance of competitive advantages. The chapter briefly introduces the Zimbabwean banking and financial services sector and tries to present an understanding of the complexities inherent in this sector. The chapter acknowledges that the Zimbabwean banking and financial services sector is different to the environments where the majority of similar prior scholarship has been conducted.

Chapter 3

This chapter focuses on research methods that were to be applied in the execution of the study and highlights the proposed and subsequently adopted general execution of the study. Justifications and rationale for the different methodologies acceded to in this research are categorically underscored and their reasoning explained. The chapter delves into the research philosophy, research strategy, design, research populations and presents the sampling frame and the justifications in each undertaking.

Chapter 4

The chapter has been constructed with the objective of advancing the findings of this research. The chapter presents the researcher's findings within the context of the case under study. The case analysis of the data captured from the varied research techniques will be presented. The moderate use of illustrative charts and graphs will be acceded to in presenting the findings in an informational format. However the data and information gathered from document reviews will be presented in the form of comparative and narrative discussions.

Chapter 5

The research findings in relation to the coeval literature are discussed herein. The chapter seeks to provide a detailed analysis of the research findings, their interpretations and their implications.

Chapter 6

This chapter has been constructed for two reasons. Firstly the chapter presents the overall synthesis of all the parts of the dissertation presenting the conclusion of the research. Secondly, the chapter acknowledges that this paper provides an exploratory foundation for further inquisition into systems and processes useful for meaningful management of intellectual capital; as such, the chapter offers recommendations on areas of future research on intellectual capital management.

1.9. CONCLUSION

This chapter has made the attempt of introducing the research topic, the research problems and the specific research aims that inspired the research undertaking. The chapter has set the foundations for the research, presenting the motivations behind the research endeavour. It has presented the major objective of this research as seeking to establish the extent to which the management of intellectual capital as a source competitive advantage was being pursued at a participant organisation. The research, from inception, sought to make reference to secondary sources of academic literature on the subject of intellectual capital (IC) and the link between these intellectual capital variables with organisational competitive advantage. It is pertinent that it be acknowledged from the onset that in the construction of this dissertation, the ethical integrity of scholarly penmanship was adhered to, with the bulk of literary ideas, published text and findings from other authors, or resources (electronic or otherwise) being cited and referenced as such. This research report whilst comprehensive, it needs mention that it is by no way exhaustive, some variables and biases can only be discovered upon carrying the elemental research in a completely different setting. Chapter 2 that follows reviews literature on matters of intellectual capital discussing the importance particularly with regards to the topic under study.

CHAPTER 2
LITERATURE REVIEW

2.1. INTRODUCTION

Intangible assets have been acknowledged as one primary source of the discrepant disproportion between organisational value as per book value and organisational value as per market capitalisation (Moradi *et al.*, 2013:120; PricewaterhouseCoopers, 2004:6; Bontis, 2000, 2001). Daum and Lev (2003:10) note that whilst in recent decades the holistic awareness on the subject of intangible intellectual assets has been steadily growing among managers, investors, researchers and the free-thinking public, the subject still remains somewhat cryptic with Lipunga (2015:211) attesting that the subject is still largely considered esoteric in some business circles but this awareness has however increased the resolute urgency with which organisations need to be reflective and transparent with regard to their intangibles.

This chapter has been crafted to present the literature on the subject matter, and to assist in offering the theoretical abstractions that motivated this research endeavour. The literature review seeks to examine the existing theoretical frameworks in pursuit of blending the existing theoretical awareness with practical frames in the public domain. Existing bodies of finished, documented and published works are systematically extracted from the works of varied researchers, academics and practitioners and an attempt is made to amalgamate the research significant ideas into this body of work. The chapter first takes a brief look at strategic management, its definition and importance with relation to the study. The chapter then looks into the ontogenesis of the intellectual capital movement with a custom timeline populated by some of the dominant intellectual capital praxes and research milestones. The chapter then delves in on intangible assets, explaining the ‘intellectual capital’ aspect of these, and then narrows in on the human and structural elements of these intangibles. The chapter further goes on explicating the importance of the dimensions of intellectual capital and presents some modern frameworks on the subject.

2.2. STRATEGIC MANAGEMENT: CREATING COMPETITIVE ADVANTAGES

2.2.1. What is Strategic Management?

Strategic Management has been defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable organisations to achieve desired objectives (David, 2011:6). It consists of "the analysis, decisions and actions organisations undertake in order to sustain competitive advantages" (Gregory *et al.*, 2005). The primal focus of strategic management in corporate spheres quintessentially looks at how business organisations can outperform others (Masud and Hossain, 2012:45; Porter and Miller, 2001:56). Thus the prerogative lies with managers to mete out appropriately competitive strategies that can be sustainable in the long haul whilst retaining those advantages (Kamukama, Ahiauzu and Ntayi, 2011:154). Important in the process is the availability of belligerent and insistent leadership to guide the corporation forward. According to Dagger, (2000) whilst leadership is somewhat a sturdy phenomenon, its failure is most frequently due to the insufficient understanding of its very nature. Leadership has been defined by certain scholars as *"a process of social influence in which an individual (or group of individuals) can recruit the aid and support of others in the accomplishment of a common task"* (Zaccaro, 2007:11; Joshi *et al*, 2013). It thus comes from that extension that the strategic management of intellectual capital impels a paramount shift in thinking and consideration on the operational roles of intellectual capital and the links amongst its distinct constructs to attain favourable competitive advantage. According to Hamel and Prahalad (1994:47), "*Laggard company senior management fail to write-off depreciating intellectual capital timeously*" and the authors proceed to suggest that this is what differentiates leaders from bureaucrats.

As will be clarified in this writing, one of the foremost duties of strategic managers is to make long-term oriented decisions keeping in mind that, critically speaking, decisions in themselves are of very little use unless acted upon. As such, it is imperative to include the actions undertaken by an organisation in ascribing its strategic management endeavours. Hence when investigating the strategic management of intellectual capital (IC), it is important to focus on the decisions, the activities, as well as review performances that organisations can, and do, follow in leveraging their IC resources and in acting to retain competitive advantages.

Central to the strategic management of IC is the managerial prerogative of ensuring that the firm's product or service offerings match and surpass the offerings of competitors (Janoseviç, Dzenopoljac and Bontis, 2013: 266; Kaplan and Norton, 2004:4). Ultimately a firm's strategy portfolio for the management of its IC undertakings should include management and technology initiatives that seek to leverage the different dimensions of IC (namely human, structural and relational capital) in order to retain that competitiveness (Lipunga 2015: 212; Sanchez 2012; Kaplan and Norton, 2004:5). The banking and financial services sector is undoubtedly one of the most knowledge-intensive of sectors within any economy; as such it would be plausible to assert that IC can be a critical and vital component in the building of sustainable competitive advantages therein. This assertion is reasonably plausible even for the financial institution that has been adopted as the primary case for this study. Further discussions on the strategic proclivities that can leverage intellectual capital for the modern organisation will subsequently be elucidated in later sections of this chapter (see Section 2.14).

Ngwenya (2013:149) is of the view that there is a strong correlation between the collective intellectual capital of "employees and top managers (the agents) with shareholder (principal) value growth" for companies. The author attests that over the past few years, individual companies have been showing a trend of slowly transforming and coming to the realisation that "their prime assets no longer consist of real estate and machine parks" but rather that employee innovations and knowledgeable workforces have since "evolved jointly into prime economic resources, more importantly than money itself". This has shifted the key managerial roles in the 21st century knowledge economy. With those factors in mind, Table 2.1 that follows tabulates insights adapted from Blomqist and Kianto, (2014:13) contrasting management in the traditional sense and management in the knowledge economy. This further strengthens the preponderance that the strengthening of the organisational intellectual capital capabilities can be imperial for the modern knowledge intensive organisation if it seeks to retain competitive advantages.

Table 2.1: Contrasting Management in the Traditional Economy and the Knowledge Economy

Criterion	Traditional Management	Management in the Knowledge Economy
Managerial Role	Control and Command type of management: Supervision and overseeing subordinates.	Participating in knowledge work, coordinating subordinates. Building of trust and social capital.
Organising	Organising hierarchies.	Creating an environment of supportive networks and communities
Locus of expertise	Expertise located at the top of the organisational hierarchies and in distinct competence centers such as Corporate R&Ds.	Knowledge workers are more knowledgeable than management. Knowledge is diffused and dispersed contextual within the organisation.
Governance	Price and authority.	Trust as focal and complimentary to other governance forms.
Job Descriptions	Clear distinction into thinkers and doers.	Overlap of thinking and doing
Orientation	Human and socio-psychological factors marginally important.	Climate and Culture that is supportive of knowledge creation and retention is essential.
Performance Assessment	Ideal performance easy to define, measure and assess.	Optimal performance difficult to assess and especially measure.
Improvement Activities	Re-engineering and cost cutting.	Re-design of workforce and enabling conditions for knowledge creation.
HR	Hiring and firing.	Recruiting and holding on to the best employees
Bureaucracy	Bureaucracy and hierarchies both as management method and as a goal for effective management	Lean and organic structures, networks and temporary groups.
Motivation	External motivation: usually money.	Intrinsic motivation and possibilities for self-development.

Source: Blomqist and Kianto, (2014:13).

2.2.2. Organisational Competence and Competitive advantage

According to Grimaldi and Hannandi (2013:3), within a strategic context, linking internal resources to activities and processes is what contrives a performance competence for an organisation. This concept of organisational performance competence was suggested by Hamel and Prahalad (1994:46) who have been celebrated for bringing up new perspectives on competitive realities that succeeded in rupturing industry boundaries, overthrowing much of standard management practices and rendering obsolete then conventional models of strategy and growth with regards to how organisations innovate with their intangibles. These authors went on to allude that "*At worst, laggards follow the path of greatest familiarity. Challengers, on the other hand, follow the path of greatest opportunity, wherever it leads*" (p. 46). Their considered well reasoned and challenging series of theses downplayed the traditionalistic managerial reengineering trends of management simply being focused on streamlining, restructuring and budget cutting. In proffering their works, Hamel and Prahalad (1994) contemporaneously pioneered doctrines on organisational performance competences, strategy and market forces. They also noted that intangible assets were fast being acknowledged as arguably the most critical of resources for any business enterprise (Mention and Bontis, 2013; Andreou *et al.,* 2007; Hamel and Prahalad, 1994). Knowledge, competences and related intangibles are starting to be considered as key drivers in the acquisition of competitive advantages, particularly in the developing economies (Lipunga, 2015:211; Firer and Williams, 2003:348). This study has taken a unique stance of examining this IC phenomenon from the perspective of an emerging or developing economy as opposed to a developed or Western economy where the strategy contraptions for fostering competitive advantages through the management of intellectual capital are now commonplace.

2.2.3. The importance of Competitive Advantage through people

There has been indication by certain authors of personal values and organisational culture in human capital, that it is difficult to imitate or replace individual contributions and individual workmanship in the organisational context and in the organisational competitive continuum (Janoseviç, Dzenopoljac and Bontis, 2013; Walsh, Enz and Canina, 2008; Edvinsson and Malone, 1997). This is of paramount significance in that it highlights the importance of harnessing competitiveness through people and their varied skill sets. Westhead *et al.* (2012) lay emphasis on the Resource-Based Theory (RBT) of the firm and indicate that to a greater extent, the RBT, even by way of its human capital dimension, exhibits complementarities with approaches to competitive strategy. The capability differentials within organisations' intangible assets are highly regarded as organisational performance carters and imperative for competitive sustenance (Mention and Bontis, 2013: 291; Andriessen and Tissen, 2000:38). As such, according to David (2011:42) organisations should incorporate their people core competences and intangible resources in their strategic thinking when seeking to retain competitive advantages, this finds affirmation from the works of Henry (2013:85) who perpends these people competences as an embodiment of the firm's strategically relevant skill sets and pertinent knowledge linked to the achievement of organisational objectives.

The importance of creating a core competence base by human capital is outlined by Andriessen and Tissen, (2000:43) in their conception of "weightless wealth", wherein technical production structures are deemed no longer as powerful in fostering new competitive advantage with the Grimaldi and Hanandi (2013:4) defining a core competence taxonomy based on categories of a unique bundle of intangibles, highlighting endowments, employee talent, competence and know-how as being of prime interest. The alignment of organisational intangibles with the organisational strategic objectives and drivers of value enables companies to better allocate their resources and business activities to the enhancement, betterment and achievement of strategic objectives (Andreou *et al.*, 2007:55).

Grey (2013) conducted empirical studies on the consequences of economic recessions on unemployment rates within economies and had findings that were in concurrence with observations noted by Leo and Adelman (2010) that one impactful consequence of such recessionary phenomena was the situation of stagnating employment and high unemployment (Leo and Adelman, 2010:6). The implication being that with recessions and economic downturns there are bound to be retrenchments and job lay-offs, with the retrenchments and job lay-offs, knowledge is most likely being lost from organisations. This, according to Leo and Adelman (2010) leaves a critical challenge for the Human Resources professionals within firms to attempt obtain and restore information about:

- Core job knowledge of all employees, their experience, and their key skill-sets;
- Training – this perhaps more important than ever;
- Performance - review systems based upon meaningful metrics;
- Effective succession planning programs; and
- Leadership and management development programs.

It is therefore imperative for knowledge storage to be encouraged in organisations through the strategic management of intellectual capital.

2.3. THE ORIGINS OF INTELLECTUAL CAPITAL

To grasp the theoretical foundations of the subject under study, it is of paramount importance to start by highlighting the theoretical origins and conceptual development of the term 'intellectual capital'. Edvinsson (2013), Johanssen (1999) and Sveiby (1997), agree that the aspirations by individuals within the realms of business to have an enhanced understanding of the factors of value within their organisations and how to better manage these factors is what propelled the intellectual capital movement. The origin of the term itself does not find definitive acknowledgement and still has scholars seeking concessions on the authority but according to Kasiewicz *et al.* (2006:65, as cited in Pazdzior, 2012: 846) the elements of intellectual capital can be traced back to a J. Rea 1834 publication titled "*The Sociological Theory of Capital*". Presented in Table 2.2 below is a simplified timeline of the recent historical intellectual praxes and research milestones in intellectual capital development.

Table 2.2: Timeline on Intellectual Capital development

Year	Authority	Progress and Research Milestones in Contribution to IC development
1980	Hiroyuki Itami	The ground-breaking investigations by Itami focused on the ascendance of the invisible assets on Japanese corporations. Itami was of the suggestion that "successful corporate strategies depend on the marshalling of a firms invisible assets – resources such as knowhow, the visibility of a brand name, or knowledge of customer base." The original publications were published in Japanese in 1980 and later translated into other languages. The contribution was key in that it succeeded introducing a new strategic logic: the logic of invisible asset accumulation and utilisation.
1981	Brian Hall	In research collaborations with Benjamin Tonna, a hierarchy of human values and measuring instruments for describing and gauging value sets of individuals and corporations was developed. Hall went on to establish Omega Associates which transitioned into an intellectual capital consultancy firm which identified firm values, analysed them and point out how these values would assist or impede the firms achievement of its business objectives.
1986	Karl-Erikson Sveiby	Sveiby is acknowledged as one of the pioneering fathers of modern "Knowledge Management" for his instrumental contributions and fundamental concepts still in mainstream use today. His 1986 book explored how to manage knowledge and creativity in organisations that had no production but only the knowledge and creativity of the organisations' personnel. Global group consultants are still making use of Sveiby's tools and processes to date.
1986	David Teece	Teece, an organisational theorist and author of "Profiting from Technological Innovation" which remains the most cited paper ever published in journal Research Policy. In the paper Teece was explaining why innovative firms may sometimes fail to reap the economic benefits of these innovations. The paper is coagulated with ideas on taping intangible sources of value and the mechanisms that can convert innovations and intellectual capital into capabilities for economic beneficiation.
1989	Patrick Sullivan Karl-Erikson Sveiby	Sullivan pioneered research works into commercialising innovation. The theme of the work centred on the extraction of value from intellectual capital. Sveiby makes the early attempts at integrating consultants and practitioners for the construction of statements or accounts that attempt to quantify IC.

1991	Thomas Stewart Leif Edvinsson	New initiatives to systematically measure and account for the stocks of intellectual capital in organisations began to take center stage. The reporting of IC to external parties began to become widespread (e.g initiatives such as Celemi and Skandia). Edvinsson was appointed as the "Director of Intellectual Capital" pioneering IC management into formal status within the corporate continuum.
1991	Jay Barney	Barney was of the belief that understanding the sources of sustained competitive advantage was a significant area in the fields of strategic management. Barney is widely credited for the Resource Based View of the firm. On the Resource based view of the firm comes the proposition that firms within an industry may be heterogeneous with respect to the strategic resources they control, it is the strategic leveraging of these resources that would construe different competitive advantages for firms.
1992	Kaplan and Norton	Kaplan and Norton introduce the concept of the Balanced Scorecard (BSC). The concept still in widespread use today evolved around the premise of cybernetic control in the implementation of strategic management. Whilst the authors were not the only ones to publish on the topic, their work is considered the most influential and most successful. Their BSC tool is said to draw strongly to the ideas of the "Resource-Based theory of the firm".
1996-1997	Kaplan and Norton Edvisson and Malone Sveiby	Pioneers of the intellectual capital movement publish bestselling books on the topic (Kaplan and Norton, 1996; Edvinsson and Malone, 1997; Sveiby 1997). Edvinsson and Malone's work, in particular, is very much about the process and the 'how' of measuring intellectual capital.
1998	Nick Bontis	Bontis, a research think tank whose specialty is conducting human capital diagnostics and assessments for corporate and governmental institutions. Key player in the Journal of Intellectual Capital as Associate Editor. Bontis' paper reviews the literature pertaining to the assessment of knowledge assets and acknowledges that the measurement of intangible assets is still procedurally growing
2000	Intellectual Capital Conference	Academicians and management practitioners convened for the first time in the first Intellectual Capital Conference. The Intellectual Capital Conference has evolved into the largest academic gathering on IC
2001	Meritum Guidelines	The guidelines were a collaborative effort by researchers funded by the European Union and sought to attempt to map a common framework for the identification, measurement and control of intangibles and to provide a basis for the design and implementation of a management system which would integrate these intangible assets.
2003	The Knowledge Forum (KF)	The KF of the University Institute of Business Administration publish the Intellectus Model that created a new platform for the enhanced understanding the roles and different expressions of intangible organisational knowledge in value creation processes.
2003	Stephen Firer	Firer explored intellectual capital contribution to company performance within the South African context, investigating sustainability and value creation. Although Firer's works were from an accounting perspective, the author concluded that 'intellectual capital will come to dominate the ways institutions are valued because it captures the dynamics of organisational sustainability and value creation'.
2012	Michelle Grimaldi and Musa Hanandi	Grimaldi and Hanandi appreciated that with the rise of the knowledge-based economy, global companies were beginning to deal with different frameworks in the management and evaluation of intellectual capital. Their paper presented a novel conceptual model aiming to support management in evaluating and prioritizing intellectual capital competitive core competences.
2013	Leif Edvinsson	Edvinsson publishes *"IC 21: reflections from 21 years of IC practice and theory."* The purpose of publication was to reflect on 21 years of IC theory and practice as input into discussing the origins of IC, its multiple perspectives and where it is heading. It marks the 21 years since the authors release of landmark publication on knowledge management and the author auto critiques his work and predicts the way forward for IC.

Source: Author's construction from various sources.

2.3.1. Conceptual Thinkers in the Intellectual Capital Movement.

The maturation and progression of the discipline of intellectual capital management as a valuable inculcation within both the corporate and academic spheres has been consistent with a pattern which researchers, in retrospect, have conceded was detectable (Houari, 2014:6; Milost, 2013:759; Sullivan, 2000:239). The three lucid conceptual origins of what has become the intellectual capital movement today can be traced back to the groundbreaking efforts by Japanese academic and researcher Hiroyuki Itami who was of the proposition that efficacious corporate strategies to a greater extent are reliant on the marshalling of a firm's invisible assets (Itami, 1987). This was informed from Itami's research works on Japanese corporations in the early 1980s (Itami, 1987). The succeeding conceptual thoughts were the works of a disparate set of economists who were exploring antithetic views on the theory of the firm. This set of views is inclusive of the works of such revered economists as Edith Penrose, Richard Rumelt, Birger Wemerfelt amongst others who had their works integrated by Teece (1986) in reinforcing the preponderance of technology commercialisation. Thirdly, the works of Sveiby (1989; 1990; 1991), acknowledged the human capital dimension of intellectual capital by providing a rich and copious view of the gaping potential for valuing the enterprise on the basis of the knowledge and competences of its constituent employees and laid the scholastic foundations for the constructs of intellectual capital as known today.

2.3.2. Theoretical constructs

The theoretical framework upon which this study based is the knowledge-based view of the firm. The knowledge-based view (KBV) draws sharp similarities with the resource-based theory (RBT) of the firm and emanates from the deductive presumptions as originally promoted in the seminal works of renowned economist Edith Penrose (1959) which were later expanded and intensively magnified by others (Conner, 1991; Barney, 1991; Hill, 2009:77; Grimaldi and Hanandi, 2013:3). This knowledge-based approach has had the effectual consequence of opening up new dialogues in which distinct lines of enquiry pertaining to the interaction between the explicit and tacit intangible assets have been uncovered (Ekore, 2014: 15; Polanyi, 1962; Spender, 2002; Mouritsen *et al.*, 2001; Kaplan and Norton, 2004:59). The knowledge-based approach opens up new questions on innovation and the interaction between knowledge assets and competitiveness. The "knowledge intensive firm" represents the new kind of organisation and has Galabova (2014) substantiating the suggested proclamation that knowledge is fast gaining wide acceptance as the fourth factor of production. This is steeped by the observation that even in industrial manufacturing, knowledge is being leveraged to create that new organisational discourse that challenges the traditional planning, organising, headship, controlling, accounting amongst other organisational management practices (Milost, 2013:760; Mouritsen *et al.*, 2005a:23; Guthrie and Petty, 2001; Sveiby, 1997;). That observation is succinctly clarified by Drucker's (1993:54) proclamation that "*knowledge has become the key economic resource and the dominant and perhaps even the only source of competitive advantage*".

2.3.3. What unique perspectives are offered by the knowledge-based view of the firm?

According to Choo and Bontis (2002:8) the knowledge-based theory of the firm does bring with it peculiar frames of references which at times may seem at odds with each other, for instance, in its general theme, the theory of the firm seeks to answer three questions: "Why do firms exist? What determines the scale and scope of firms? and Why do firms differ?"(Choo and Bontis, 2002:8; Takeuchi, 2014:70). Whilst it is to a greater extent true that other themes have been in fervent support of the academic theme that seeks to address these questions based on transaction cost economics (Brannstrom, 2013) IC comparative analysis and Mondal's (2015) investigations on the opportunity costs of IC reporting and disclosure), this literature review has been framed cognisant of bringing the unique perspectives as presented by the knowledge and intellectual capital models that have started gravitating the modern academic spheres. The knowledge-based view (KBV) of the firm does bring with it distinctive perspectives on the view of the firm. For instance, the knowledge-based view demands attention to knowledge processes, resource leverage and more focus on the importance of intangibles (McGee *et al.*, 2011). These intangible knowledge resources are connected to competitive advantage through their leverage in valuable success factors (Balouiei and Ghasemian 2014:9). The KBV of the firm acknowledges that one central task of the manager is to accumulate and protect valuable knowledge or capability and that such knowledge or capability defines a firm's capacity to efficiently convert its inputs to valuable outputs (Nickerson and Zenger, 2014:1).

It is substantively advocated in academic thought schools that the resource-based view (RBV) and the KBV of the firm are judiciously firm-specific and that they bring the understanding that competitive advantages are derived from internal capabilities and internal resources (Theriou, Aggelidis and Theriou, 2009:181; Conner, 1991; Barney, 1991, 1996). However, fundamental in the KBV is the firm assumption that the critical input and primary source of production value is knowledge (Takeuchi, 2014:68; Theriou *et al.*, 2009:179; Pemberton and Stonehouse, 2000). The KBV perspective construes firms as variant bodies capable of generating, integrating and distributing knowledge (Nickerson and Zenger, 2014:3; Miller, 2002:699). The knowledge-based view of the firm acknowledges the transferability and appropriability of an organisation's knowledge resources and capabilities as the critical determinants of its capacity to bestow sustainable competitive advantages (Barney, 1986, 2001). This appropriability refers to "the ability of the owner of a resource to receive a return equal to the value created by that resource" (Teece, 1987; as cited in Grant, 1996:111). Academic literature on strategic management has documented the epistemological distinctions between tacit and explicit knowledge, procedural and declarative knowledge and scholars have presented prescriptions in which knowledge-based efficiency is presented as a substitute form of governance with emphasis on extensive knowledge sharing (Nickerson and Zenger, 2004:10).

Academic literature on knowledge management is replete with acknowledgements of the numerous typologies differentiating types of knowledge. Eminent amongst these classifications, as mentioned earlier, is the school of thought that takes a bifurcate view of knowledge, categorising it into two dimensions: explicit and tacit (Polanyi, 1966; Kianto, 2008b:74). Explicit knowledge is an embodiment of that knowledge which can be expressed and codified with relative ease, for instance, verbal accounts, formulas, facts, figures, processes and theoretical models. This type or form of knowledge is generally rational, formal, prescribed and systematic in nature and can be easily transmitted from one party to the next (Blomqvist and Kianto, 2014:3). To however obtain the potentially significant benefits of an explicit knowledge management approach, there is need to overcome number of organisational challenges. These challenges according to Sanchez (2012:14) arise primarily in the tasks related to the adequate communication, evaluation, application, and protection of knowledge assets.

Furthermore, Blomqvist and Kianto (2014:4) provide further clarity explaining that this type of knowledge can be easily be saved or stored in libraries, records, databases and hosts of other non-human repositories of knowledge. On the other hand is tacit knowledge. Tacit knowledge is defined as that part of knowledge that quintessentially is personal, context-dependent and bases its foundations in the practice and experience of the person (Kianto *et al.,* 2014:364). Tacit knowledge is subject to a unique inconvenient complexity of inappropriability. Tacit knowledge is not directly appropriable as its transferability is not clear cut. Nonaka and Takeuchi (1995) and Helgesen (2008) have argued that matter-of-factly, tacit knowledge can only be transmitted to others through the active sharing of mutual experiences and active involvement in real time, in person interactions.

According to the *knowledge-based view* (KBV) and the '*resource-based view'* (RBV), in terms of competition, Intellectual Capital (IC) is studiously weighed as an exceptional and paramount source of competitive advantage with Teece, Pisano and Shuen, (1997:515) introducing the dynamic capability approach distinguishing:(a) Models of strategy as emphasising the exploitation of market power, such as competitive forces (Porter, 1980 as cited in Marr *et al.,* 2003:452); and (b) Models of strategy as emphasising efficiency, such as the RBV perspective (Penrose, 1959; Wernerfelt, 1984, as cited in Marr *et al.,* 2003:447).

For this research project, a strategic perspective was taken to emphasise the theories of efficiency and mental innovations as being consistent with the Schumpeterian objectivity. This Schumpeterian view of innovation-based competition, in the context of escalating returns and augmentation of strategic competence, was first framed by Edith Penrose (1959) and then later picked up by Birger Wernerfelt (1984, as cited in Marr *et al.,* 2003:447) and Richard P. Rumelt, (1984, as cited in Marr *et al.,* 2003:447). This Schumpeterian objectivity according to Thurik and Wennekers (2014:142) narrates how firms place importance on the critical dimensions of innovation, whereby firms seek to engage in the introduction of 'new combinations', new products, processes and services that will rapture industry boundaries and norms.

Porter and Miller (2001:156) in their exhibition *"How information gives you competitive advantage"* unequivocally came to the conclusive deduction that there is a change in the 'rules of competition that is precipitated by the management of human knowledge and information management'. The authors based their research on empirical surveillances conducted over a wide range of industries and acceded that there were three ways in which institutional information management had adjusted the metaphoric competition 'playing field' (Porter and Miller, 2001:155). Firstly, they construe that industry structures are being transformed by the rapid advances in information management systems and technologies. Secondly, strategic information and knowledge management techniques are increasingly becoming the critical levers that exceptional organisations are utilising to actualise and enforce competitive advantages (Porter and Miller, 2001:155). Thirdly, the authors acknowledge that the information revolution is giving rise to the propagation of new enterprises, spawning entirely new business realms and they supportively concur with the KBV framework as has been presented earlier in this writing.

Table 2.3 presents some of the conceptual frameworks relating to intellectual assets, their relation to practical variables and their management from the varied perspectives of several authors.

Table 2.3: Conceptualising Intellectual Capital and Knowledge Management as Organisational Intangibles.

Author(s)	Concepts Introduced	Brief description
Yang *et al.* 2009	Holistic view of Knowledge Management Models	This publication holistically views the scopes of Knowledge Management from a multidimensional view as opposed to the narrow and linear/cyclic dimension that fails to recognise Intellectual Capital (IC) perspectives as important values and visions in Knowledge Management that could be imperial in fostering competitive advantages.
Cuganesan and Petty, 2005	Intellectual capital in relation to practical Human Capital Reporting	Acknowledges intellectual capital management (ICM) as a concept based on the premise of organisations trying to foster competitive advantage. Looks at the interlock between human capital and intellectual capital.
Edvinsson, and Malone, 1997	Knowledge Management Process Implementation	The Paper is based on the requisite advancements that are essential in forging organisational readiness to Knowledge Management process implementations.
Probst, 1998	Practical Knowledge Management: A model that works.	A conceptual look and acknowledgement that KM is a practical tool aimed at improving the organisational capabilities through better use of the organisation's individual and collective knowledge resources.
Luecke and Katz, 2003	Innovation: the New look	A concise look at Innovation as different from its generic understanding as the introduction of a new thing or method but rather Innovation is the embodiment, combination or synthesis of knowledge in original, relevant, valued new products, processes or services.'
Al Ali, 2003	Comprehensive Intellectual Management: the step by step process	The article inherently brings to the foe the intellectual capital aspects of knowledge and how they can be practically used in organisations.

Firer and Williams, 2003	Intellectual Capital and the traditional measures of corporate performance	An investigation of the association between the efficiency of value added (VA) by the major components of a firm's IC resource base (human capital, structural capital and relational capital) and three traditional dimensions of corporate performance: profitability, productivity, and market valuation

Source: Author's own compilation, from various sources.

2.4. APPLYING THE CONSTRUCTS OF THE RESOURCE BASED THEORY

Streams of literature on the resource based view of the firm postulate that firms that are reflective of their resources of value and document information about their business practices and internal processes tend to reduce the information asymmetry within their organisations thereby augmenting their competitiveness (Affess and Boujelbene, 2013:46; Koehler and Hespenheide, 2013:99). In the jargon of traditional strategic analysis as presented by Barney (1991:101), firm resources are construed as "strengths that firms can use to conceive of and implement their strategies". In other works, varied scholars have brought fourth lists and classifications of attributes that have the potential of enabling firms to procreate and implement value creating strategies (Hitt and Ireland, 1986; Thompson and Strickland, 2010). However the contention that has been adopted for the sake of this study is one that proffers lesser credence to the physical and tangible resources of organisations, rather placing more focus on the intangibles such as the human capital resources and structural capital resources as the key constructs under study. The human capital resources are defined by Barney (1991:101) as inclusive of *"the training, experience, judgement, intelligence, relationships and insights of individual managers and workers in a firm"*. The author further goes on to clarify organisational capital resources as inclusive of *"firm's formal reporting structures, its formal and informal planning, controlling and coordinating systems as well as informal relations among groups within a firm and those in its environment"* (Barney, 1991:101).

The basic tenet existent within the resource-based and knowledge-based views of the firm is the assertion that the differences in performance amongst different business organisations accrue mainly due to their differing management mechanisms for their assets, particularly their intangibles (Kianto *et al.*, 2014:364). In this study the concept of intellectual capital has been considered in accordance with the resource-based approach. This approach places much emphasis on the importance of internal resources with the understanding that firms are heterogeneous entities with their unique resource sets (Pike *et al.*, 2005). According to Barney (1991), Grant (1991) and Kristandl and Bontis (2007), the resource-based view quintessentially states that business organisations or firms are much more likely to attain profound, sustainable and atypical returns from their resources if the resources are:

- *Valuable:* firm resources need to have the ability to create value for the organisation;
- *Appropriable*: firm resources should be able to earn rents that surpass the costs of the resources;
- *Durable:* resources should have a long and meaningful lifespan in comparison to those of competitors. The depreciation rate of resources to obsolescence influences the sustainability of benefit creation;
- *Rare:* there has to be heterogeneous distribution of resources amongst the different competing firms, meaning that resources should not be easily accessible for utilisation by competitors;
- *Imperfectly imitable:* the resources should be reasonably complex. The complexity would make it difficult for competitors to perfectly imitate and replicate these resources.

In the *Wealth of Nations*, Adam Smith (1776) went to great lengths explicating the extension and criticality of resources in the profitability, cost-effectiveness and success of organisations, averring that the productivity of skilled workers was greater than that of unskilled ones and that the incidences of workers' knowledge and skills were critical determinants of the quality of output in the production process. Whilst the assertions by Smith (1776) would seem extemporal, they seem to be consistent with the human capital theory as known today which loosely speaking is construed as one of the most important ideas in labour economics. This verifies the resource based view standpoint that human capital is indeed the stocks of labour and marketable skills of the workers and is critical for productivity and the attainment of competitive advantage (Raffiee and Coff, 2015).

2.5. INTELLECTUAL CAPITAL IN STRATEGY AND MANAGEMENT

The definitions of intellectual capital, whilst somewhat esoteric, modern academic consensus is of the promulgation of distinct and discernible definitions of the concept. The Organisation for Economic Co-operation and Development (OECD, 1999:3) presents an interpretive denotation describing intellectual capital as "the economic value of two categories of intangible assets of a company: organisational structural capital and organisational human capital”. A host of sources (Adelman, 2013; Fatres and Beygi, 2009; Firer, 2003; Bontis, 1999; Roos *et al.,* 1997, amongst others) have expansively reviewed literature on intellectual capital providing varied interpretations. One of the most extensively adapted and generally reinforced definitions of intellectual capital denotes this as the “knowledge that is of value to an organisation” (Nashtaei, 2013:304; Guthrie and Petty, 2000:153; Davis and Waddington, 1999:34).

The strategic management aspect of this intellectual capital arises out of the importance and the understanding of the strategic concepts within which the intangible intellectual assets are to be analysed, leveraged and acted upon (Johnson *et al.,* 2008:96). In corporations, when prescribing the strategies for their constituent companies, managers and owners most often are faced with the limpid shortage of information about the abeyant effectiveness of their different investment decisions (Molochik *et al.*, 2012), and this problem is compounded when consideration is given to the acute aspect of the lacking knowledgability of intangibles and intellectual assets of value. This is seemingly of great importance due to the heterogeneity of these intangible intellectual assets, also due to their non-financial and non-physical nature (Cronje and Moolman, 2013). It is for this reasoning that intellectual capital research in corporate strategy has been on the rise in recent years (Bounfour and Miyagawa, 2015; William, 2011; Sveiby, 2007)

This research was focused on evaluating the linkage between the strategic management of intellectual capital (particularly the human, structural and relational facets of IC) and organisational competitiveness. This hence makes it imperative to more comprehensively define the constructs of importance in the study.

2.6. INTELLECTUAL CAPITAL: DEFINITIONS AND CLASSIFICATIONS

Ngwenya (2013:150) defines IC as:

> "*A combination of human capital – the brains, skills, insights and potential of those in an organisation – and structural capital – things like the capital wrapped up in customers, processes, databases, brands and IT systems. It is the ability to transform knowledge and intangible assets into wealth creating resources, by multiplying human capital with structural capital*".

Its principal elements are human capital, structural capital, and relational capital. That definition suggests that the management of knowledge (the sum of what is known) creates intellectual capital. However, it is of paramount importance that it be highlighted at this juncture that recurrent definitions on intellectual capital have emerged many a time and have added to the convolution of attempting to simplify and standardise the concept. Presented in Table 2.4 that follows are a few extracted definitions from a variety of researchers and authors highlighting the varied perspectives and definitions on what can be construed intellectual capital.

Table 2.4 : Definitions and Classifications of Intellectual Capital

Author(s)	**Definition(s)**
Bontis, 1996	Intellectual Capital is elusive, but once it is discovered and exploited, it may provide an organisation with a new resource-base from which to compete and win (Bontis, 1996); It is a concept classifying all intangible resources and their interrelationships.
Steward , 1997	Intellectual Capital is intellectual material – knowledge, information, intellectual property, experience ─ that can be put to use to create wealth. It is a collective brainpower or packaged useful knowledge.
Roos *et al.*, 1997; 2004.	IC includes all the processes and the assets which are not normally shown on the balance sheet and all the intangible assets (trademarks, patents and brands) which modern accounting methods may fail to consider ... it includes the sum of the knowledge of its members and the practical translation of the individuals' his/her knowledge (Roos et al., 1997);
Olve *et al.*, 1999	IC is regarded as an element of the company's market value as well as a market premium.

Brooking , 1996	IC is the term given to the combined intangible assets of – market, intellectual property, human-centred capital and infrastructure – which enable the company to function (Brooking, 1996);
Bontis , 1998	IC is the pursuit of effective use of knowledge (the finished product) as opposed to information (the raw material).
Fatres and Beygi, 2009	Economic development and competitive authority that are derived from knowledge.
Grimaldi and Hanandi , 2013	Defined intellectual capital as a compounding of an organisation's internal resources and capabilities, plus the knowledge of its employees.
Adelman , 2013	The term "Intellectual Capital" collectively refers to all resources that determine the value of an organisation, and the competitiveness of an enterprise.

Source: Author's compilation

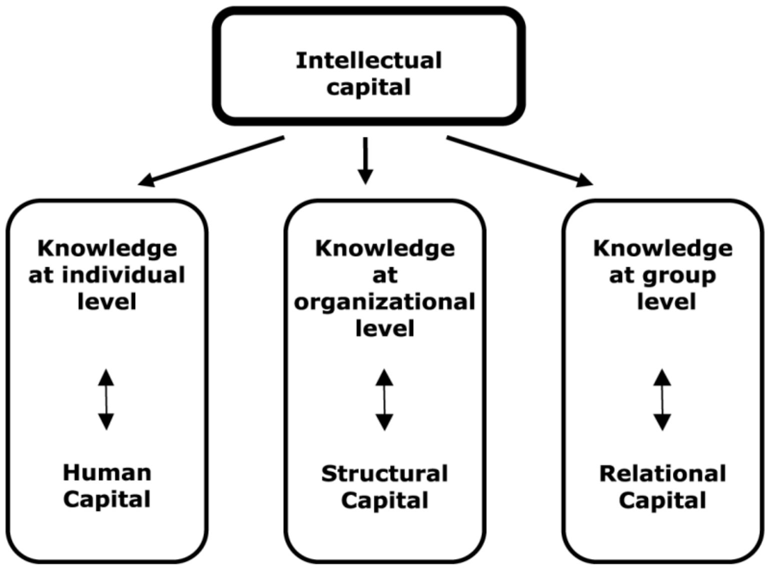
2.7. ELEMENTS OF INTELLECTUAL CAPITAL

In light of the presented definitions of intellectual capital, the following taxonomy has been recognised as the elements of intellectual capital from various literatures. The elemental constructs that make up intellectual capital are:

- Human capital
- Structural capital
- Relational capital

An apperception of these intellectual capital elements and the aptitude of the manager to identify and understand these elements is of paramount importance in enabling the manager to transform the concepts from strategic to operational level (Bischoff, 2013; Roos, 2005:12).

Figure 2.1: The Taxonomy of Intellectual Capital.



Source:Adapted from Miller and Morris (1998)

As illustrated in Figure 2.1, intellectual capital classifications from various literatures make referral to a taxonomy which encompasses three common elements of intellectual capital which are: *human capital, structural capital, and relational capital* (Nashtaei *et al.*, 2013:306; Walsh *et al.*, 2008:305; Youndt and Snell, 2004:349; Edvinsson and Malone, 1997:34). It is imperative at this juncture to reiterate that the primary exploration that was fundamental in this research was centralised on these dimensions of intellectual capital and the research probe being conducted in a knowledge intensive institution (in this case a financial services institution). The adoption of these elements finds motivation culminating from their conformity to the view of the strategic management of the firm. Table 2.5 that follows builds up from the preceding Figure 2.1 and presents an augmented version of the tripartite taxonomy of intellectual capital elements.

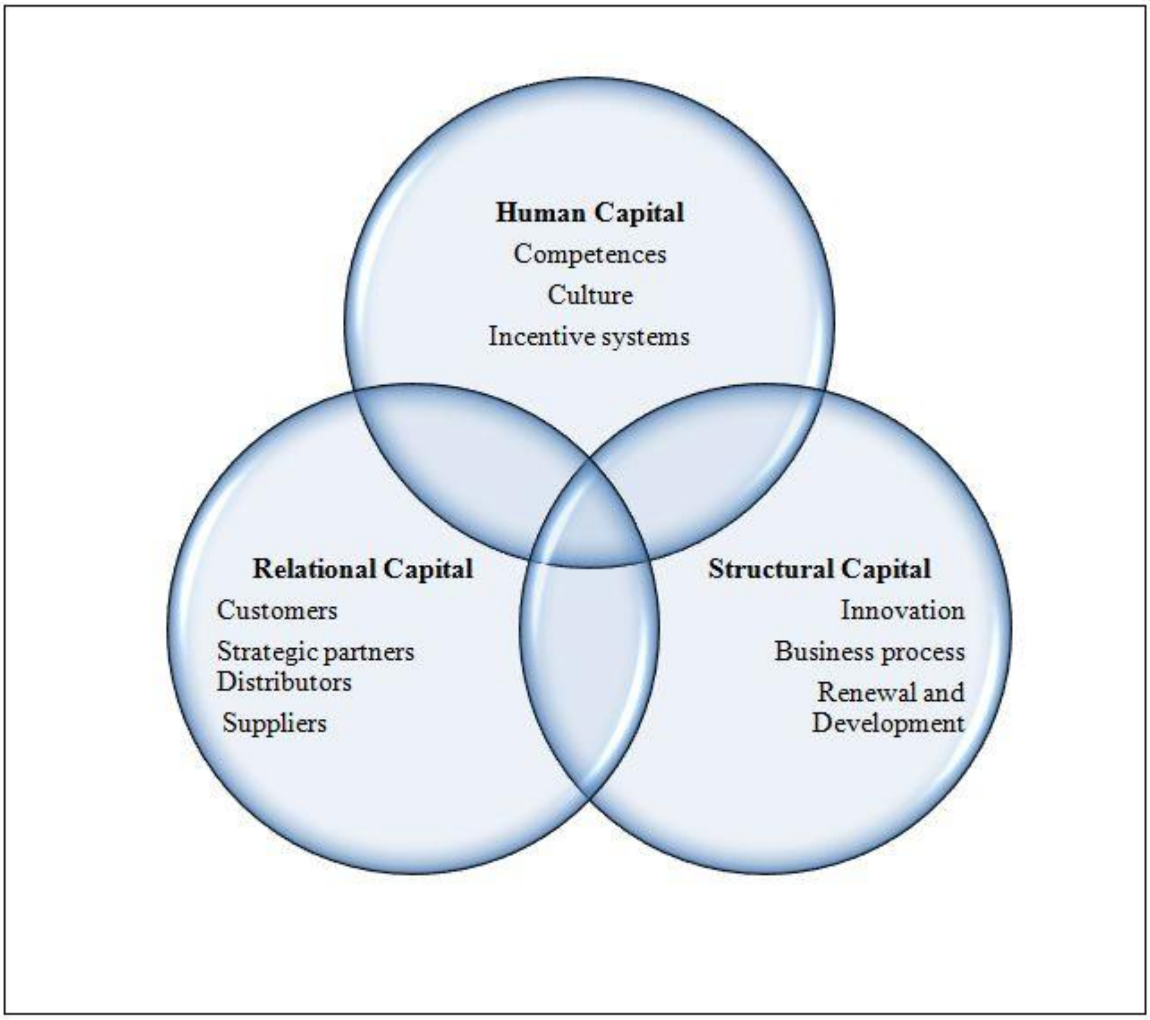
Table 2.5: The Augmented Taxonomy of Intellectual Capital Elements

Human Capital	**Relational (Customer) Capital**	**Structural (Organisational) Capital**	
		Intellectual Property	***Infrastructure Capital***
• Know how • Education • Vocational qualification • Work-related knowledge •Occupational assessments •Psychometric assessments •Work-related competences •Models and frameworks • Cultural diversity	Brands •Customers(names, purchase history) • Customer loyalty • Customer penetration and breadth • Company names • Backlog orders • Distribution channels • Business collaborations (joint ventures) • Licensing agreements • Favorable contracts • Franchising	• Patents • Copyrights • Design rights • Trade secrets • Trademarks • Service marks • Trade dress	• Management philosophy • Corporate culture • Management processes •Information systems •Networking systems • Financial relations • Corporate strategies • Corporate methods • Sales tools • Knowledge bases • Expert networks and teams • Corporate values

Source: Hormiga, Batista and Sanchez (2011: 78); Fincham and Roslender,(2003)

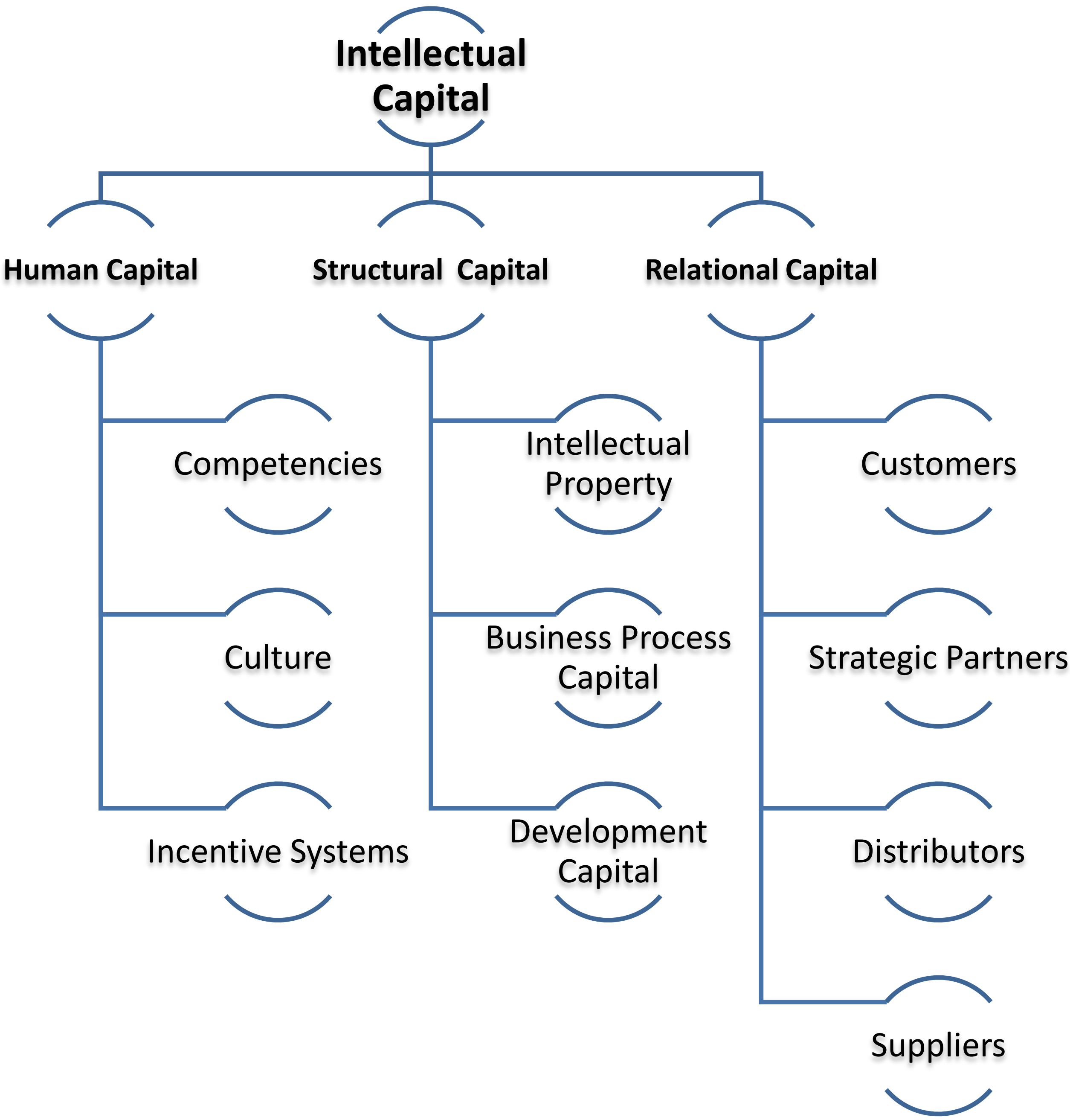
In the exploration of intangibles as deployed in this study certain *priori* norms have been employed in developing the hypothetical arguments underlying the research. The case study approach which has been adopted has been set cognisant of trying to combine different methods and approaches of exploratory investigation. The approach also has the advantage of proffering an opportunity to illuminate the research findings from different angles (Galabora, 2014). Figure 2.2 presents a strategic framework that has been identified by Galabora (2014) in which managerial participants in organisations can administer their different intangible assets in combinations that can augment their effectiveness for the organisation. The framework identifies the key intangible components central to the strategic management of intellectual capital and their interrelationships.

Figure 2.2: Interrelationships between the elements of Intellectual Capital



Source: Author's own illustration[Adaptation from Galabora 2014].

Figure 2.3: Components of Intellectual Capital



Source: Adapted from Edvinson and Malone, 1997; Roos *et al.*, 2005:13; Jurczac, 2008:39

2.7.1. Human Capital

According to Motion and Bontis (2013) the central essence that represents human capital is the sheer intelligence of the organisational members. Chen *et al.* (2004:199) presents human capital in an organisation as the organisation's combined human capacity which can find the best solutions for business problems from the knowledge of its individuals. According to Brooking (1997:364) an organisation's human asset base is inclusive of the skills, expertise, problem-solving abilities and leading strategies, this is further corroborated by Walsh *et al.*, (2008:306) who substantiates this human capital as inclusive of the collective individual wisdom, expertise, intuition, and the ability of individuals to realise organisational tasks and goals. Goldin (2014:1) puts it simply; defining *human capital* is the stock of skills that the labour force possesses.

Employees can be said to possess this human capital through their competence, attitude and intellectual agility (Roos *et al.,* 1997; Emrahimi *et al.,* 2013:235). Black and Lynch (1996:266) in their empirical work established that approximately, a 10% increase in the level of staffs' education can enhance efficiency by about 9% in productive firms and by approximately 13% in non-productive firms. The authors go on to present a perceptibly incontrovertible assertion by pronouncing that staff members who apply their knowledge in the organisation can provide competitive edge, and by extension nourish the organisation's pursuit of sustained competitive advantage (Wu and Chen, 2014:41). Moreover, the improvement of employees' levels of knowledge can increase their creativity, efficiency, and the customers' profitability index, satisfaction and loyalty (Mention and Bontis, 2013; Bontis, 2001:50). Another instrument supportive of collective learning and knowledge exchange within an organisation is the formation and configuration of work teams and according to Seleim *et al.*(2004:330) the fostering of teamwork tends to widen organisational performance through enhancing staff innovativeness and creativity to present applicable ideas and learning capacity at work.

Schlechter, Syce and Bussin (2016) present fascinating findings with regards to day to day organisational machinations and human capital, stating that when an organisation's human asset contains high staff turnover that can be an indication of losing human capital in the organisation. There is mention that human capital has the considerable credence of making an organisation highly reliant upon the contingent employees' knowledge and expertise in its quest to become more efficient, developed, competent and profitable (Westphalen, 1999, in a paper presented at the OECD International Symposium on IC).

In a range of different research works propositioned and conducted by numerous academics, it has been found that that the gravity and paramountcy of human capital in fostering competitive advantages and improved performances in the modern functioning institutions can no longer be ignored (Galabova, 2014:376; Moghadam *et al.*, 2013:5; Bontis, 1998, 1999, 2000). Ngwenya (2013:151) found a significant correlation between the value-added in selected stock-market listed entities in relation to their intellectual capital. That author also found a significant noteworthy relationship existent between company value added per employee and the corresponding share price value per employee for those select institutions that were under study. Important to mention is that the author's research findings were set within the Zimbabwean context with selected entities being listed on the Zimbabwean Stock Exchange (ZSE). These strong correlations, although set in different settings produced similar research results to those concluded by Moraldi *et al.*, (2013) and Ranani and Bijani (2014:121) and the implication of these strong correlations further strengthens the existing implication that in today's knowledge economy, a company's perceived value and its ultimate stock competitiveness is related to the strength of the company's human capital.

With the rudimentary focal point on human capital, consideration is given to: (**1)** the values and attitudes: which inherently entail the knowledge regardful of the incipient sources and motivations which drive individuals to do things; **(2)** aptitudes : which in essence pertain to the holistic knowledge which people have about things within their respective organisations and how to successfully carry out tasks and **(3)** capacities: or *know-how* , this is knowledge related to the way workers do things based on their own experience and practice as elements (Black and Lynch, 1996:267; Bontis, 2001:49). According to Moradi *et al.* (2013:123), in the modern day, the level of knowledge and intelligence of the human constituents in a firm can determine that firm's popularity and can be impactful on the financial and competitive position of the firm in the market; therefore, by that extension, this subject matter is of great relevance and importance to managers. The human capital component as an intangible asset is hence of paramount significance in fostering insistent organisational competitiveness by way of how people and groups know and by the capacity of learning, sharing and reinforcing this knowledge (Schlechter *et al.*, 2016; Grimaldi and Hanandi, 2013:4; O'Regan *et al.,* 2001:33).

2.7.1.1. Competences

Central to human capital as an important dimension of IC is the importance of staffing workgroups with adequately competent staff (Cabrilo *et al.*, 2014:412; Kianto *et al.*, 2014:365). According to Hill (2009:20), on findings conducted on European and Japanese firms, the one reason found to consistently explain business failure was the lack of technical competence on the part of the human resources. Competences are that fundamental ingredient that elicits and sustains competitive advantage, as such should be difficult to imitate (Louw and Venter, 2006:428).

Some scholarly accounts are of the comprehension of "competence" as being an amalgamation of practical and theoretical knowledge, familiarity, cognitive skills, behaviour and values utilised in the performance of certain roles (Raffiee and Coff, 2015:74; Galabova, 2014). In addition, Louw and Venter (2006:427) further attest that this set of knowledge, skills and abilities is inclusive of the necessary expertise and know-how essential for the efficient management of an organisation if the competitive edge is to be retained.

Nonetheless, Schlechter *et al.*, (2016) uphold the assertion that human capital should be more than just competences (knowledge, skills and abilities of employees), but must also must somewhat capture the dynamics that embellish an intelligent organisation in a changing competitive environment. For instance, such questions should be asked: Are employees and managers frequently upgrading their competences? Are these new competences acquainted to the organisation and its operations? Are these new competences being shared right through the organisation? Similarly, Brooking (1997:15) affirms the view that human capital encompasses more than just a look at individuals and their inert abilities to perform particular job functions but in essence view the individual as a dynamic unit, or vibrant entity capable of fitting into a variety of jobs over time, inferring that it is the undertaking of an effective manager to ascertain that access to opportunities and mechanisms should be availed to all human assets in order to enable employees to reach their full potential.

2.7.1.2. Organisational Culture

Whilst capturing an elaborate definition of what culture is exactly may be profoundly abstract and difficult, it is an incontrovertible assertion that culture does define a lot about an organisation. According to Wheelen and Hunger, (2012:713), high employee energy and positive dispositions arising from positive employee work cultures manifest in the effectuation of a competitive edge by way of ameliorating positive and favourable customer perceptions.

> *"Culture is the whole complex of distinctive spiritual, material, intellectual and emotional features that characterises a society or a group. It includes creative expressions, community practices and material or built forms."*

—*Source: Our Creative Diversity:* The UN World Commission on Culture and Development Report

According to Rogers *et al.* (2006), whilst business leaders are cognisant of the importunate influence that culture has on organisations, their research established that 81% of the managerial respondents were of the view that organisations that lack high performance cultures were doomed in the direction of mediocrity, 68% of the examined business leaders were of the belief that culture is an integral source of competitive advantage. However it is paramount to mention that fewer than 10% of investigated companies had been successful in apprehending a winning culture. Their research was based on a Bain survey that was focused on 365 companies across Asia, Europe and North America. In separate empirical studies, George and Jones, (2006:50) and Adewale and Antonia (2013) found that the mere sufficiency of competences (knowledge and skills) in an ambient absence of an organisational culture (attitudes and values) that is supportive of these will result in an organisation falling short of developing a competitive advantage. The authors would go on to contend that a culture of principles and values intermittently propagates into the formation of norms and informal rules of conduct for the behavioural traits considered of importance by most members of the organisation, for example, a formative culture would see employees behaving honestly or courteously.

It needs mention that the organisational culture can be a material and impactful determinant on the employee turnover. According to revelations published in Forbes Magazine (2014) from the results of a study involving 100,000 managers and employees, statistical findings proclaimed that 79% of the participant employees that had quit their employment cited 'a lack of appreciation' as a key reason for terminating their employment commitments. This hence affirms the intrinsic notion that organisational culture to a greater extent is paramount in retaining the human capital assets within the organisation. An organisational culture that is supportive and accommodative can thus have material effects on organisational strategy (Bornemann and Wiedenhofer, 2014:463).

Further, Mention and Bontis (2013:38) are of the assertion that in the majority of organisations that have ceremoniously pursued formalised intellectual capital management initiatives, there is marked evidence of a culture of value alignment as a common driver of these programs. Thus it can be construed plausible to assert that if an organisation seeks to enhance its competitiveness through formalised intellectual capital initiatives, that organisation will need to have culture that facilitates sharing and recompenses the advancement and valuing of intellectual capital (Hourari *et al.,* 2014:5; Klein, 1998:5). Values drive the human assets, causing organisational performances to be exceptional.

2.7.1.3. Incentive and reward systems

According to Ingham, (2007:xvi) it is imperative that it be realised that employees are investors who invest their human capital which essentially provides the main source of competitive advantage for the organisation. It follows therefore that how an organisation rewards its employees is notably its foremost implementation instrument for ensuring a continuous flow of operations and the achievement of strategic objectives (Louw and Venter, 2006:424). The principal position for the organisation to be able to derive optimal benefit from its constituent employees derives from the expedient and balanced manner in which it compensates its employees (Cronje and Moolman, 2013). The compensation may be prescribed in monetary, professional, personal development and opportunity terms. Sharkie (2003:22) affirms that indeed human capital can be materially enhanced through the organisational investment into such soft systems as superior employee selection, organisational networking, motivation and empowerment of employees through incentives. The author goes on to mention that the building of these internal incentive related facilities will have the effectual consequence of creating sustainable competitive advantage. This competitive advantage will be retained and would be sustainable due to the inert difficulty of competitors replicating proficient and protected internal schemes especially those based on knowledge (Sharkie, 2003:24).

2.7.2. Structural Capital

The second dimension of intellectual capital is structural capital, which is the knowledge that the organisation has been able to circumscribe and would persist within the organisation, even when employees leave (Adelman, 2013:133; Bontis, 2000:23). This non-human knowledge that the firm has been able to appropriate may be in the form of its organisational structure, its progression practices and even its organisational customs (Camisón-Zornoza *et al.*, 2004:335; Petrash, 2001:368). Structural capital comes complementary to human capital with streams of literature suggesting that it is important for management to harmonise the two elements (human capital and structural capital) thereby confirming the idea that the emergence of broadly robust heuristic models for the valuation of intellectual capital and its component elements is now overdue (Bontis, 2001:44). The interpretation of structural capital according to Balouei and Ghasemian (2014:5) comprehends this as inclusive of all the non-human storehouses of knowledge within institutions, ranging from databases, process manuals, organisational charts, strategies, routines together with anything that whose net institutional value is higher than its material value. According to Brooking (1996:86) and Roos *et al.* (1997), 'Structural capital' is the combination of knowledge and intangible assets derived from the processes of action which are property of the organisation and which remain in it. Edvinsson (1997) describes this structural capital dimension, as dissimilar from human capital which effectively cannot be appropriated by the firm, the author says this structural capital is the property of the firm with Roos (2009:4) seconding this by qualifying structural capital as "what remains in the company when employees go home for the night".

Pogarcic, Krnjak and Ozanic (2012:4) present this structural capital as inclusive of all the organisational procedures, processes, functions, policies, and technology, as well as the actual structure of the organisation. Bontis (1998:93) suggestively annotates a correlation between structural capital and the integration of employee knowledge and skill within the organisation suggesting that a lack of strong structural capital is a plausible denotation of a lack of effective integration of employee knowledge and skills within the firm.

Adelman, (2013) acknowledges the pioneering exertions by Brooking (1996:87) and Bueno (2001) on the linkage between organisational structural aspects (such as the necessary technological competences in developmental or renewal products and processes) and competitiveness. They proceeded to underline how the frame of thinking can plausibly be considered instrumental in the augmentation of the organisational value chain. The distinction presented by the authors represents the intimate corresponding connections between the structural capital and the human capital dimensions which this research endeavour in part wishes to address. This association finds remote reference in prior works such as Freeman (1974), Giget (1984), and Porter (1985) who explain the relevance of the people and technology in the value chain of organisations with Motion and Bontis (2013) further articulating that more competent and capable people develop better structural capital for an organisation. In a separate publication, Bontis *et al.* (2000:58) set off a conversation about all the non-human intangibles of the organisation, from the culture, to internal processes, to the information systems and databases with the authors enunciating the importance of the human element even in these non-human systems. The idyllic structural capital for an organisation is presented by Roos *et al.*, (1997:48) as being flexible enough to adapt and change with its environment and has the effectual strength of connecting its constituent employees by facilitating an ambient environment of information sharing.

Examples are inclusive of such elements as communication systems, databases or information storehouses, the methodologies for assessing risks, the management processes in the governance of sales forces and work teams .The identified subcomponents of structural capital that will be expounded in this writing are *Intellectual Property, Business Processes Capital* and *Organisational Development Capital* with their intricate relationship in the fostering and retaining of competitive advantages moderately explained.

2.7.2.1. Intellectual Property

This subcomponent of structural capital is inclusive of such protected intangible assets as intellectual property (Haghshenas and Barzegar, 2014:24; Adelman, 2013:13; Chen *et al.*, 2004:198). Intellectual Property is inclusive of such non-competitive financial assets which are legally protected to uphold organisations' competitive edge. By way of capturing and leveraging its intellectual property, an organisation is better positioned to obtain an economic competitive advantage over its competitors by reserving the legal right to the use of their intellectual property (Balouei and Ghasemian, 2014:7). The ownership of these exclusive rights to intellectual property (IP) endows a financial incentive for organisations for the creation and improvement of these assets through investments in research and development (Schroeder and Singer, 2009). Intellectual property also presents a platform for an organisation to uniquely brand and market itself. These intellectual property rights are trade rights which are preserved and legally protected (Haghshenas *et al.*, 2014) and include such material as copyrights, patents, licences, formulas, processes, trade secrets and trademarks.

Copyrights:- A copyright is an exclusive right to reproduce, distribute, practice and publicly display an original work. According to World Intellectual Property Organisation (WIPO), a copyright is a legal term that is used to describe the rights that creators have on their literary and artistic works (WIPO, 2016). These cover books, music, paintings, computer programs, databases, adverts, maps and technical drawings (WIPO, 2016). Copyrights in themselves are however considered weak form of intellectual property in the context that they do not protect ideas, procedures, processes, routine systems or methods of operation. (Courant, 2013; Brown, 2003 ; Lang, 2001:9).

*Patents:-*A patent is a set of exclusive property rights which are granted by a sovereign state to an assignee or inventor for a pre-determined time period, in exchange for comprehensive public disclosure of the patent (Brooking, 1997:37; Adelman, 2013). According to the World Intellectual Property Organisation (WIPO:2008) this invention is defined as a solution to definitive scientific, procedural or technological problem. In law, a patent does not give one rights to make, sell or use inventions but rather affords the right to exclude others from manufacturing, using or selling offering for sale or importing. Those exclusive property rights according to Lemley and Shapiro (2005) do not give the patentee the right to distribute, sell or commercially make the patented invention without permission.

Licensing agreements:- A licensing agreement is an arrangement in which one entity (the licensor) allows another entity (the licensee) the rights to an intangible property for a stipulated time period with the licensee in return recompensing the licensor through agreed royalty fees (Frost, 2005). This takes effect when the licensor grants the licensee the legal right to produce and sell good, apply a brand name, trademark or use patented technology owned by the licensor (WIPO, 2016)..

Trademarks:- A trademark is inclusive of the insignia associated with organisations, which can differentiate an organisation's (or individual's) goods and services from those proffered by competitors. A trademark is legally protected once it has been registered by the patent office or the Intellectual Property Office and serves to distinguish the goods and services of one enterprise from those of other enterprises (WIPO, 2016; Brooking, 1997:40). Unprotected trademarks are much more complex to legally defend. A trademark has been acknowledged as the recognisable signature of the brand which when properly managed can with time become a valuable asset with escalating value (Akalp, 2015; Brooking, 1997:40).

These trademarks become assets of value with a prolonged lifespan can be used by organisations in protecting the essence of their brand (Brooking, 1997:41). Trademarks are some of the variables that can be remodeled to maneuver brand repositioning strategies.

2.7.2.2. Business Process Capital

Business processes and routines are an essential part of the structural capital of an organisation; they incorporate the blueprint of the functional operations that make the organisation work (Akalp, 2015). A business process is a collection of the connected, set activities and structured tasks that produce a specific product or service for an organisation by way of converting inputs into outputs (Louw and Venter, 2006:404). Business processes can help organisations retain competitive advantages because they are unique and can be differentiated (Malakooti, 2013).

Johansson *et al.*, (1993) presents a definition of business process as:

> *"a set of linked activities that take an input and transform it to create an output. Ideally, the transformation that occurs in the process should add value to the input to create an output that is more useful and effective to the recipient either upstream or downstream"*

Business processes are crucial in helping the organisation identify activities to perform, to identify inefficiencies and redundancies that can be eliminated and more importantly business processes help to enhance quality of the overall product or service offering of an organisation.

According to the contentions by Lev, Radhakrishnan and Evans (2016:5) business process capital is inclusive of such things as business policies, processes and procedures that enable companies to function and derives from human capital, value and norms and tacit knowledge.

2.7.2.3. Development Capital

Development capital is an integral part of the structural capital of the organisation. Development capital is inclusive of all items and matters that have been constructed with the goal of having an impact in the future. Those matters and items are of renewal value to the organisation and are important in that they ensure the longevity of the organisation (Hassett and Shapiro, 2012). According to Roos *et al.* (1997:51), new product development, research and development (R&D), development of new training, restructuring and re-engineering efforts are examples of initiatives conducted by organisations that are of renewal value and examples of what makes up development capital. The concept of development capital and its impact on organisational business performance is according to Firer (2003) still abstruse and somewhat difficult to evaluate from a monetary perspective as its impact is indirect and speculative. It however needs mention that development capital is indeed a key element in sustaining competitive advantage as it can be seen as an investment into the future and may allow an organisation to invest in initiatives competitors may not be obviously aware of.

2.7.3. Relational Capital

The interconnectedness of the organisation with the external environment is of paramount importance for the successful functioning of the organisation (Nargesi and Veiseh, 2015:159, Thomson *et al.,* 2005:333). Hence there is need to mention the third dimension of intellectual capital. According to Bontis (1998) customer relationships constitute the main theme for the third dimension of intellectual capital which is relational capital (also known as customer capital). Notwithstanding the fact that the actual construction of the term 'relational capital' was originally conceptualised by Hubert Saint-Onge, the more contemporary and modernistic definitions have broadened the category of relational capital to inherently encompass the knowledge embedded in the internal and external organisational relationships (Bontis *et al.,* 2004). These relationships according to O'Regan *et al.* (2001) as supported by Leaniz and Bosque (2013:269), encapsulates all external constituencies, structures and stakeholders and they develop from the firm's different connections with external players such as customers, suppliers, competitors, employees, strategic partners, trade associations and or governments. Relational capital values the ability and potential that an organisation has, deriving from intangible factors (Leaniz and Bosque, 2013:269). The sub-constructs of relational capital that will be looked into in this writing include organisational relations with Customers, Strategic Partners, Distributors and Suppliers.

2.7.3.1. Customers

Naude and Ivy (1999:126) are of the assertion that in their quest to retain long term dominance and viability in their different markets, it is imperative that organisations pay due recognition to the value of customers and their independence. The customer has been defined by Reizenstein (2004:119) as "*the recipient of a good, service, product or idea obtained from the seller, vendor or supplier for monetary or other valuables*". It can be surmised that in the management process, the creation of sustainable competitive advantage through the delivery and provision of value to customers is important and helps in the development of protracted long term relationships (Nargesi and Veiseh, 2015:159). Du Plessis, Jooste and Strydom (2001:331) assert that the satisfaction of customer needs through value addition whilst cost effectively providing more benefits than competitors is beneficial to organisational survival. Organisations which adopt management systems for the interaction with their present, future and potential customers are said to be involved in Customer Relationship Management (CRM) (Robert, 1991; Henderson, 2013). These CRM systems can be used to track and appraise the firms' marketing campaigns over various platforms and networks and be implemented by use of call centres, direct mail, social media, customer data queries and data storage files (Adams, 2008). A proper and functional customer service strategy, implemented well can proportionately curb operational expenses and lift profits (Solis, 2012). The resource based theory has identified positive firm reputations amongst the firm's customer base as being a strong source of competitive advantage (Porter, 1980; Barney, 1991:115). As such, it is a plausible assertion that firms that maintain close propinquity with their clients are better positioned to sustain that competitive advantage.

2.7.3.2. Strategic Partners

In business, organisations are bound to interact with the interest of multiple people, groupings and entities and it is important to signify that the contemporary organisation's responsibility not only lies on necessitating the needs of its shareholders but should also be cognisant of the needs of various other stakeholders and strategic partners (Leaniz and Bosque, 2013:269). These stakeholders and strategic partners include such players as employees, public interest groups, governments, public monitoring groups, trade unions amongst others (Recklies, 2001:1). Louw and Venter (2006:401) explain that whilst these different stakeholders and strategic partners might have diverse vested interests in how the organisation is run, these stakeholder relations can be the most difficult to pull together as some organisational actions that please one group might seemingly displease the other. It is hence up to management to try and reconcile all the stakeholder interests cognisant of the fact that stakeholder relations are by their very nature difficult to initiate and build up.

2.7.3.3. Distributors

Distributors make up some of the most frequently reported variables in term of relational capital (Keller, 2003:44). The term distributors has been used lightly to be representative of the distribution channels, the favourable business collaborations within the channels and agreements in which external stakeholders play a part in conveying company product to its constituent markets. The strategic relations with distributors make an integral part of the company's competitive advantage and it would be a rational asserting to mention that if a distributor or distribution channel is perceived as bad, this will have material repercussions on the whole organisation. Distributors bridge the gap between suppliers and consumers. As such their strategic significance cannot be down played and concerted efforts need to be undertaken by management in order to leverage that relational capital with stakeholders. Louw and Venter (2006:401) are of the affirmation that the peremptory lies with the management when choosing the overall strategic thrust and weight to be placed on leveraging the firm-distributor relationship.

2.7.3.4. Suppliers

Within the firm's resource continuum suppliers are of strategic importance. Resource based theorists are of the assertion that the maintenance of trustworthy relations and positive reputations of the firm amongst its suppliers and distribution channels is a credible source of competitive advantage (Porter, 1980; Barney, 1991). Important to mention is that these positive reputations between firms and suppliers result from specific, unique and hard to replicate past occurrences (Bornemann and Wiedenhofer, 2014:455; Barney, 1991:115; Eulalio, 2007). The onus hence lies with the incumbent managerial participants to implicitly guarantee the continuance of that positive contract. If in fact, that reputation is inconceivable, rare and imperfectly imitable then it is capable of contriving a sustained competitive advantage (Bornemann and Wiedenhofer, 2014:455).

Scholarly works supportive of such strategic predilections and close liaison between the firm and the supplier is presented by Eulalio, Campelo and Stucky (2007:105) who highlight that it as uncommon for modern organisations to coordinate better relations with their suppliers and that resorting to mono client-supplier relationships is now commonplace. The authors further corroborate their view point by pointing out that it is no longer unusual or strange to note a supplier having employees based in the client's head offices or operation centres. These mutually beneficial arrangements also help by way of cutting costs through accomplishments of such deeds as joint training, co-marketing and are key in fostering firm competitiveness. The client-supplier cooperation has been shown result in possible improvements in the product or service offering (Hill, 2012; Sanchez and Heene, 1997:149).

2.8. IMPORTANCE OF INTELLECTUAL CAPITAL

The importance of intellectual capital in strategic management can never be downplayed (Bornemann and Wiedenhofer, 2014:455; Guthrie and Petty, 2004:118). This strategic management tool as per definition promulgated by mainstream academic consensus consists of the analysis, actions and decisions organisations commit to in the establishment and creation of sustained competitive advantages (Roos *et al.,* 2005:76; Bontis, 2001, 2004; McGee *et al.,* 2011). According to Thomson, Strickland and Gamble (2005:91), it is imperative to note that, modern day core competences are knowledge based, inherently constituted in the people and the organisation's intellectual capital and not necessarily the tangible assets on the balance sheet. This highlights the importance of intellectual capital as a precursor for the fostering of sustained competitive advantages. Bontis (1998), Wang and Chang (2005:229), Kamath (2007) and others have provided evidence in their empirical works of the positive relationship between IC management and business performance. Intellectual Capital Management is considered as a strategic performance measure thus introducing a transition in thinking towards strategic thinking that is more inclined towards creation of new structures and processes for sustaining a company's dynamic intangible assets (Bontis, 2001:44).

In investigations spawn over 700 research papers and independent publications on intellectual capital, Marr *et al.*, (2003) and Hagheshenas *et al.*, (2014:24) lineate the instrumental objectives of measuring intellectual capital in organisations. The authors present the following as the objectives for measuring intellectual capital:

- To assist organisations in the formulation of strategies
- To evaluate and appraise the implementation of strategies
- To assist in the expansion, development and diversification of the company's decision-making
- To enable non-financial measures of IC to be utilised in the rewarding and compensation plans by managers
- To enable the facilitation of relations with outside strategic stakeholders
- To create a platform for capturing cross-business synergies.

Thus, the Intellectual Capital perspective sets in to offer an abridgement interconnecting the conceptual thinking of the knowledge-based theory with the necessary practical approaches for adoption by managers and business practitioners. This importance of intellectual capital in the modern organisation is depicted by Wierhold (2014:9) as a non-financial subset of capital that forms the fundamental basis for profit and growth in the modern intelligent firm and whose strategic management therefore necessitates an understanding of structural and operational roles of knowledge.

For high technology and information intensive firms (like corporations, universities, and financial institutions) the challenge is to outperform competitors and other industry participants by staffing workgroups with gifted, imaginative and energetic individuals who can easily transform the life of an organisation by developing a strong knowledge base for the organisation (Hill, 2012:133; Thomson *et al.,* 2005:324). The authors go on and present the fiscal profitability benefits presented by promoting the human element of intellectual capital in the organisation, proclaiming that human capital is imperative in building strategy-capable organisations and that investing firm resources in initiatives such as proper screening of job applicants, training programs and encouraging employee innovations can indeed reap competitive economic benefits in the long run (Thomson *et al.*, 2005:324). The aspect of intellectual capital within the firm presents such a powerful resource (Bontis, 2004; Nahapiet and Ghoshal, 2002; Cohen and Pruzac, 2001) that it is frequently acknowledged as one of central tenets and most valuable parameter in forging sustained competitiveness (Stewart, 1997; Cohen and Pruzac, 2001).

2.9. MANAGEMENT METRICS FOR MEASURING INTELLECTUAL CAPITAL

It has been stated in certain spheres of management science that “if you cannot measure it, then you cannot manage it” (Liebowitz, 2000:54). Lord Kelvin has been quoted as saying:

> *“When you can measure what you are speaking about and express it in numbers, you know something about it; but when you cannot measure and when you cannot express in numbers, your knowledge is of a meager and unsatisfactory kind. It may be the beginnings of knowledge, but you have scarcely in your thoughts advanced to the stage of a science”*

From Lord Kelvin: who has been described as one of the most valuable science philosophers ever lived (Niven, 1965).

In the emergent fields of intellectual capital management, there are several research metrics that are being pursued to convince stakeholders and management alike to comport their attention to the measurement of these intangible assets (Bischoff *et al.*, 2013:20; Liebowitz, 1999, 2000:55). As this writing has attempted to illustrate, IC is indeed a growing area of managerial interest and needs quantification, therefore metrics are being engineered and applied by corporations the world over for better defining and quantifying these IC elements. Ngwenya (2013:150) strongly construes that whilst the IC perspective finds firm grounding in practice, this IC perspective has matter-of-factly emerged directly in response to the frustrations that traditional management tools have had with regards to the leveraging of intangible assets.

This writing has attempted to demonstrate how the growth of knowledge as a production factor has augmented over the last few decades for both the large corporate organisations and the small and medium enterprises (SMEs). This growth is however still compounded by challenges pertaining to the limitations of internal resources and abstruse management metrics for the generic or universal quantification of this intellectual capital as a measurable concept (Bischoff, 2013:23). This then brings the importunate need of examining the current research frameworks and schemes investigating these metrics for intellectual capital. The following subsection 2.10. attempts to highlight the contemporary research frameworks on intellectual capital that have started gaining widespread acceptance.

2.10. Current research frameworks

In modern IC research spheres, several measurement schemes have been presented seeking to highlight how intellectual capital can be viewed at both the component-by-component and aggregate organisational level. Major initiatives and frameworks on how the different intangible variables can present acceptable standards of measure have been in progress. Presented below in Table 2.6 are some of the current major research frameworks:

Table 2.6: Current Major Research Frameworks

MODEL	FOCUS	BRIEF DESCRIPTION
Meritum Project	Classification of intangibles	Aimed at the construction of mapping the guidelines that would be adapted for managing and reporting IC assets. Suggested the Intellectual Capital Report.
SKANDIA Navigator	Analysis of intangible assets	This model is endowed towards the provision of a holistic view on performance and goal achievement with respect to intangibles. Model more future oriented with 5 primary focal areas identified.
Intangible Asset Monitor	Measurement of intangible assets	Provides the dimensions towards the measurement outlook on intangibles. Attempts to provide parameters to quantify Internal, External and Competence indicators.
IC-Index	Holistic assessment of IC	IC index is largely a "second generation practice" and to seeks to correlate the changes in intellectual capital with changes in the market
Intellectus Model	Conceptual focus of intangible assets	temporal evolution in terms of intangibles assets
Economic Value Added (EVA/MVA) Model	Measures stock of Intellectual Capital.	Benchmark for value creation with the aid of financial management and performance tools.

Source: Author's construction.

These IC initiatives and frameworks are paramount for presenting parameters for organisations to augment their strategic thinking with regards to their IC assets. The Meritum Project for instance, is imperial in this strategic thinking as it offers practicable guidelines that are important for measuring intangibles (Grojer and Stolowy, 2000:273). The Meritum Project was designed cognisant of the fact that there had not been a standardised framework for the identification and classification of measurement parameters for intangible assets. This framework is closely related in philosophy to the composition of the Skandia Navigator model in that both frameworks are aligned towards presenting of critical elements that can be adopted for measuring intangibles.

The Skandia Navigator, in turn, intersects with the Economic Value Added (EVA) model in that both frames of references have value addition as a central focus in their foundations. These models have been integrated in this research as they acknowledge that the continuous improvement of the human and structural dimensions of IC do indeed improve the competitive value of organisations. Both frameworks particularise the human focus from the economic perspective of value creation (Mocciaro *et al.*, 2012:86; Edvinsson and Malone, 1997:13).

2.10.1. Research models

In the traditional organisation, the identification, measurement and management of the firm's traditional tangible organisational resources has thus far inherently resided within the domain of functional structures and set departments such as accounting departments or finance departments. Consequently, with the inception of the 'new economy' and the emergence of the actionable use of intangible resources in gaining sustainable competitiveness, there has emerged an opportunity warranting more refined appraisal, control, and decision-making models to be configured (Kaplan and Norton, 2004:58). This intensified the initiatives for the creation of practical refinement models designed to facilitate the exploitation of these intangible resources by firms (Petty and Cugenesan, 2005:47).

According to Moradi *et al.,* (2013:125), it would not be a prevarication to concede that the management of intellectual capital in most organisations is at best *ad hoc*, primarily because the traditional accounting systems have not conventionally been designed well enough to measure or monitor most elements of an intangible nature. And as such, Luthy (1998) and Mention and Bontis (2013:290) make the pronouncement that models and measurement frameworks are being developed with enthusiastic experimentation (Luthy, 1998, Bontis, 2001, 2004, 2013). The indication is that every organisation should begin their quest for understanding intangible intellectual assets and foster expertise in managing the preeminent assets for creating wealth in the future (Luthy, 1998). The observations by Petty and Guthrie (2000:165) and subsequently concurred by Ngwenya (2013) need mention, the authors concur that the plethora of theories, models and frameworks that have been advanced thus far in the comprehension of IC still warrant further investigation and that intellectual capital researchers are still burdened with the task of convincing others on the usefulness and practicality of managing these intellectual capital assets. Presented below are some of the mainstream models and research frameworks on the subject area. These models are material to this research undertaking in that they contextualise the importance and difficulty of measuring intangible intellectual assets.

2.10.1.1. The Meritum Project

The *Guidelines for Managing and Reporting on Intangibles* presented in the Meritum Project framework sought to present an objective blueprint by providing a common framework for the identification, measurement and control of intangibles whilst contemporaneously recommending a workable criterion under which the determinants of the firm’s value can be disclosed in a standard and acceptable way (Grojer and Stolowy, 2000:269). The implicit purpose of these guidelines from conception was the facilitation of a structural framework to enable firms to increase the efficiency in their management of intangible assets and, by extension, improve their financial performance.

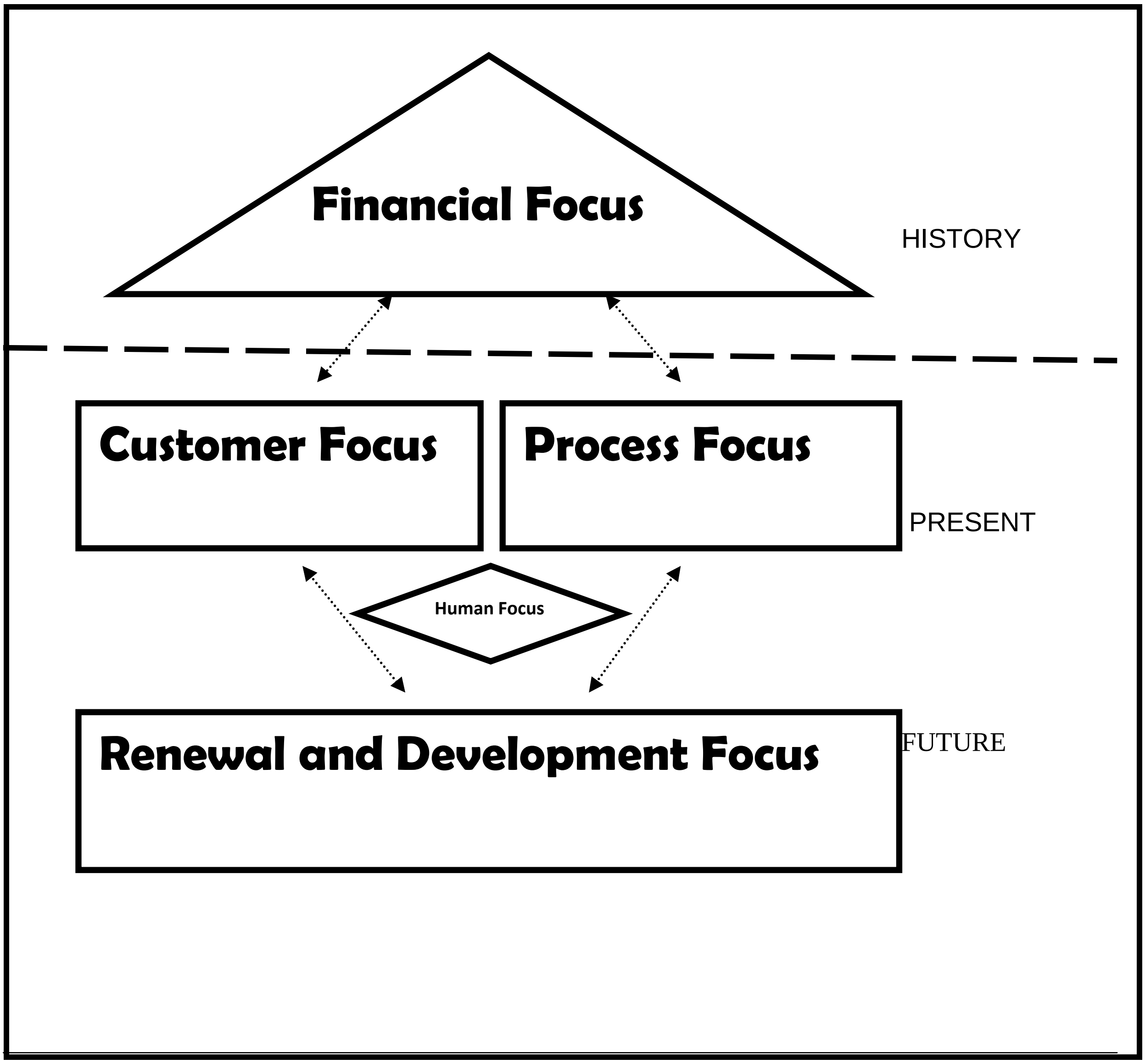
The Meritum Project guides how an Intellectual Capital report can be drawn and describes this as following three stages. (i) It is critical that the company presents its business perspective that describes its strategic objectives and its intangibles of value; (ii) a summary should then be drawn of the intangibles that help meet these objectives and (iii) a system of indicators should be created to measure the extent to which the objectives are met (Guimon, 2003). The Meritum Guides further recommend classifying intangible assets into human capital, structural capital and relational capital. In addition, the Meritum project addresses some of the practical matters regarding the preparation of Intellectual Capital Statements, for instance, how to collect the information internally and by whom and it also addresses the matters surrounding frequency of reporting.

2.10.1.2. Skandia Navigator model

The Skandia Navigator (SN) model is an early model and arguably the most preeminent apparatus in use today for analysing, measuring and organising IC (Adelman, 2013:135). This model was pioneered by Leif Edvinsson whilst attached at the Swedish insurance and finance group, Skandia during the mid 1990s at a time when the concept of intellectual capital was still obscure and somewhat cryptic to the broader business sphere. This Skandia group already had IC initiatives in place and had already commenced the publications of its intangible assets in purported interim reports. The methodological output was being presented in what has now become known as '*Intellectual Capital Reports*' (Bischoff *et al.*, 2013:20). Leif Edvinsson, the chief architect behind Skandia's initiatives constructed an assemblage of dynamic measurable variables that holistically quantified IC reporting in the model called the *Navigator* (Edvinsson, 2013).

The five major areas of focus included in the then architecture of this model were inclusive of the financial, the customer, the process, the renewal or development, and the human capital areas. This new strategic accounting taxonomy sought to categorise the root organisational value by quantifying these concealed dynamic intangible attributes that underlie "the visible company of buildings and products" (Bischoff *et al.*, 2013:23; Edvinsson and Malone, 1997:11). According to the Navigator model, it is these hidden attributes of human and structural capital that when affixed constitute the intellectual capital (Bontis, 2000). The interesting notions presented by the Skandia Navigator are presented in Figure 2.5 and present the underlying philosophy that the financial focus of the firm is from a historical perspective, the customer and process focus is from a current perspective and the renewal and development focus is oriented towards the future (Edvinsson and Mallone, 1999:26). These conceptual workings of the Skandia Navigator Model that are presented in the Figure 2.5 show how the human element is intertwined between the past, current and future perspectives and cannot be ignored whether focusing on the financial elements, the process elements or the developmental elements.

Figure 2.4: Conceptual depiction of the workings of the Skandia Navigator



Source: Authors illustration [Adapted from Edvinsson and Mallone, 1997]

Hourari *et al*. (2014) have argued that intellectual capital reporting does present a platform for measuring intangibles and that these will not continue disporting an adjunct role to traditional accounting. The Skandia Navigator Value Scheme hence helps in harmonising the gap between company valuations in corporate balance sheet, and company valuations as per investor assessments. The operationalisations of the Skandia Value Scheme metrics are briefly presented in Table 2.7 that follows. The Skandia Intellectual Capital Report makes use of 91 IC metrics in addition to the traditional 73 metrics in management accounting (Bontis, 2000:6-7). Table 2.7 that follows presents a précis of some of these metrics.

Table 2.7: Sample of Measurement Metrics in the Skandia Navigator Model

Financial Focus	▪ Revenues / Employees ($) ▪ Revenues from new customers / Total revenue ($) ▪ Profits resulting from new business operations ($)
Customer Focus	▪ Days spent visiting customers (#) ▪ Ratio of sales contacts to sales closed (%) ▪ Number of customers gained versus lost (%)
Process Focus	▪ PCs / Employee (#) ▪ IT capacity – CPU (#) ▪ Processing time (#)
Renewal and Development Process	▪ Satisfied employee index (#) ▪ Training expenses / administrative expenses (%) ▪ Average age of patents
Human focus	▪ Managers with advanced degrees (%) ▪ Annual turnover of staff (%) ▪ Leadership index (%)

Source: Edvinsson and Malone, 1997

The measurement metrics that are embedded in the Skandia Navigator model, like those in other current research models are material to intellectual capital research in that they help contextualize and present a framework for the identification of intangibles and the practical constructs that can then be aligned with them. Skandia Navigator gives an important contribution in the measurement of intangibles and their performance in the overall company performance. The model is accurate for the large number of indicators that it takes in consideration in performing the intangibles value (Sulanku, 2014:6).

2.10.1.3. Intangible Asset Monitor

The Intangible Asset Monitor (IAM) is a model used as an intentional scheme for measuring intangible assets within an organisation (Houari, 2014:4). It is designed in a presentational format revealing measurable indicators which will then be used to quantify the intangible assets. An illustration exemplifying the intangible asset monitor is presented in Table 2.8. This model can be incorporated into the organisational Management Information Systems (MIS) and can be an instrumental aid in the management of intangible assets. It can be plausibly verified from Table 2.8 that indeed the measurement indicators that are included in the Intangible Assets Monitor model do focus on the intangibles. The specific selections of the indicators included in the Intangible Asset Monitor are to a greater extent dependent the particular organisation's strategy and this intellectual capital model has much relevance in companies with a sizeable amount of intangible assets (Houari, 2014:3; Sveiby, 1997). A knowledge intensive institution such as a financial institution to a larger degree qualifies by that extension.

Table 2.8: Example of Intangible Asset Monitor

<table>
<tr><th colspan="3">Intangible Assets Monitor</th></tr>
<tr><th>External Structure Indicators</th><th>Internal Structure Indicators</th><th>Competence Indicators</th></tr>
<tr><td>Indicators of Growth/Renewal
Profitability per Customer.
Organic Growth.
Image Enhancing Customers.</td><td>Indicators of Growth/Renewal
Investment in IT.
Structure-Enhancing Customers.</td><td>Indicators of Growth/Renewal
Number of Years in the Profession.
Level of Education.
Training and Education Costs.
Marketing.
Competence Turnover.
Competence-Enhancing Customers.</td></tr>
<tr><td>Indicators of Efficiency
Satisfied Customers Index.
Sales per Customer.
Win/Loss Index.</td><td>Indicators of Efficiency
Proportion of Support Staff.
Values/Attitudes Index.</td><td>Indicators of Efficiency
Proportion of Professionals.
Leverage Effect.
Value Added per Employee.
Value Added per Professional.
Profit per Employee.
Profit per Professional.</td></tr>
<tr><td>Indicators of Stability
Proportion of Big Customers.
Age Structure.
Devoted Customers Ratio.
Frequency of Repeat Orders.</td><td>Indicators of Stability
Age of the organisation.
Support Staff Turnover.
Rookie Ratio.
Seniority.</td><td>Indicators of Stability
Professionals Turnover.
Relative Pay.
Seniority.</td></tr>
</table>

Source: Sveiby, (1997:88); Ramirez, (2010).

2.10.1.4. IC Index

The IC-Index is an illustration of what are termed the "second generation" practices that attempt to consolidate all the different individual indicators into a single index, and to correlate the changes in intellectual capital with changes in the market (Lipunga, 2015: 211; Roos *et al.,* 2005:76; Roos, Dragonetti and Edvinsson, 1997). According to the authors, second generation practices still seek "to improve the visualisations of the value creating processes of the company so that they can be managed comprehensively and in essence create a bottom-line for IC. This fusion allows managers to assess the IC situation of a company holistically, whereas the first generation practices give information only on the single components of intellectual capital" (Roos *et al.,* 2005:76).

2.10.1.5. Intellectus Model

This scientific model was presented in 2003 by the Knowledge Forum of the University Institute of Business Administration and has had imperial consequences globally in the scientific and professional communities. The Intellectus Model created a new platform for the enhanced understanding of the roles and different expressions of intangible organisational knowledge in value creation processes (Bratianu, 2009:419; Bueno *et al.,* 2004:567). The model focuses on the implementation of several principles that facilitate the management of intangible assets. The thematic contributions of the model make reference to the following components of IC:

- Human capital,
- Organisational capital,
- Technological capital,
- Business capital, and
- Social capital

The Intellectus Model then comes up with an internal logic, which decodes the various arrangements and relationships that define the organisational system in its entirety. This logic explains several concepts such as the IC components, elements, indicators and variables and its execution includes the implementation of various principles that facilitate the management of intangible activities.

2.10.1.6. Economic Value Added (EVA/MVA) Model

The Economic Value Added Model attempts to categorise intangible assets by way of measuring these intangible intellectual assets through the capture of their true economic profit to an organisation (Mocciaro *et al.,* 2012:88). The model tries to calculate the value and performance of intangible assets by the capture true economic profits where economic profit is reflective of opportunity costs (both the implicit and explicit) and the externalities presented by intangible factors. The model derives from a measure that was proposed by the Stern Stewart and Company and works on the presumption that the economic value creation of an entity to an increasing degree is based on intangible resources. It reinforces the preponderance of IC as a value proponent within an organisation.

2.11. COMPETITIVE ADVANTAGE THROUGH IC

Grimaldi and Hanandi (2013:3) concede that organisations' competitive capabilities and process efficiencies are, without doubt, becoming more and more fundamental. This comes in light of the epigrammatic realisation that with the rapidly changing market conditions, the onus now lies on organisations to make the tremendous efforts of striving in these domains, to excel, be unique and to compete. According to Porter and Miller (2001:155), given the new realms of knowledge and information management in corporate strategy, it is a virtual necessity for organisations and business ventures to comport the knowledge assets within the organisations in the furtherance of competitive advantages. Competitive advantage is said to occur when an organisation is able to accumulate or develop attributes that allows it to outperform other competing players in an industry (Stutz and Warf, 2009:434).

Westhead *et al.* (2012) are of the concession that matters of knowledge management, resource assemblage, incremental innovations and firm ability to leverage and exploit available opportunities are instrumental for organisations seeking to better their competitiveness. The authors go on to pin-point the Resource Based Theory (RBT) as conceding that firms can appropriate rents and beneficiation by the leverage of such factors.

2.12. STRATEGIC MANAGEMENT OF INTELLECTUAL CAPITAL AND THE BANKING SECTOR

There is an integral agreement existent within the business world (both private and public), distinguished academics, governmental bodies and the general social discourse that in no fair imploration can a proficiently crafted corporate strategic policy be considered good, bad or mediocre without proper consideration into how effectively it leverages its existing resources (Houari, 2014:12; Wiederhold, 2014; Klein, 1998:3). It is of paramount importance to mention that the apparent course in which the furtherance of strategic policy is steered and the categorical leveraging of resources prescribed in the execution of the strategic policy can have material repercussions on the judgement thereof. This strategic leveraging of resources whilst related to strategic planning and the day-to-day operational functions, its adoption should be in line with courses of action that will help management to achieve long term goals (Houari, 2014; Johnson, Scholes and Whittington, 2008:18; Teece, Pisano and Shuen, 1997:310).

2.13. THE BANKING AND FINANCIAL SERVICES SECTOR IN ZIMBABWE

The central research site and core location of this exploratory research inquiry is a firmly established institution within the banking and financial services sector in Zimbabwe. It is therefore important to start by making an apt scrutiny of this sector so as to give a fair background of the norms, perceived standards and the competitive connotations that subsist within this sector. The case adopted for this research is coming from a within a sector in a macro economy which according to Mugwati, Nkala, and Mukanganiki, (2013:485) is underpinned by its own unique complexities. This plausibly differentiates it from the macroeconomic settings of where the majority of prior similar scholarship has been conducted. The majority of identified scholarship on the strategic management of intellectual capital has been conducted in the context of developed occidental countries, with case studies, research works on the subject of intellectual capital management having been conducted in such areas (Shiu *et al.,* 2011:498; Chen *et al.,* 2004; Bontis, 2001:45). This reinforces the preponderance of conducting such research scholarship in the context of a developing African macroeconomic setting as not much similar such scholarship has been conducted therein.

It is important to start by highlighting an observation derived from varied works that surmises that there is no universally acknowledged definition of what clearly constitutes or defines a financial services sector (Mugwati *et al.*, 2013:483; Godspeed, 2011). Godspeed (2011:12) is in opposition to the view that pre-limits the sector to just include "any services that have financial association". This definition is reprobated by the author as "being overly too widespread, ambiguous and too general to be of any meaningful value". Godspeed (2011:13) would go on to qualify the financial services sector, but within the South African context, as being inclusive of such institutions as banks, fund managers, the stock exchange, insurers, microfinance houses, pension houses and pension funds.

The financial services sector within the Zimbabwean context has been defined by Mugwati *et al.*, (2013:486) as constituting of the accredited institutions such as commercial banks, merchant banks, building societies, finance houses, credit unions, insurers, housing cooperatives and the Peoples Own Savings Bank (the POSB). Klinkhamer (2009) appends the listing by including venture capital institutions, the Zimbabwe Stock Exchange (ZSE) and asset management companies. According to Gono (2004:40), the banking and financial services sector in Zimbabwe had at least 30 registered institutions by the end of the 2003 business year. Whilst other institutions survived the mayhem and economic turmoil that characterised the Zimbabwean macro economy between the years 2000 to 2008, as of 30 June 2011, the central bank reported that the country had 25 registered institutions within the sector (inclusive of the survivors, merged and acquisitioned players and entirely new players) (Gono, 2011).

The banking and financial services sector in any economy comprises of the prominent financial intermediaries within that economy, both in developing and developed economies, which proffer varied financial services and solutions to business entities and individuals alike (Parino and Kidwell, 2009:39). The better performing entities in these sectors promote economic efficiency (Mugwati *et al.*, 2013:485), as such, the strategic management of intellectual capital within such sectors would indeed require further inquisition. The case of the Zimbabwean banking and financial services sector does pose a momentous discrepancy from what can be considered the norm given the background of the macroeconomic decline that befell the country during the 2000 to 2008 period and the inherent and unique complexities inherent within that economy as mentioned by Mugwati *et al.*(2013:485). Robertson (2010:2) goes on to affirm that the Zimbabwean macroeconomic environment has largely been unfavourable owing to assortment of factors ranging from "political instability, corruption, economic sanctions and exclusions from major global financial groupings such as the World Bank and the International Monetary Fund (IMF)."

Against the brief background presented in Chapter 1 of the global economy seemingly gravitating towards what is famously referred to as "a knowledge-based economy" or the 'globalised new economy', the Reserve Bank of Zimbabwe (the RBZ) in 2007 enacted regulations to conform to the Basel II Accord (Gono, 2011). These Basel Accords were recommendations on banking regulations as issued by the Basel Committee on Banking Supervision (the BCBS). The Basel codes were devised to set improved banking standards and regulations internationally with goals of "*seeking to align economic and regulatory capital more closely and to reduce the scope of regulatory arbitrage"* (Fadun, 2013:56).

This compelled the RBZ to enact the regulatory actions, which according to Gono (2011:15) were necessitated by the need to integrate local Zimbabwean financial system with the international financial markets. Musakwa (2010:16) separately concurred that this may have been necessitated by the fact that in the event of failure by the RBZ to comply with the Basel II Accord, the fallout repercussions would have adversely affected the Zimbabwean banking and financial services sector and its competitiveness on the global front. It therefore needs allusion that the Reserve Bank of Zimbabwe, as the central bank and as the regulatory guardian of the banking and financial services sector in Zimbabwe, was tasked with enforcing non-compliant banks' exit from the financial markets, but in a manner which was to have marginal impact on the sector and also without disenfranchising the banking public (Murota, 2011:6). Gono (2011:16) is also on record suggesting that prior to these regulatory actions, the banking sector in the country was feeble due to the RBZ's poor supervisory approaches, weak risk-management methods and poor corporate governance and that all this was coupled the adverse macroeconomic conditions.

The Zimbabwean macro economy as of early 2000 to early 2009 underwent an intense socio-political economic crisis that literally crippled existent facets of the once authentic and vibrant economy (Muleya, 2010). Table 2.9 that follows**,** presents the inflation rates in Zimbabwe since the country's independence in 1980 and the table has been drawn to highlight the hyperinflationary decade of 1998 ─ 2008. Of the most severely affected sectors of the economy was the banking and financial services sector with lots of institutions failing to survive the rambunctious turmoil and consequently going under curatorship, merging or being acquisitioned by stronger players (Bonga and Dhoro, 2014:5; Murota, 2011:2; Gono, 2011:14).

Table 2.9 : Inflation Rates In Zimbabwe (1980-2013)

DATE	**RATE**	DATE	**RATE**
1980	7%	**1995**	28%
1981	14%	**1996**	16%
1982	15%	**1997**	20%
1983	19%	**1998**	48%
1984	10%	**1999**	57%
1985	10%	**2000**	55.22%
1986	15%	**2001**	112.10%
1987	10%	**2002**	198.93%
1988	7%	**2003**	598.84%
1989	14%	**2004**	132.75%
1990	17%	**2005**	585.84%
1991	48%	**2006**	1281.11%
1992	40%	**2007**	66212.30%
1993	20%	**Jul-08**	231150888.87%
1994	25%	**Aug-08**	471000000000%
		Sep-08	3840000000000000000%
		Nov-08	38400000000000000000000%
		2009	-7.70%
		2010	3.20%
		2011	4.90%

Source: Bonga and Dhoro (2014:16)

As a consequence of this hyperinflationary environment of the 1998-2008 decade as shown in Table 2.9 and what Bonga and Dhoro (2014:17) denote as the waning demand for domestic money, the country was forced in 2009 to undertake a currency substitution, officially suspending the Zimbabwean Dollar in preference for the United States Dollar, the South African Rand and the Botswana Pula being used synchronously as the generally accepted media of exchange (Mugwati *et al.*, 2013:487; Gono, 2011). The currency swop tipped the competitive landscape for banking institutions and necessitated financial institutions to find ways and strategies to retain competitive advantages by way of improving technologies, infrastructures and their human capital (Mutamangira, 2015). Such an environment was to force banks to differentiate their product and service offerings. This differentiation was to be key in that it would enable banks to create strong brands for themselves and differentiate themselves from competitors (Kwesu and Taruvinga, 2011).

With the world gravitating away from the expedient schemes of self-contained national economies progressing in the direction of a more interdependent, interwoven and confederated global economic discourse in what is unanimously referred to as globalisation, it is rational to allude that technological advances have integrated financial markets to such an extent that actions by financial intermediaries in different countries can have ramifications on each other (Bonga and Dhoro, 2014:15; Thomas, 2008:8). Well performing financial intermediaries promote economic efficiency by way of gathering the savings from individuals and corporations and making appropriate funds available for borrowers and spenders whilst contemporaneously maintaining healthy balance sheets (Thomas, 2008:8). That globalisation and the deregulation of financial capital flows has made it imperative for banking institutions to look up new approaches for value creation and competitiveness.

2.14. THE STRATEGIC LEVERAGING OF INTELLECTUAL CAPITAL

As has been presented in the bulk of this writing, the leveraging of intellectual capital in fostering competitive advantage is paramount. The findings presented in the scholarly works of Lipunga (2015) and Bontis (2002, 2004) succinctly expound on the collaborative ways in which a strong intellectual capital base greatly influences a firm’s competitive position. Kamukama *et al.*, (2011:154), concede that the analysis of intellectual capital within a framework that posits its importance in fostering competitive advantage is now overdue. The authors go on to allude that simply focusing on IC without the analysis of its subcomponents as the mediator variables in fostering competitiveness might not proffer the desired consequences. Consistent with such thoughts, this study proceeds to proffer analyses of the different dimensions of IC and how they can be leveraged in order to tender competitive advantages.

Resources in themselves are not productive, however the capacity and capability of organisations to strategically deploy and leverage these resources to produce desired results is what constitutes competitive advantages (Helfat and Lieberman, 2002:1156). The strategic capabilities of organisations can correspondingly be classified in line with value chains that will proffer value to the final consumer (Grant, 2005). Strategy in essence relates to resources, organisational capabilities and the key environmental factors in forging competitive advantages. The strategic management of intangible resources therefore becomes paramount.

Support for the leveraging of firm resources in the procurement of sustained competitiveness is affirmed by some scholars. Michael Porter is of the assertion that operational effectiveness alone cannot be the sole basis for sustainable competitive advantage (Porter and Miller, 2001:150) with Waterman *et al.*, (2001:14) mentioning that the diagnosis and solving of organisational problems is more than just focussing on structural reorganisations, but that answers should be inclusive of structure and its related factors. Clargo (2014) is of the contention that in order for modern organisations to leverage their intellectual capital, there is need for the organisations to discover their human capital, set and achieve structural capital goals and to protect their relational capital.

Muhoro *et al.*, (2012:974) highlight that whilst modern trends are focused on IC, it is imperative to point out that there are also in existence intellectual liabilities which in essence bring about competitive disadvantages, which as a result are negatively impactful on the firm's processes of value creation and efficiency. Hence the prerogative lies with management to ensure the proper leveraging of their intellectual assets to markedly surpass the liabilities (p. 978). The ultimate goal of leveraging the firm's existing resources is in search for the acquisition of those competitive advantages that are sustainable. That search is what stimulates the strategic leveraging of resources.

The bases for profits and growth in modern commercial organisations are no longer reliant only on financial capital, but are now inclusive of the rights to intellectual capital, as such protecting those rights has strategic significance (Wierderhold, 2014:9). Charlton (2014) construes that in exercising a combination of intellectual capital management and financial knowledge, the modern organisation is better positioned to deliver effective financial and development solutions. According to Lerro, Linzalone and Schiuma (2014:351) established firms confront stringent obstacles in their engagement with knowledge assets and their strategic management of their intellectual capital. The authors go on to concede that whilst IC management is still procedurally growing and evolving into planned strategy, this is often a consequence of singular and sporadic links. This means that often IC management is many a time not part of a definitive innovation management strategy and this is somewhat reflective of the lack of recognition of IC in most companies hence that failure to leverage their own intellectual capital.

It is however material to mention that in terms of the innovation processes within the organisation, the strategic openings of these processes is only advisable if the firm has in-house structures supportive and prepared for them. Bischoff (2013:22) is of the lucid proposition that functioning innovation management is only sensible if it generates a framework making it possible to integrate external resources

An express strategy of IC management would draw profoundly on the preeminent skills that exist in the different functions within the organisation. For instance, according to Jardon and Martos (2012), under an effective strategy the managerial functions should incorporate the following critical facilities:

- Internal audits must be proficient with the essential requisite skills for auditing IC;
- Finance departments must be resourced to track and value IC;
- Human resources departments must be capable of developing intangible asset monitoring schedules and the necessary systems to drive performance and action changes within the organisation; and
- Management Information Systems (MIS) should capitalise on the economic benefits of large-scale system solutions, considering that IC is an enterprise-wide resource.

Businesses will indeed need to leverage their intellectual assets when crafting their strategies and hence allow for the generation of revenues from administrative functions whilst also bolstering the organisation’s competitive position from operational functions. Such functional areas as the finance, human resources, legal and information management have battled to prescribe a formal classification of themselves as “value added” service providers (Firer, 2003:166). The challenge according to Kaplan and Norton (2004) lies in visualising causal relationships that that will enable the functional departments to advantageously make use of their core competences. The authors go on to affirm that the construction of strategy maps is of key importance if organisations are to strategically leverage their IC resources with their organisational objectives.

Central to the strategic management of intellectual capital should be the managerial determination of seeking to proffer services and products that in essence exceed the offerings being presented by competitors (Kaplan and Norton, 2004:4). Hence in pursuance of the organisational strategy for IC management, technology initiatives leveraging human, structural and relational capital should be diligently looked into to allow the maximisation of benefit from these intangibles (Moraldi *et al.,* 2013:127; Kaplan and Norton, 2004:6; Klein, 1998:3; Sanchez and Heene, 1997:73). As has been mentioned earlier in this writing that the banking and financial services sector is one of the most knowledge intensive sectors in any economy and strategies for leveraging the different IC constructs do need proper alignment and conformation. Table 2.10 that follows presents some of the facets of intellectual capital and the variables that can considered in coining strategies to leverage IC.

Table 2.10: Strategic Variables to Consider in Leveraging IC Resources.

Constructs	Items to consider	Authority
Human Capital	The managerial attitudes and motivation of employees	Hornsby and Kuratko (2003)
	The aptitude and capacity to access investment risks	Balakrishnan and Fox (1993)
	The ability to transmit experiences	Jardon *et al.* (2007)
	The training of managers and workers	Pfeffer (2005)
	Human resources and the competence levels	Hatch and Dyer (2004)
Structural Capital	Market knowledge	Carson and Gilmore (2000)
	Teamwork	Hornsby and Kuratko (2003)
	Internal communication systems	Barney (1996)
	Corporate Culture	Barney (1996), Ritchie and Brindley (2005)
	Process and Production Technologies	Helfat (1994), Kim and Kogut (1996)
Relational Capital	The cooperative attitude and partnerships of the firm.	Klofsten and Scheele (2003)
	Distribution network	Spillan and Parnell (2006)
	Corporate Image	Kaplan and Norton (1993)
	Distribution Channel types	Anand *et al.* (2006)
	The direct relationships with the end customer.	Pelham (1997),Spillan and Parnell (2006)
	The types of providers	Wagner (2006)

Source: Adapted from Jardon and Martos, 2012

2.15. Setting working IC strategies into place

Firer (2003:167) proclaims that if an organisation is to realise a considerable return on its IC portfolio, it may entail committing only a limited investment. A host of sources concur that the strategic management of intellectual capital is beneficial and does garner benefits in terms of efficiency and profitability (Ngwenya, 2013:150; Muhoro *et al.*, 2013:111; Firer, 2003:167). McNeilly and Marr (2006) further corroborate the importance of setting IC strategies into place by recognising that if prudently configured, costs associated with IC strategies may as well be negligible in comparison with the benefits. Lerro, Linzalone and Schiuma (2014) published a "special issue" discussion on the management of intellectual capital that sought to provide new insights on how the innovation dynamics and organisational performance can be enhanced in the modern organisation through the management of its intellectual capital. The authors in their academic colloquy predominated their focus on the importance of translating intellectual capital strategies within the context of achieving business excellence, highlighting apposite approaches and tools in different organisational contexts.

With the benefits of IC management in capturing and retaining competitive advantages presented in Chapter 2, it is imperative to now focus on the construction and implementation of IC strategies. Organisations within developing economies where the intellectual capital movement is still relatively embryonic can adopt the following five-step approach adapted from the works of Firer (2003:167) and affirmed by Ngwenya (2013). The five-step approach follows the following stages:

2.15.1. Step One: Create awareness

In developing an IC strategy, the very first step would be to create awareness. There is need for management to underscore and make express moves towards translating their strategic narrative with regard to intellectual capital. It is paramount that all staff members are categorically made aware of the expectations and requirements expected from them and how that will impact on financial returns (Firer, 2003:168). Management has the imperative of creating a perception, or at least expressly shape the knowledge of the organisation's stance on IC.

The acquaintance of staff to the organisation's management strategy on IC will be imperial to the overall strategy of the organisation and will help staff to work elaborately towards the achievement of the related IC strategic objectives (Firer, 2003:168; Muhoro *et al.*, 2012:856).

Actively engaging with staff members according to Firer (2003:168) is an effective and brilliant way of retaining their support and participation. By understanding the meaning and importance of IC management it is possible for staff members to take ownership, actively come on board and extenuate the implementation process. Figure 2.5 that follows helps contend how management should clarify the ideas and concepts contained in the IC strategy.

Figure 2.5: Clarifying the concepts of an IC strategy.

- What is the IC strategy's overall purpose and link to overall organisational strategy?
- What changes and adaptations are required?
- What aspects are of importance and priority?
- How knowledge intense is the business?
- Who is paid for what knowledge? Who pays? How much? and
- Is this knowledge of importance to the business?

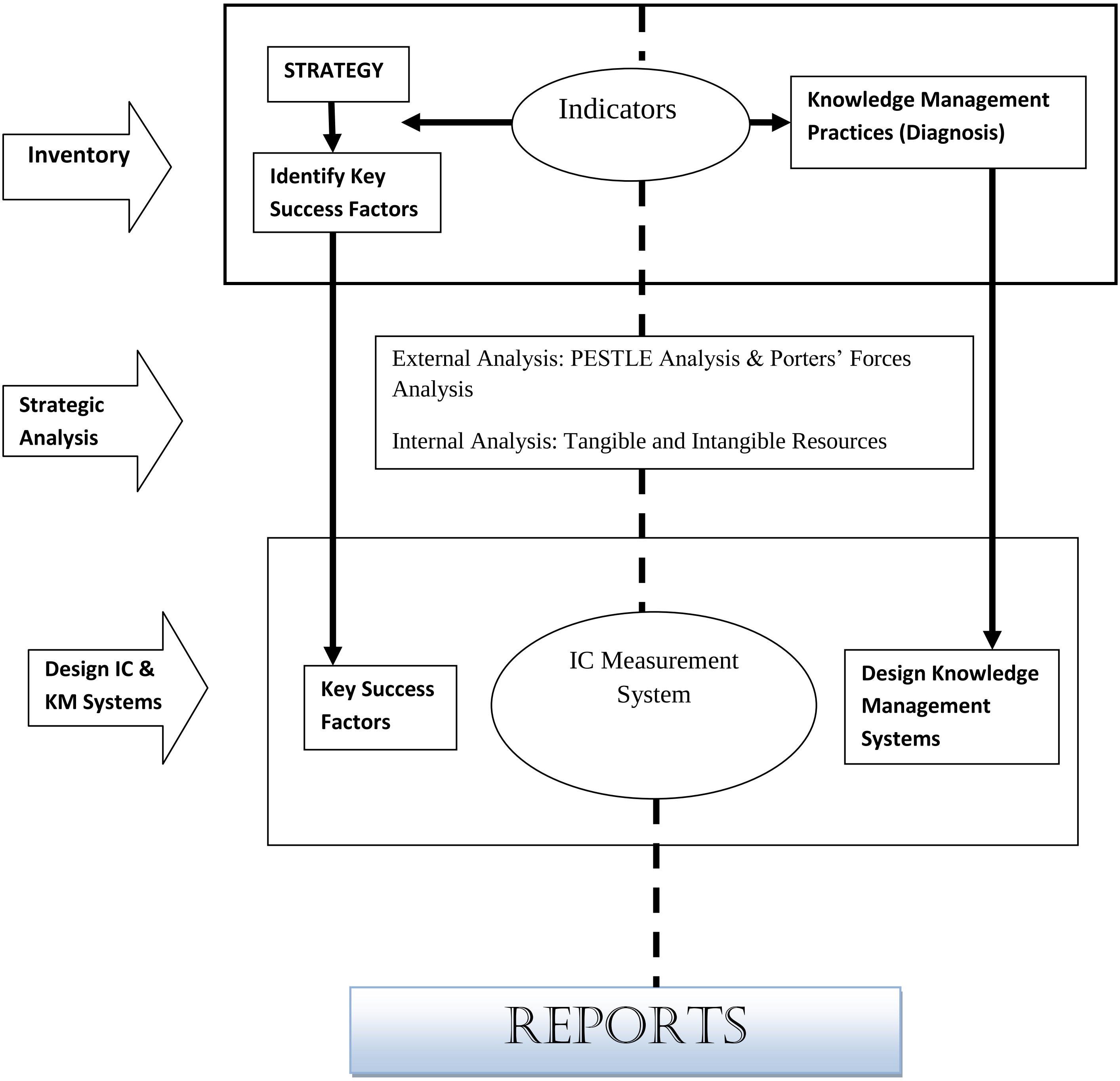
Source: Adapted from Firer, (2003:168)

2.15.2. Step Two: Undertake an IC audit

The second step would be to proceed and undertake an intellectual capital audit (Firer, 2003:168). The reasoning for undertaking an internal IC audit would be to determine the potential value inherent within the IC assets of the organisation and use that as a yardstick in the construction of an IC strategy. According to Sabater *et al.*, (2003:400), the purpose of the IC audit would be to probe, diagnosticate and proffer some recommendations which will improve the management of IC and significantly help in establishing the sources of failure in knowledge management (KM) programs (Motion and Bontis, 2013; Hylton, 2002).

The IC audit also serves to present a circumscription of the ongoing IC initiatives being pursued by the organisation and matching the organisational revenues with the resources and assets that are generating them (Firer, 2003:168). In performing an IC audit, Sabater *et al.*, (2003:402), present a prescriptive model that illustrates the phases which must be followed to have a much more complete strategic audit. This model is reconstructed and presented in Figure 2.6 that follows. The audit will categorically investigate the expertise, capabilities and the location of brands, intellectual properties, processes and all the other types of intellectual capital with the aim of presenting their advantages incorporating them in their IC strategies and KM systems. The model is diagrammatically illustrated as follows:

Figure 2.6: Intellectual Capital and KM audit model



Source: Adapted from Sabater *et al.*, (2003:404).

Deducing from the assessments from Step One, the feedback revealed will be material in the determination of the content of Step Two. The phases illustrated in the IC audit model in the preceding Figure 2.6 (namely *Inventory*, *Strategic Analysis* and *Design IC & KM Systems*) are briefly explained:

2.15.2.1. Inventory

The inventory phase has the objective of determining the state of intangibles within the organisation (Sabater *et al.,* 2003:403). These can be deduced by administering questionnaires within the organisation in which typologies of business level strategies are extracted from managers. Managers will need to be asked to classify their own organisation's intangibles and their descriptive narrative is analysed in comparison with the Miles and Snow typology of business strategy. The two basic procedures are utilised. As consistent with previous literature (Snow and Hebriniak, 1980; Zajak and Shortell, 1989; Hill, 2009) the descriptive accounts of top management are then coded and classified into the four strategies (as pioneered by and now known as the Miles and Snow typologies). These managerial narratives will be instrumental in capturing the inventory from the context and perspective of top management. This Miles and Snow Typology is briefly summarised in the Table 2.11 that follows.

Table 2.11: The Miles and Snow Typology.

Strategy type	Definition
Prospector	Is innovative and growth oriented, searches for new growth opportunities and encourages risk taking.
Defender	Protects current markets, maintains stable growth and serves current customers.
Analyser	Maintains current markets and current consumer satisfaction with moderate emphasis on innovation
Reactor	No clear strategy, reacts to changes in the environment, drifts with events

Source: Adapted with excerpts from Barney and Griffin, (1992).

Secondly, the key success factors (KSF) are identified and knowledge management practices appraised objectively. It is important to reiterate this position about the gathering of IC data as was asserted earlier in this writing.

2.15.2.2. Strategic Analysis

Strategic analysis has been acknowledged by many a scholar as the initial point in the strategic management process where managers must be positioned to monitor and scan their business environment and be able to analyse competitors, determining threats and opportunities (David, 2011; Porter, 2004). Gregory *et al.*, (2005) are of the affirmation that many strategies fail due to the managerial imprudence of formulating “ambitious” strategies without the cautious and apprehensive analysis of both their internal and external environment. Strategic Analysis is somewhat holistically defined by Les Worrall (as cited in CIMA, 2007) as:

> *“a theoretically informed understanding of the environment in which an organisation is operating, together with an understanding of the organisation’s interaction with its environment in order to improve organisational efficiency and effectiveness by increasing the organisation’s capacity to deploy and redeploy its resources intelligently.”*

The analytical tools that steer the strategic analysis process include the SWOT analysis, the PESTLE analysis, the Porters 5 Forces Analysis, the Early Warning Scans, the Value Chain Analysis, amongst others (Thompson *et al.*, 2010). The strategic analysis is of paramount importance in that it evaluates the environmental context in which an organisation is operating in (Hill, 2009).

2.15.2.3. Design of IC and KM systems

In this phase of the model the objective is to design a system that will permit the organisation to pronounce its distinct intangible assets and incorporate them in the IC and KM systems (Sabater *et al.*, 2003:403).

According to ICM Group studies (1998, 2010), certain distinct metrics were identified as being the contemporary metrics that organisations are adopting in considering the design of their IC and KM programs. This long list is presented below and it needs mention that the list, although comprehensive, is by no way exhaustive.

(1) <u>Value extraction</u>

- Profits trickling in from new business operations;
- Return on net asset value;
- Total assets;
- Revenues tricking in from new business operations;
- Market Value;
- Pending Patents; and
- Return on net assets that result from new business operations.

(2) <u>Relational Capital Focus</u>

- Market share;
- Number of clients or customers;
- Annual Sales per Customer
- Average Customer Size;
- Average response time from customer contact to sales response; and
- The quotient of sales contacts to sales finalised.

(3) <u>Structural Capital</u>

- The ratio of administrative expenses to total revenues;
- The processing times to out-payments;
- The number of computers per employee;
- The amount of contracts filed free of error;
- The quality of corporate performance; and
- Amount of investment in Information Technology.

(4) <u>Human Capital focus</u>

- The average years of employee attachment to the organisation;
- The number of employees;
- The amount of revenues per employee;
- The number of managers;
- The rate of employee turnover;
- The number of female managers;
- The ratio of profits per employee;
- The average age of employees;
- The number of full time employees; and
- Percentage of organisation managers in possession of advanced academic degrees.

In addition to these metrics, which conceivably are internal to the organisation, there is need for management to accord due consideration to the external variables as well (Firer, 2003:168). Structures that are external such as relationships with customers, suppliers, associations with strategic partners need to be duly considered in crafting or designing the ICM or KM systems. This is paramount because the perceptive apprehensions of those outside the company are what determines the company's reputation and hence has material effects on the brand, the brand essence, brand perception and overall image of the company.

2.15.3. Step Three: Develop a portfolio for intangible assets

The third step would be to develop a portfolio for intangible assets. This process must enroot a moderate framework of the organisation's business, and ascertain if the pertinent components identified in the audit are being actively appropriated. An appropriately constructed portfolio will enable management to analyse asset allocation, scrutinise IC application and recognise the unused IC. According to the research outcomes presented in the Meritum project (2002) and later followed up by Abhayawansa (2014), on the basis of extensive analyses of the preeminent practices adopted in Occident countries, it was found that for management, the insufficiency of information systems and IC systems to properly reflect intangibles can have the undesired consequence of business opportunities being lost. These opportunities are lost because the organisations would have failed to identify, hence overlooked certain intangibles which could have been beneficially exploited. An organisation's IC strategy that fails to identify and incorporate crucial intangibles will also fail to realise optimal achievement of desired objectives (Altaher, 2011:265, Abhayawansa, 2014: 114).

2.15.4. Step Four: Develop an intangible assets monitor

The fourth step would be to develop an intangible asset monitor (Firer, 2003:168). The intangible assets monitor has been disclosed in brevity in section 2.10 earlier. The intangible asset monitor (IAM) is important in this phase because it tracks the performance of the assets and the investments made in intangibles Ngwenya (2013:152). The distinctive particulars and specific details of this IAM will vary from one organisation to the next, depending on the organisation, but will nonetheless encompass a similar general focus. The focus of the IAM framework according to Sveiby (1997) will be directed at:

- Internal structure;
- External structure; and

- Individual competences.

2.15.5. Step Five: Implement the IC strategy

The fifth step would be to implement the intellectual capital strategy. This, according to Edvinsson, (2013:165), entails putting the IC strategy to work. This step necessitates the enmeshing of the intellectual capital strategy into the overall process of strategic business planning. Importantly this step enables the introduction of IC as an asset and needing it to be reported as such. This according to Edvinsson, (2013:165) finds basis on the quest by organisations seeking to integrate alternative value logic. This logic according to the author seeks to foster service interaction and renewal allowing for an appreciation of the other dimensions complementary to hard assets.

2.16. LEVERAGING HUMAN CAPITAL

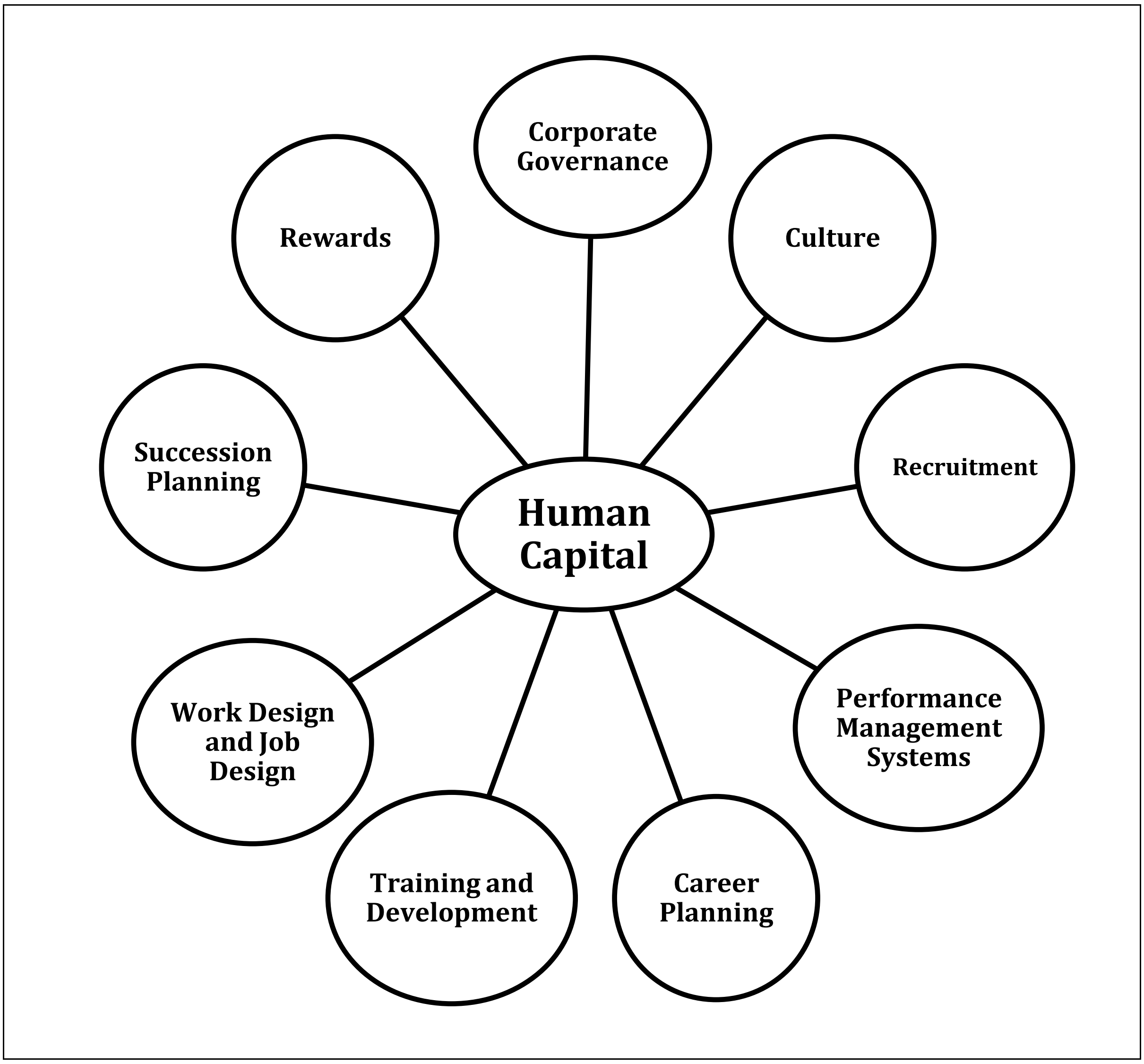
Whilst human capital has been considered arguably the most valuable asset that is held by any organisation in the modern economy, it has also been labelled as the most elusive to manage (Cabrilo *et al.*, 2014:412; Bart *et al.*, 2009; Weatherly, 2003:7). Wood (2001:12) is of the comprehension that, *"if you want to be a viable business in the long-term, you have to be able to attract and retain business-required talent".* As mentioned earlier, employees who apply their knowledge in the organisation are paramount in fostering a competitive edge for the organisation and the improvement of staff members' knowledge will considerably improve their creativity, efficiency, customer satisfaction and may even bolster customer loyalty (Seleim *et al.*, 2004:330; Houari, 2014:4). In leveraging human capital, management has the understandable predilection and strategic imperative of harnessing the attributes such as experience, inventiveness, resourcefulness, energy, knowledge and overall enthusiasm of the individuals that choose to invest their work to their organisation and the organisation will have the benefit of increased efficiency, productivity and overall competitiveness.

The importance of integrating human capital into the overall strategic vision of the firm is accentuated succinctly by eminent British serial entrepreneur and relation-oriented business leader Richard Branson who is of the assertion:

> *"It is all about finding and hiring people smarter than you. Getting them to join your business and giving them good work. Then getting out of their work and trusting them. You have to get out of their way so you can focus on the bigger vision.... you must make them see their work as a mission."*

– *From* Richard Branson speaking on the importance of the human capital at Virgin *quoted* by Preston, (2014) The assertions by Branson affirm the awareness that management would need to have on the centrality of allowing employee innovations in companies and that this could be crucial for future developments and competitiveness. According to Cabrilo *et al.*, (2014:412) strategies that are innovation-driven base their success on the transformation and the leveraging of human capital (HC) for productivity, efficiency and competitiveness. The authors go on to attest that corporate organisations should make use of innovation strategies as the stimuli to enable capitalising from HC. Figure 2.7 that follows shows illustrative depictions of some of the subcomponents of human capital that can be leveraged in ensuring gains are made from human capital.

Figure 2.7: Sub-components of Human Capital that can be leveraged



Source: Own illustration (from several sources)

Competences

Human resources skill sets and capabilities do confer competitive advantages and must be leveraged and intertwined with core resources to build organisation's core competences (Prahalad and Hamel, 1991). These core competences are the essence for superior performance and the cornerstones for competitive advantage (Jardon and Martos, 2012:464). Apart from simply adopting apposite recruitment strategies, firms should also fortify themselves with the capacity for internal talent mobility with such structures as training programs and supporting employees by constantly upgrading their skills and education whenever sought necessary (Motion and Bontis, 2013; Bontis, 1998). Quality product and superior service offerings are acknowledged as outcomes that derive from eminent employee competence and job knowledgeability (Galabova, 2014:387).

Brunold and Durst (2012) aver that organisations at operational level are highly reliant on people and that this contribution of people is instrumental in the determination of organisational success and the fostering of organisational competitive advantages. Haribe (1999) is of the suggestion that value creation and competitive advantages are contrived from the skills and knowledge that employees bring into the workspace. Louw and Venter (2006:428) break down these knowledge, skills and abilities into three categories:

– Basic Knowledge

This category lays emphasis on the discerning rationality that value creation is fostered by way of employing varied basic skills and abilities in the day to day functions of the organisation. The activities that underlie this category of knowledge, skills and abilities are what according to Firer (2003) can be construed to be the normal part of the organisational operational process.

– Specific Knowledge

This category of knowledge skill sets is related to the foundation and performance of core competences and the strategic operations within the organisation. This is in concurrence with the assertions by Haribe (1999:34) that competitive advantages and value creation derive from the skills and knowledge that employees exert in the execution of their work.

– Distinctive Knowledge

This perpends to the skills and abilities that are unique, specific and that provide competitive advantages due to their exclusiveness, superiority and outstanding nature in comparison to what competitors possess (Muhoro, Nkuutu and Kamukana, 2012:108). Distinctive knowledge is superior in that it captures the dynamics of the learning organisation and retains competitiveness by way of continuous improvements and redefining strategic advantages. Louw and Venter (2006) further attest that market leaders tend to enjoy strategic advantages by their ability to harvest distinctive knowledge, skills and abilities.

2.17. LEVERAGING STRUCTURAL CAPITAL

Structural capital has been described as inclusive of all the non-human storehouses of knowledge within institutions, ranging from databases, process manuals, organisational charts, strategies, routines together with anything whose net institutional value is higher than its material value (Galabova, 2014: ; Edvinsson 2013). According to a research probe by Ngwenya (2013) on Zimbabwean companies, it was found that the majority lacked in the structural capital supportive of their constituent human capital. The author went on further to draw the conclusion that, to a greater extent, Zimbabwean companies in general were not leveraging their structural capital to optimally benefit from the full potential of their human capital.

Structural capital provides the supportive infrastructure that in essence empowers the human capital by the provision of structures of cohesion between the organisation's people and its hardware, processes and routines (Moradi *et al.*, 2013:125). Roos (1997) upholds that structural capital can be categorised as an institutionalised form of knowledge and that it belongs to the organisation and is encrypted in organisational storehouses, databases, policy instructions and process manuals. This structural capital, as a construct or sub-element of intellectual capital is inclusive of such dimensions as Intellectual Property, Business Process Capital and Development Capital (Bontis, 1998; Adelman, 2013:13; Haghshenas and Barzegar, 2014:24). The sub-constructs of structural capital incorporate such factors as organisational structures, databases, business processes, charts, patents, trademarks and manuals (Brooking, 1997:16; Moradi *et al.*, 2013:125). As has been indicated in the prior chapter, the ownership of structural capital lies with the organisation unlike human capital which quintessentially is existent in the constituent workforce personnel (Roos *et al.*, 1997:42; Jardon and Martos, 2012). The assertions by Brooking (1997:16) aver that structural capital categorises all the value that emanates from the structural layout of the business organisation and also from the entire intellectual property (IP) that resides in the organisation. It has been argued by certain scholars that structural capital in essence represents the hardware segment of the organisation and that it is what enables the organisation to function and proffer results (Quelin in Sanchez and Heene, 1997:145).

Important to note, is that structural capital, like any of the resources with strategic significance can also be leveraged to enhance the competitive position of the organisation. According to Roos *et al.*, (1997:48) perfect structural capital should be flexible and capable of evolving with its environment, facilitating information sharing at all levels, capable of connecting all employees at all levels and more importantly, perfect structural capital should be replicable, should augment productivity and should redeem and save costs for the organisation.

In the strategic leveraging of structural capital, there is need to take an apt look at this concept from an internal and external perspective (Nag, Corley and Gioia, 2007:833). The internal perspective for leveraging this structural capital includes focus on such things as Total Quality Management (TQM), re-engineering, research and development (R&D), new product development, training and re-training of constituent employees and fine tuning processes and routines. The external perspective for structural capital leveraging includes the protection of competitive advantages through the employment of patents, trademarks and other forms of intellectual property. The organisation can legally protect its intellectual property and this lawfully bars competitors from replicating certain elements of their structural capital.

Business Process Capital

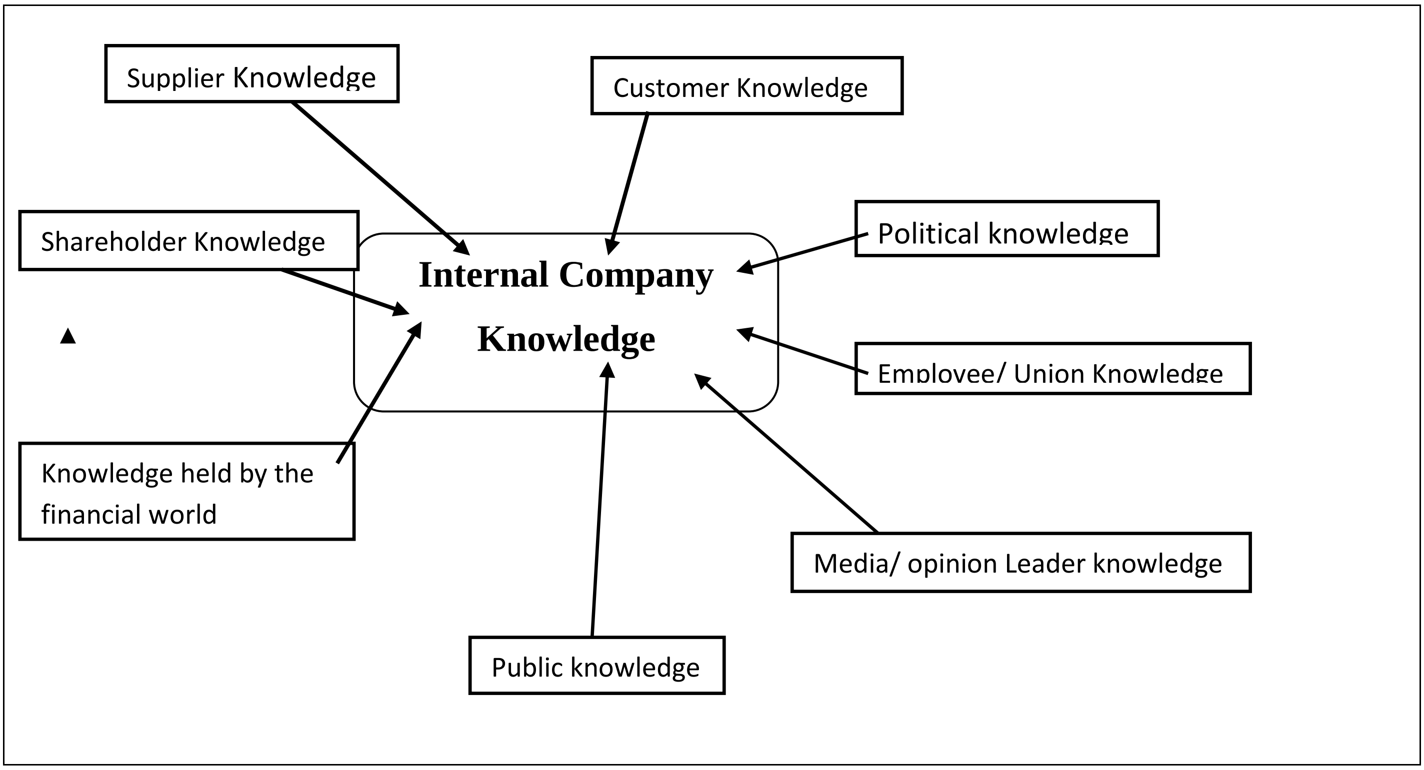
Business processes and routines are paramount to the organisation and form a material part of the organisational structural capital, and has Moradi *et al.*, 2013:126 expressing that these can be construed as the software for structural capital in that they essentially house the operations that enable the organisation to function. Louw and Venter (2006) are of the assertion that business processes and routines champion the facilitation and production of the organisation's end-products (goods and services) through the conversion of inputs into outputs. This assertion finds backing from Evans and Dean (2003:18) who in agreement aver that whist "*processes are often associated with the context of production – the collection of activities and operations in transforming inputs (physical activities, materials, capital, equipment, people and energy) – into outputs (products and services), nearly every major activity in the organisation involves a process that crosses traditional organisational* *boundaries.*" For instance, in an order fulfilment process, the overall procedure might include the salesperson enacting the process by placing an order on behalf of the client; a marketing associate would then input this into the organisation's computer which is connected into the information systems network; the finance department would then conduct credit checks via these ICTs; operations personnel will conduct the picking and packing of the ordered inventory; shipping being conducted by the distribution or logistics personnel; invoicing for the inventory being conducted by finance and the installation being conducted by field engineers (Evans and Dean, 2003:18). This broad and general illustration seeks to highlight that there is indeed an inter-link on several organisational boundaries even in the performance of one organisational task. Structural capital, as shown is often owned by the organisation which this in contrast to human capital which quintessentially is rented by the organisation from its constituent employees (Ranani and Bijani, 2014:123; Bontis, 1998:70; Roos *et al.*, 1997:42).

2.17. LEVERAGING RELATIONAL CAPITAL

Clargo (2014) espouses that the more enlightened modern organisations have come to the realisation that the "key success factor" for economic success and continued profitability lies in the attracting and retaining of the devoted and loyal customers. In order to achieve that customer recall, it is of paramount importance that the organisation meets and exceeds the needs and expectations of the customer with its product and/or service offerings. Banks on the other hand, due to the fast-paced dynamics within the financial service sectors, are forced to keep up and pay due recognition to the importance of virtuous relationships with clients (O'Loughlin & Szmigin, 2006:118). The implication being, in retail banking, a relationship approach is inevitable hence leveraging relational capital is paramount, cognisant of the fact people will always be in need of financial and banking services.

In the leveraging of relational capital for organisations, it is paramount for management to be able to incorporate stakeholder knowledge into the company (Probst *et al.*, 2000:119). This acquisition of stakeholder knowledge can be achieved by managers by way of carefully and selectively appropriating contact and relations with the firm stakeholders. The most important stakeholders that the company can strategically align with are inclusive of those presented in Chapter 2 such as customers, distributors, suppliers, strategic partners, employees, trade union representatives, politicians, the media, the financial world, opinion leaders and the general populous (See Figure 2.8 that follows).

Figure 2.8: Stakeholder Relationship



Source: Probst *et al.* (2000:119)

According to Probst *et al.* (2000:120), in order to leverage organisational relationships (particularly with customers) and capture knowledge from the different stakeholders, it is important to establish input channels, know about customers, have key customers and be involved in customer activities:

In attempting to define the concept of Relational Capital, Chapter 2 presented this as that knowledge embedded in the organisation related to its interconnectedness with the external environment. This interconnectedness is inclusive of inter-organisational relationships. These inter-organisational relationships can no longer be ignored and have significant beneficial value when leveraged strategically (Agndal and Nilsson, 2006:91; Kianto *et al.*, 2014:365). For example, the significance of markedly reducing organisational costs through initiatives like co-marketing, joint training and that fabrication of enhanced brand equity derived from close liaisons with strategic partners with which the organisation shares brand essence and similar brand personality (Kitchen, 2008; Guest, 2007:53; Keller 1993:11)

2.19. CONCLUSION

This chapter provided theoretical insights on the subject of intellectual capital as an intangible asset of interest. Some prominent points have been raised in this chapter, firstly it has been clarified that there is much greater need for organisations to be reflective of their intangibles and to leverage their intangible assets for strategic purposes. The chapter tries to clarify what can be construed as '*strategic intellectual capital management',* its importance and the *'competitive advantage'* aspect of it with relation to intangible assets. It has been established that the generally accepted models of intellectual capital are predominantly based on the tripartite division of intellectual capital and can be divided into the elements: human capital; structural (organisational) capital; and relational (customer) capital. This study was designed to assess the extent to which the management of intellectual capital was being pursed within a participant institution and also to investigate the perceptions and managerial insights at the institution on the strategic management of intellectual capital management in fostering organisational competitive advantage. As such, it was prudent to start by capturing and presenting academic literature on the subject. The particular intangible assets whose investigation were to be of prime interest in this research fall under the dimensions of intellectual capital as presented in this chapter, namely human capital, structural capital and relational capital. The chapter has also served to present the strategies that organisations can adopt to leverage their intellectual capital particularly the three dimensions: human capital, structural capital and relational capital. The banking and financial services sector in Zimbabwe is introduced as it represents the ambient environment and core location where the research site is set. The following chapter will look into the research methodology that has been adopted for the study. The chapter particularly delves into the methods, philosophies, strategies and the design of the subsequently adopted research endeavour.

CHAPTER 3
RESEARCH METHODOLOGY

3.1. INTRODUCTION

Remenyi (2007:34) specifies research methodology as a framework that embraces efforts in considering and seeking further clarities on the logic behind research techniques. This chapter focuses on research methods that were applied in the execution of this study and highlights the proposed and subsequently adopted theatrical execution of the study. The methods used were aimed at helping the researcher gain insights on how the management of intellectual capital, particularly the human, structural and relational aspects of intellectual capital were perceived and embraced within the participant organisation in trying to gain and retain competitive advantage. It is of paramount importance that it be highlighted that this research upon its adoption was deliberately meant to contain a combination of quantitative and qualitative research approaches. This emanating from the reasoning that the research problem was somewhat exploratory, hence there was a protracted need for a more balanced inquisitive approach and also because there would be a need to later triangulate the findings to seek for convergences in the results and establish complementarities or overlapping facets on the perceived phenomena under investigation. The chapter proceeds to proffer the rationale, justifications and assumptions for adopting a qualitative research paradigm on the basis of some of the shortcomings identified in the quantitative research paradigms.

Academic consensus concedes that 'research' can be used to ask and answer questions that were never highlighted before, with classifications categorically ranging from the applications of research study to objectives and methods used in the study (Kumar, 2005:8). Qualitative methods are usually employed for the interpretation of collective realities (Creswell, 2013:77). The research methodology that was acceded to in this research is discussed herein. The elements of the case study approach are discussed herein. These elements are inclusive of the data collection procedures, the analysis procedures, data collection instruments, validity and shortcomings of the research approach.

The objectives and research questions have been presented in Chapter 1. In light of those research questions, the purpose of this chapter is to:

- Discuss reasoning behind the adopted research philosophy in contrast to other research philosophies;
- Expound on the research strategy, including the research methodologies adopted;
- Introduce the research instruments that were developed and sought in pursuit of the research goals.

3.2. RESEARCH PARADIGM

When undertaking a research of this nature, it is imperative to start by considering the different research paradigms and subject matters. According to Flower (2009:2) the matters of ontology and epistemology need proper configuration as these are the determinant parameters for the description of perceptions, insights, assumptions, beliefs and the outlook of reality and truth, and have an unyielding influence on the manner in which the research is undertaken from design, all the way to conclusion. It becomes therefore of paramount significance to understand these aspects in order to ensure that interpretations and approaches that are congruent to the aims and nature of the particular line of inquiry are adopted, and also to ensure that the comprehension and understanding of the researcher's practical biases are exposed and consequently minimised (Denzin and Lincoln, 2003:13; Wu, 2013). It is important to point out that this research had a number of ontological assumptions which in essence could have material effects on the researcher's view on what constitutes reality. The research paradigm adopted for this study was the interpretivistic paradigm. This paradigm according to Bryman (2012:32) is appropriate for guiding such research in that it allows for the utilisation of subjective interpretations of reality and that it is through these interventions into the reality can that reality be fully grasped and understood (Boksberger and Melsen, (2011:230). There is admission however that there may be several interpretations of reality, but still, interpretivists uphold the thinking that these interpretations in themselves form a material part of the scientific knowledge the research endeavor might be pursuing (Hunter and Schmidt, 1990). It is material to add that this research undertaking from its conception and design was meant to make an in-depth inquiry and qualitative investigation into the strategic management of intellectual capital within the participant institution's quest and furtherance of competitive advantages. The research strategy was crafted to allow more reflexive learning on the part of the researcher and allow the researcher the ability to gain closer insights on the organisation's intellectual capital management practices and, by that extension, allow the researcher to interpret the findings from the various participants within the case under study.

3.3. RESEARCH DESIGN

This research made use of the mixed methods research approach, which according to Clarke (2005) proffers the researcher the ability to instantaneously blend the qualitative and quantitative responses and also report the results jointly or separately. This approach would enable the researcher to assume a tentative stance and allow for simultaneous triangulation. Research design according to Alise and Teddlie (2010:111), is a containment of the action plan on how the four fundamental aspects of research will be carried out in undertaking research. These four aspects include the research paradigm, the research purpose, the research techniques and the situation within which the research is set (Terre Blanche and Durrheim, 1999:52). From inception, the purpose of this study was to explore and establish the agreeance of management to the use of intellectual capital within the participant financial institution and the furtherance of the elements of intellectual capital in fostering retained competitive advantages therein. The respondent data was to be captured from insights, opinions and views of selected members within that institution. These members were to be divided into two categories: 1) Managerial participants and 2) Non-managerial banking staff participants. Their opinions, perceptions and insights on the linkage between the management of intellectual capital and organisational competitive advantage were to be attained using differing measuring instruments and techniques. The strategies of inquiry to be afforded in this study were to be inclusive of both qualitative and quantitative methods of research thereby translating into what Creswell (2003:13) terms a mixed methods approach. Creswell and Plano (2007:37) confirm that the use of the mixed methods approach is expedient and valuable when there are elements of both qualitative inquiry and quantitative inquiry within the nature of research.

The justification for undertaking a mixed-method research approach was based on the reasonable assumption of seeking to triangulate findings and by that triangulation, any bias inherent in any particular data source, method or researcher perspective may be neutralised when employed in conjunction with the other methods (Bryman, 2006: 99; Denzin, 2012). It is also imperative to conduct a multi-method research on the presupposition that the insights presented in one method can enable the researcher to gain new viewpoints and be able to build follow-up questions to be utilised in collection of data from the other respondents or participants.

3.3.1. Case study approach

In seeking to elicit phenomenological data, this study adopted the research approach of a single case study. The single case study approach was adopted for the reasoning that case study researches to a greater extent excel in conveying clarity on complex issues, subjects or objects with Creswell (2013) and Stake (1995:43) concurring that case studies can indeed extend into experience and adjoin research weight by way of adding what is already in the public domain from previous research efforts with what has been newly found. According to Yin (2014:16), a case study is an empirical inquiry that investigates a contemporary phenomenon (the case) in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.

A key advantage of the case study approach would be its ability to allow for the employment of multiple sources and techniques with regards to the procedures of gathering data (Creswell and Plano, 2007:37). An exploratory case study proceeds by way of in-depth, detailed data collection methods and involves diverse sources of information that are contextually rich (De Vos *et al.,* 2011:115). The isolated unit of analysis is paramount in that it allows for the case study approach to have a holistic predisposition and defines the topic broadly and allows a deepened understanding of the entity under study proffering valuable insights (Alise and Tedlie, 2010:109).

3.3.2. Mixed methods research

This study adopted the mixed methods research design in the collection of workable data in order to address the research objectives. Mixed methods research is defined by Creswell, Vicki and Plano (2011:2) as that research designed to include at least one quantitative method (designed to collect numbers) and one qualitative method (designed to collect words) where neither types of methods is inherently linked to any particular inquiry paradigm. Documents analysis, semi structured in-depth interviews and questionnaire surveys were the primary research instruments acceded to in the collection of evidence for this single exploratory case study (De Vos *et al.,* 2011:108) and these tools are evaluated in detail in the sections 3.8.1 to 3.8.3 that follow. This case study was modelled on descriptive design with the aims of covering as much scope and depth of the case under study (Delport and Roestenburg, 2011: 63; De Vos, Strydom, Fouche and Delport, 2002:27).

3.4. RESEARCH POPULATION

The target population for this study was the population of one selected institution in the banking and financial services sector in Zimbabwe. The financial institution that has been adopted as the central case for this study, according to Mabhodho (2015), had just over 500 employees at the end of the 2014 business year. According to Al-Ali (2003:78) most major organisations (such as corporate groups, banks and universities) have empirically shown a marked shift towards the approbation of business models that in essence capitalise on the knowledge and innovativeness of their constituent workforce personnel. This thought is reinforced by Nargesi and Veiseh (2015:158) who aver that in today's business environment, in attempting to construct strategic advantages and to antecede competitors, matters of harnessing human capacities to organisational commitment have come to the fore. A knowledge intensive institution uses a diametric mix of management innovation and development of intellectual assets in the continual perpetuation of furthering its competitiveness. Hence eliciting phenomenological evidence from such a target population would seem prudent. The determined sample size is presented in Table 3.1.

Table 3.1: Research Population

	Population	Sample Size
Full Time members of staff + Management	500	217

It is important to mention that the size of the sample selected lies within the acceptable margins of error as presented in the statistical models of Krejcie and Morgan (1970) in what has become to be known as the Sample Size Determination Tables. The general rule in research statistics is that in the case of categorical data, a 5% margin of error is acceptable (Peers, 2014:111).

The subject population or respondent population had been narrowed to be inclusive of the members of the population meeting the eligibility criteria. The population was divided into different stratums by accessibility. This division into stratums according to accessibility was adopted so as to enable the mitigation of costs and expenses on the part of the researcher whilst capturing research data. A stratum is a mutually exclusive segment of the target population that has been established by one or more characteristics (Creswell and Plano, 2007:73). Fink (1995:36) has stated that, whilst sometimes necessary, 'oversampling' can add unnecessary costs to the research but may not add any new or significant perspectives to the research study.

3.5. SAMPLE SIZE

With such a population as mentioned above, a workable respondent sample would have to be narrowed down for the sake of practical simplicity. A sample is a subset of the population selected for the research study (Creswell, 2003:72). As previously mentioned in the research design section (Section 3.3.), the research sought to make use of a mixed methods approach with the sample sizes for the measuring instruments broken down as presented in Table 3.2 below.

Table 3.2: Breakdown of Sample

Group	Measuring Instrument	Sample Size
Banking Staff	Questionnaires	207
Management Staff	In-depth interviews	10
Total		217

It is important to mention that the sample selected lies within the acceptable margin of error as presented by the statistical models of Krejcie and Morgan (1970) in what has become to be known as the Sample Size Determination Tables. The general rule in research statistics is that in the case of categorical data, a 5% margin of error is acceptable (Peers, 1996: 123).

The justification for breaking the sample size into 207 questionnaires and 10 interviews finds backing from Saunders *et al.* (2009:234) who aver that for research where commonality needs to be established and understood, 10 interviews would suffice, but where there is a heterogeneous population and where the research question is broad based, 25 to 30 interviews would be recommended.

3.6. SAMPLING TECHNIQUE

In selecting a workable sample, there was use of the stratified sampling technique. Stratification according to Shahrokh and Dougherty (2014:244) is a process of dividing members of the population into homogeneous subgroups before sampling. The stratified sampling technique was pursued for the convenience of ensuring that managerial participants and non-managerial participants could be separated and selected independently in applying the relevant measuring instruments within each stratum. Within each stratum, simple random sampling would then begin. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher or because of their meeting certain practical criteria such as willingness to participate (Creswell, 2003:74; Etikan *et al*. 2016:2). This sampling technique was adopted for practical convenience and for the ease in which it allowed the researcher to collect workable data from the element respondents. Important to add is that participants were drawn from a population that has various demographic groups, as such the non-probability sampling technique would enable the researcher to ensure a balanced sample that ensures all possible respondents are well represented (Schreier, 2012).

3.7. DATA COLLECTION

The collection of data was to proceed in a set-up by which the primary and secondary data would be collected from different elements within the target population. This would include capturing research data from the general banking staff (including other non-administrative members of staff). This capture of primary data would proceed by way of administering questionnaires as mentioned above, delving into the constructs of intellectual capital as presented in Chapter 2 of this writing. Additional primary data would be collected from selected managerial participants and key informants from within the participant institution through the use of open-ended, discovery oriented in-depth interviews as mentioned above. This would provide a valuable opportunity for the researcher to probe and explore further.

The capturing of secondary data was also important in the study. Secondary data is data collected from that maintained by others (Daas and Andrens-Toth, 2012:7). According to the Adèr and Mellenburg (2008:56) secondary data entails the data that is readily available from other sources that has in essence been collected and presented. The authors go on to assert that such data is easily and expeditiously available and is cheaper to collect than primary data. For the case of such intangible assets as intellectual capital, secondary data can be collected from published literature, case studies, academic works and professional journals. Furthermore, secondary data can be considered invaluable in the research design of ensuing primary research as it can provide a yardstick or baseline for which results from the primary data can then be compared.

3.8. RESEARCH INSTRUMENTS

In order to collect primary data for the research, multiple research instruments were utilised. According to Mosby (2009:99) a research instrument is a testing device for measuring a given phenomenon, such as a paper and pencil test, a questionnaire, an interview, a research tool, or a set of guidelines for observation. According to Sobrina and Bovaird (2010:11) one of the most integral components of research design is the research instruments. These are of paramount importance for the reasoning that without them valuable primary data might fail to be captured and the essence of the research might be lost (Schreier, 2012). The measuring instruments that were deployed for this study included document reviews, questionnaire based surveys and in-depth interviews. These measuring instruments are briefly explained in the subsections that follow.

3.8.1. Document analysis

Document analysis is a form of qualitative research in which documents are examined in detail and interpreted by the researcher to give voice and meaning around an assessment topic (Bowen 2009). It is used as a tool for capturing documentary evidence to support or validate facts and the exercise involves analytical reading and review of lots of written material (Annum, 2016). Upon the acquiring access into the organisation and the granting of the relevant ethical clearance certificate from the University of KwaZulu-Natal's Research Ethics Committee (Protocol Reference Number: HSS/0512/015M, see attached Appendix E), the first step in the data collection undertaking for this study involved accumulating relevant formal documentation from the participant organisation. Access to formal documentation was sought from the institution's Public Relations department, Marketing department, Human Resources department and from several documents in the public domain. It is important to reiterate the importance of document analysis in this research undertaking. According to Brymann (2012), within the social sciences, document analysis is a research tool of paramount importance in its own right in that it brings enormous credence to the various schemes of triangulation. According to De Vos *et al.,* (2011:124) the validity and reliability of the documentation need to be checked and evaluated for the time lags between the documents being written and the transpiration of activities as this could easily result in inaccuracies. The various source documents sought included public records such as mission statements, annual reports, policy manuals, the customer service charter handbooks, flyers, media reports, visual documents amongst others.

Whilst undertaking these documentary reviews, interpretive analysis was employed. Interpretive analysis has the benefit of capturing concealed meaning and ambiguity allowing for the researcher to adopt a much more flexible and supple stance rather than a challenging or interrogative approach (Creswell, 2013; Clarke, 2005).

There are a number of routines which can be assumed in testing the reliability and validity of the source documents. Researchers Babbie and Mutton (2001:285-286) prescribe the following recommendations when testing this validity and reliability of documents:

- Should the author or authors of the document be still living, they can be requested to conduct auto critiques.
- Documents can be compared relative to other relevant documentation or with data that would have been collected by way of other methods.
- Verification of document data by way of interviewing other informants, persons and role-players knowledgeable on the subject issues.

3.8.2. Questionnaire survey

The questionnaire survey was adopted in order to obtain information from individual non-managerial banking staff members within the organisation regarding their feelings, views and opinions on several matters surrounding the subject matter under investigation. This would seem to be a plausibly effective and efficient way of eliciting different views and opinions from a large number of respondents. The questionnaires were integral in capturing primary information particularly of quantitative nature. However, whilst Wilkinson and Birmingham (2003:7) reprehend this instrument by pronouncing that the structure of respondents' answers may not conform to the researcher's desired method or approach to analysis, the questionnaire remains the most favoured tool by many of those engaged in research (Schreier, 2012; Easterby-Smith *et al.,* 2008; Terre Blanche, Durrheim, and Painter, 2006), and it can often provide a relatively cost effective way of collecting data in a structured and manageable form. The questionnaire that was integrated in capturing insights from the non-managerial banking staff is attached herein (see Appendix B). From the responses the researcher would then be tasked with seeking to systematically code the data and derive the findings from there on the subject matters.

3.8.3. In-Depth interviews

As a research instrument, in-depth interviews encompass the use of open-ended, discovery oriented, qualitative methods of analysis (Wilkinson and Birmingham, 2003:44). This is paramount and appropriate when there is need to gain insights, perceptions and individual evaluations on a particular subject issue. The in-depth interviews were to proceed in an ambient environment of confidentiality and protected data collection with the researcher recording the exchanges for later analysis. The target respondents selected for this method of inquiry was the management within the participant institution. The selecting of the managerial participants emanated, mainly from the reasoning that since they are the constituent custodians of the organisational strategy awareness within the participant organisation, they could convey profound insights from the business perspective of the financial institution on the management of intellectual capital elements in seeking to retain competitive advantages therein. It was also important to consider the management as the respondents for in-depth interviews because of the comparative difficulty in acquiring points of contact with these executive officials. For instance to design an experiment on the assumption that 50 top managers would be easily reachable would fundamentally be too ambitious as the recruitment of such a large number of such respondents would be comparatively difficult, whereas recruiting 100 members of the general banking staff would comparatively be much practicable.

3.9. INSTRUMENT DESIGN

The designing of research instruments can be one of the most critical stages in a research undertaking and can have considerable bearing on the determination of the research's validity and/or reliability (Duane, 2007).

3.9.1. In-depth interview guide

The interview guide as a research instrument was designed to start by capturing the biographical information of the respondents by way of capturing such information as the individual respondents' job titles, gender, highest level of education and the number of years' experience in the organisation. These demographic variables were to be captured only for statistical purposes and to help contextualise the results. The in-depth interviews were to then to proceed with a line of questioning consistent with capturing managerial insights on the management of intellectual capital mindful of the *a priori* codes as demarcated earlier in this chapter. These codes included Intellectual Capital Management in the organisation, Human Capital Management, Structural Capital Management and Relational Capital Management. The questions were then drawn to elicit insights on the matters of intellectual capital within the organisation and the research objectives were also instrumental in designing the in-depth interview instrument in that they helped aid the wording of some of the questions. The in-depth interview guide research instrument is attached (Appendix D).

3.9.2. Questionnaire survey instrument

With regards to the questionnaire survey, the questionnaire items were designed on the premise of trying to measure attitudes and opinions from the non-managerial members of staff by way of them responding to a series of statements around the topic. A seven point Likert scale was to be used to carry out this part of the investigation. The questionnaire items incorporated into the questionnaire survey instrument were constructed with the aim of drawing more deepened insights from the contributions, opinions and feelings from the non-managerial participants within the organisation. The statements on intellectual capital can be coded under the different elements on intellectual capital (Human capital, structural capital or relational) as will be highlighted in Chapter 5 when the discussion of the findings commence. The questionnaire survey instrument was made up of the following sections:

Section A: This section was made up of 40 statement on intellectual capital in which a seven point Likert scale as mentioned above was provided for respondents to provide their feelings, opinions and insights. The respondents were asked to indicate the most appropriate responses by means of marking a mark on the appropriate box based on how they felt about the statements.

Section B: This section was constructed for statistical purposes, providing a platform to capture demographic information and to try and establish some sort of context for the responses. Section B sought to capture such data as gender of respondents, age of respondents, highest level of education of respondents, race of respondents and the number of years the respondents have been employed in the current organisation. The questionnaire based research instrument is attached (See Appendix B).

3.10. DATA ANALYSIS

The data analysis would start with the cleaning up of the data. This procedure of data cleaning according to Adèr and Mellenbergh (2008:55) is an imperative procedure in the analysis of data. According to Wu (2013:9) in the data cleaning procedure, data is scanned and reviewed with erroneous data corrected or eliminated (if need be). Thereafter questionnaire data will be captured and analysed using the Statistical Package for Social Sciences (SPSS). Statistical techniques would then be conducted from the results that to interpret the quantitative with further content analysis employed in the interpretation of qualitative data. The data that was captured in the collection procedures would further be streamlined into definitive themes and would proceed to be the ancillary findings incorporated and discussed in Chapter 4 and Chapter 5.

For the qualitative results derived from the in-depth interview data, the analysis was to proceed by making use of the Ritchie and Spencer (1984) framework as the primary analysis technique. The framework, as a process, would be of paramount importance in capturing beliefs and voices of the managerial actors within the participant institution. In the procedure, the interview transcripts were to be analysed using a systematic process of sifting and sorting material with the key stages being familiarization of captured, identifying thematic frameworks, mapping, charting and interpreting. These stages were to be incorporated in analysing the research data captured in this undertaking to answer the research questions.

3.11. VALIDITY AND RELIABILITY

The validity and reliability of research instruments were to be enhanced by being mindful of three evaluation criteria. These include validity, reliability and practicality and their importance in the study are underscored (Schreier, 2012; Cooper and Schindler, 2003:231).

3.11.1. Validity

Validity is described by Adèr and Mellenbergh (2008:156) as the degree to which a research study measures what it intends to measure. The commonly accepted measures of validity are content validity, criterion related validity and construct validity (Schreier, 2012; Joppe, 2000). These parameters in relation to this proposed research are elaborated below. Jick (1979:602) declares that "more than one method should be used in the validation process to ensure that the variance reflected is that of the trait and not of the method. The convergence or agreement between two methods enhances our belief that the results are valid". To ensure validity, there was continual use of the qualitative data obtained from the in-depth interviews and documents reviews together with the quantitative data captured from the questionnaires. This variation in data collection according to Bulsara (2014) leads to greater and enhanced validity in that it enables questions to be answered from various perspectives. This was done cognisant of the research's aims and objectives.

3.11.2. Content validity

Content validity is an important research term denoting to how well a test measures the behaviour or activities for which it is intended (Etikan, 2016:4). In order to ensure the content validity, the researcher reviewed the relevant literature available in the public domain on the relevant related topics. In verifying the content validity of the reviewed documents, the researcher was to verify the authority and timeline from the various departments within the organisation seeking to establish whether the content was still valid and contemporary to the organisation.

3.11.3. Construct validity

Construct validity refers to the ability of the measurement tool to actually measure the concept under study (Polit and Beck, 2012). This construct validity is the degree to which the proposed research instrument measures what it purports to, and the extent to which a test or procedure appears to measure a higher order or inferred theoretical construct (Farlex, 2012). This reliability was gauged and tested against the theory as presented in the writing from the secondary literature reviewed.

3.11.4. Criterion-Related Validity

Criterion-related validity is a measure primarily concerned with the detection of the presence or absence of certain criteria that is thought to be representative of the characteristics and traits of the constructs considered of interest (Mason and Bramble, 1989). It is an evaluation of how well a variable or set of variables are predictive of an outcome on the basis of information captured from other variables (Polit and Beck, 2012). In measuring the criterion validity of a test or research, the researchers must be able to calibrate the test findings to an already known standard or against the test results themselves (Shuttleworth, 2014). This criterion-related validity tested in the coding levels of the research findings.

3.11.5. Reliability

Joppe (2000) defines reliability as the extent to which results are consistent over time and are an accurate representation of the total population under study. This is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. According to Delport and Roestenburg (2011), issues of reliability in research to a greater extent centre on the quality of measurement in its everyday sense. The authors present a simpler definition of reliability as the "consistency" or "repeatability" of your measures cognisant of the measurement errors and their types.

Cronbach Alpha Reliability Analysis

Due to the empirical nature of the questionnaire research instrument, it became imperative to test the instrument's internal consistency and measure the extent to which the set items measured the same constructs. This presented the need to make use of Cronbach's Alpha test. Cronbach's Alpha is the most common statistic used to measure the internal consistency or reliability of a questionnaire or research instrument and is frequently used when there are multiple Likert questions in the research instrument (Tavakol and Dennik, 2011: 53).

According to George and Mallery (2013), an accurate guide would describe internal consistency as shown in Table 3.3.

Table 3.3: Cronbach's Alpha Guide

CRONBACH'S ALPHA	INTERNAL CONSISTENCY
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 < \alpha$	Unacceptable

Source: Tavavol and Dennick (2011:54)

The Cronbach Alpha reliability coefficients range from 0 to 1 and according to Coakes and Steed (2003: 140), a value of 0.7 or higher would be indicative of an instrument that would yield the same results when applied repetitively to the same object each time. It however needs mention that alpha test does not measure accuracy (Cooper and Schindler, 2007). The reliability of the instruments were measured and will be presented in the chapter that follows.

3.12. PILOT STUDY

In order to pre-test the proposed research instruments, there was need to conduct a pilot study. A pilot study according to Hulley (2007:168) is a comparatively small scale preliminary study conducted with the aim of evaluating such factors as feasibility, time, cost, adverse effects and statistical variability in the attempt to predict the applicable sample size and to improve upon study design prior to full scale research project. The pilot study would be used to help reveal some of the logistical issues before embarking the main study. Pre-testing the measuring instruments with smaller groups served to help the researcher understand whether or not the proposed research instruments designed with specific purposes actually fulfilled them (Delport and Roestenburg, 2011). The questionnaire was tested on 4 bank staff members and such factors as time, cost and feasibility were evaluated.

The pilot test was also meant to check for any deficiencies or complications that might be inherent in the measuring instrument and allow such deficiencies and complications to be rectified before engaging in the full-scale survey.

3.13. ETHICAL CONSIDERATIONS

Ethical considerations are of paramount importance in conducting research (Hammersley and Traianou, 2012:2). According to Smythe and Murray (2000:312) certain basic principles and standards governing the ethical and dignified treatment of human participants will need to be adhered to in conducting research. This will protect the academic integrity and ethicality of the whole process. As a matter of principle, this research was to pay close attention to the basic principles of research as presented by Welman *et al.* (2006:214) which are inclusive of the principle of autonomy, principle of non-maleficence and the principle of beneficence. These principles were considered in matters of avoidance of harm to others, issues of voluntary and informed consent in conducting the research.

3.13.1. Access and Rapport

Before undertaking the data collection procedures for the research undertaking, the researcher approached the participant institution's head offices soliciting permission to conduct the research on the organisation. This was based on the nature and sensitivity of the topic under study and gave the researcher an opportunity to dispel any fears of harm to any of the participants involved including the participant institution as a whole. Upon the granting of the 'Gatekeeepers Consent' in writing from the participant institution, the researcher was to further personally approach the managerial participants and key informants within the institution requesting permission to conduct interviews at a later date and informing that anonymity and confidentiality were to be of paramount importance throughout the undertaking. Upon the acquisition of the relevant documentation from the participant institution, the researcher was to proceed and tender an application for ethical clearance to the University of KwaZulu-Natal Ethical Clearance Committee. Upon the granting of the pertinent ethical clearance (Protocol reference number: HSS/0512/015M) from the University of KwaZulu-Natal, the data collection procedures as mentioned above were to then commence. The findings from these data collection processes are presented in Chapter 4.

3.14. CONCLUSION

This chapter has attempted to reflect on the general methods and procedures adopted in the execution of the research undertaking. The chapter has offered what in the opinion of the researcher were appropriate data collection methods. The research instruments have been presented and comprehensive explanations that make an attempt at justifying their choices have been highlighted. The sampling techniques, sampling processes and sample sizes have been presented with linkages with the appendices expressly clarified. Presented in the appendices section of this writing are the replicas of the measuring instruments that were adopted for this study. There is attached the sample questionnaire that was to be directed at the constituent bank staff members at the participant institution (see Appendix B). Also attached is the interview guide (see Appendix D) that was to aid the in-depth interview process with members of organisation's management. This chapter, in conclusion, proceeded to reflecting the fundamental issues of ethics in research and their incorporation within the context of this particular research probe. The following chapter presents the findings of the research, proceeding to give context to the collection of the case study evidence in investigating the extents to which the management of intellectual capital was prevalent within the institution under study.

CHAPTER 4
FINDINGS

4.1. INTRODUCTION

Chapter 2 presented an understanding of the approaches that organisations can adopt in the leveraging and management of their intellectual capital. Chapter 2 also presented a synopsis of the banking and financial services sector in Zimbabwe as this made up the primary research location and attempted to highlight the inherent complexities existent within the sector in relation to the Zimbabwean macroeconomic environment in general. Chapter 3 served the purpose of exploring the data collection methods acceded to in this research endeavour and alluded briefly to the pertinent issues relating to the actual procedures of data collection. Chapter 4 has been crafted to present the findings of the research. The chapter commences by giving context of study, giving an apt introduction of the participant institution that is the central case under study. The data collected from reviewed documents, the data collected from the questionnaire responses and the data collected from the interview participants from the participant institution are presented in this chapter. This chapter seeks to present illustrations of the results captured in the research undertaking. The connotative implications of these research findings commence in this chapter and are discussed in Chapter 5 in the contextual background of the coeval literature reviewed in the preceding chapters.

4.2. FINDINGS

As per the phenomenological paradigm that was adopted for this study, it needs mention that the data collection procedures were closely connected to the epistemological assumption as presented in Chapter 3 that acquaints the processes created in the capturing of findings as mindful of the relationships created between the researcher and the researched. With that contextual background of the relationships created, the logical understanding of information which was collected by the researcher and created in conjunction with the information retrieved from the researched meant the findings were intended to contribute to a deepened level of understanding of the participant organisation in relation to the subject matter under study. This milieu of the interpersonal relations created between the researcher and the researched proffers the researcher with the opportunity to take a creative stance of discussing the aspects of study and linking the theory to the issues that reside within the real life organisational setting.

4.2.1. DOCUMENT REVIEW FINDINGS

As has been expressed in Chapter 3, the collection of data for this research study was to make use of the mixed methods approach in which the various methods were utilised so as to enable data triangulation. The data was collected by way of documentary review of published documents on the participant institution as available in the public domain, data was also collected through questionnaire surveys and semi-structured in-depth interviews. To enhance the contextual understanding of the document reviews, there was use of a sequential approach in which *a priori* codes were used. These codes being derived from the elements of intellectual capital, namely *human capital, structural capital* and *relational capital* with the option to include their subcomponents as reviewed in literature. So in presenting the findings the results were presented under the subheadings of these codes, namely (i) Intellectual capital in the organisation, (ii) Human Capital, (iii) Structural Capital and (iv) Relational Capital.

The Participant Institution

The participant institution for this study is according to the Reserve Bank of Zimbabwe the sole savings bank in Zimbabwe (intermittently referred herein as the Savings Bank or the Bank). The Savings Bank was established and came into operation in 1905 and is recognised as one of the oldest financial institutions in Zimbabwe (Rusike, 1990:195). The Bank is wholly owned by the Government of Zimbabwe and was established to stimulate and mobilise savings and to proffer affordable financial services and solutions countrywide (POSB, 2015).

Today the Savings Bank is involved in the provision of financial services through 192 contact centres. Of these contact centres, 32 are the Savings Bank's branches and 160 of the contact points are through an agency network with the local national Post Office, ZimPost (POSB, 2015).

According to the bank's business statement, the vision of the Bank is: *"To be a world class Savings Bank catering for all"* with the Mission Statement: *"To be a Savings Bank which provides a broad range of quality, accessible and affordable financial services"*.

The three core business units for this institution in providing its banking solutions include:

- Retail banking
- Corporate banking
- Treasury and International banking

The competitive set of the Savings Bank is inclusive of other financial services institutions within the sector which offer similar or related services and products and this includes banks such as Agribank, building societies such as the Central African Building Society (CABS), select commercial banks such as the Commercial Bank of Zimbabwe (CBZ Limited) and various other microfinance houses and discount houses which seek to reach out to the middle to lower middle income groups and to the rural demographics.

4.2.1.1. Intellectual Capital in the organisation

There was no express mention of the term "intellectual capital" found from the institutional development documents on the organisation, the official website and from official documentation reviewed on the organisation (such as annual reports, published reports and journals). It however needs mention that there was evidence of the strategic leveraging of some of the constructs of intellectual capital as the writing will show.

4.2.1.2. Human Capital

Evidence suggests that the organisation encourages employees to have some form of tertiary education, from the document "*POSB Client Service Charter*" the bank expresses that its employees are part of its "internal stakeholders" and would assist by reimbursing the cost accrued in taking certain recommended courses and diplomas. Most employees who joined the organisation immediately after completion of secondary education have been able to rise up the organisational hierarchy into middle or senior managerial positions owing much to these diplomas and business courses having enhanced their perceived competences through this upgrading of skills.

Another noteworthy observation from the organisation in relation to human capital was that the organisation has a culture of quarterly publishing an internal bulletin or magazine. The publication celebrates significant and momentous occurrences that would have transpired in the lives of the institution's staff members. Occurrences such as graduations, birthdays or weddings of members of staff and or their families find special mention. Bereavement notices and obituaries are also published in this bulletin. Whilst this may not have been an obvious finding, this can be plausibly construed as one of the ways in which the institution seeks to motivate its workforce in a non-monetary manner.

4.2.1.3. Structural Capital

Structural Capital has been defined in literature as incorporating such factors as organisational structures, databases, systems, business processes, charts, brands, trademarks and manuals (Brooking, 1997:16; Edvinsson, 2013:170). Examples have been shown to be inclusive of such elements as communication systems, databases or information storehouses, the methodologies for assessing risks, the management processes in the governance of subordinates and work teams. The subcomponents of structural capital have been identified as (i) Intellectual property; (ii) Business Processes Capital and (iii) Development Capital (Wiederhold, 2013; Magrassi 2002).

Intellectual property

Matters of intellectual property are inclusive of such issues which are classified and legally protected, such as brands, operational manuals and trade secrets. Therefore, it was reasonably rational to surmise from the onset that the drawing of literature from such "protected" material was going to be difficult. Not much literature was found in the documentary reviews on the institution pertaining to matters of intellectual property within the bank. However it was observed from the bank pamphlets and printed advertorial material that the Bank's logo and trademarks had a symbol on it which indicated that the logo and trademarks were registered trademarks thereby legally protecting them from duplication or breach of copyright by external parties or competitors.

Business Process Capital

From the "*Client Service Charter"* reviewed, it shows the organisation routinely checks its information systems. The charter is a written policy document that communicates the bank's commitment to doing business with stakeholders defining purpose, scope and standards so as to enable both internal and external stakeholders to know what to expect in dealings with the bank. The bank recently launched a new banking system dubbed *Ethix Core Banking Solution* which is a technology solution that facilitates the functioning of financial institutions to achieve operational excellence and achieve cost leadership (IBS, 2013). The banking technology system provides "multi-channelled corporate and retail products for core banking, trade finance, branch automation, online banking and treasury" (Wikerefu, 2015). The Bank's

CEO is on record applauding the information system acquisition as meant to improve their business process mentioning that "The challenges facing the Bank were to identify a solution, which could unify the bank's processes, centralise the entire bank-wide networks, streamline work processes and empower the outlets to service the customers more effectively".

Development Capital

According to a preamble published in the bank's strategy documents, "The Bank is on a major technological drive and boasts of being one of the first banks in Zimbabwe to launch Cell phone banking" (Wikirefu, 2013). An extract from a press statement published by the office of the CEO contends "*We have invested heavily in a turnaround strategy. For example, we have expanded our ATM network and now have the largest ATM network in Zimbabwe. Additionally, we have acquired 5 mobile banks that will further increase our outreach to remote rural areas. Having done this, our next objective is to use Equinox to boost productivity, align work processes and provide better services that match our facilities. We predict that our state of the art facilities will attract many new upmarket individuals and business as a result of the new image that we are projecting*" (POSB, 2015).

4.2.1.4. Relational Capital

As stated in Chapter 2, the interconnectedness of the organisation to the external environment is of paramount significance to the successful functioning of the organisation and is an imperial strategy in the management of relational capital. According to the Savings Bank's Public Relations Manager, (as quoted in *The Financial Gazette,* 2014), *"We are in the process of tying up with local government authorities so we can establish cash dispensing outlets at each of our centres nationwide. This would make it easier for our clients to access our services with maximum convenience. We are also re-opening banking halls that had closed in the past few years of economic decline in Zimbabwe to cater for the ever-growing number of our clients"*

Customers

In trying to enhance and retain its competitive position by leveraging its relational capital, the participant organisation seemingly seeks to cater for the diverse needs of its customers. The organisation divides its customer base into strategic segments where customised banking facilities and services that fit the actual customer are offered. For instance, in its Retail Banking business unit, the bank maintains the financial welfare of its different constituent clients by fitting them into categories where their banking needs are best fulfilled. In Retail banking customers are divided into high net-worth customers, salaried customers, self-employed, unemployed, pensioners, youths, minors and clubs.

According to Bond (1998:310), the Savings Bank has been successful in the reaching out to the clientele base in the rural areas. The author mentions that the bank reaches out to its rural customers by offering appropriate savings facilities and that these facilities include limited paperwork for account holders and banking literature availed in the different local languages and in so doing cater for its rural clients and their diverse cultural backgrounds minimising the bureaucracy that that would ordinarily bar rural clients accessing banking facilities in other similar banking players. For example, when opening bank accounts regular commercial banks would require proof of residence in the form of such formal paperwork as title deeds, utility bills or lease agreements which may not necessarily be in the reach of the rural populous, whereas the Savings Bank allows much more flexible proof such as affidavits from traditional community leaders, headmasters of nearest schools or doctors from nearest hospitals.

It is important to note that the Savings Bank's CEO was awarded the honour of "*Most Customer Focused Executive"* by the Contact Centre Association of Zimbabwe (the CCAZ) at the 2013 Zimbabwe Service Excellence Awards, testimony of the recognition of the banking institution's customer-centric culture (Daily News: Online).

Strategic partners and distributors

The Savings Bank has relations with a number of strategic partners. It was found that the bank is a member and part of the ZimSwitch platform. ZimSwitch is a third party transaction acquiring business affiliated with 19 commercial banks and 2 building societies across Zimbabwe operating a network of 2900 Point of Sale (POS) terminals and 393 Automated Teller Machines (ATMs). ZimSwitch processes domestic card-based ATM and POS transactions amongst member financial institutions in real time (Chirove, 2013). Customers from member financial institutions can withdraw their money from any ATM bearing the ZimSwitch logo for a nominal fee and this enhances access for the customer and efficiency on the part of the bank.

The Savings Bank also acts as a delivery mechanism for a number of Non-Governmental Organisations' (NGOs) initiatives due to its wide coverage particularly in the rural areas. NGOs can deposit money into holding accounts with the Bank and the Bank then distributes these into the individual accounts where the rural beneficiaries can then access their cash. For example, this is carried out through programs like the Zimbabwe Emergency Cash Transfer (ZECT) programme (McAuslan and Marimo, 2010). The ZECT programme is formally and financially supported by the United Nations Children's Fund (UNICEF), where UNICEF pools funds from international donor partners and these are filtered down to children in the poorest and most vulnerable of communities with the aim of "addressing short-term term acute vulnerability and transient poverty, not long term vulnerability or chronic poverty" (Smith 2009 cited in Kardan, McAuslan and Marimo, 2010). The Savings Bank is one key strategic partner in this endeavour.

The Savings Bank has a unique relationship with the country's designated postal services company Zimbabwe Post (shortened Zimpost). The agency relationship allows customers to access their money from over 180 Zimpost outlets. This strategic relationship gives the bank a competitive edge as it is the only bank with such a partnership with the post office (Matsika, 2015).

The bank also has an agency relationship with mobile network operator Econet Wireless Zimbabwe where the bank acts as an Ecocash agent through all its branches (Mangudhla, 2015). Ecocash is a mobile payment solution that enables Econet customers to transact via their mobile devices (Econet, 2015).

According to published documents by the organisation, the bank has a relationship of strategic relevance with the World Savings Bank Institute (WSBI). According to the CEO, the bank "actively subscribes to the WSBI" and that the WSBI presents a forum for the bank to network with other savings' banks across the globe (POSB, 2015). This can plausibly be construed as a platform where innovations and ideas towards improvement are shared. The bank has been reported recently as having embarked on a training programme for its employees in partnership with the World Savings Bank Institute on how to tackle money laundering and the financing of terrorism to become the first and only institution in the sector to conduct such a programme (ZBC, 2015).

According to the Financial Gazette's *Companies and Markets* (2015), the Savings bank has taken the first steps towards courting a new strategic partner. The report purports that chartered accountants Grant Thorton Camelso (Pvt) have won the tender to implement the governments approved restructuring exercise that will transform the Bank's shareholding structure and in turn, up its profitability. The official documents on the matter accede that domestic investors are "cash-strapped" due to the current liquidity crunch climate and have hence been failing to adequately support the parastatal. This strategic partnership is said to be taking into account the Bank's desire to improve "capacity to underwrite more business to the productive sectors" (Financial Gazette, 2015).

The findings from the questionnaire survey are presented in the section 4.2.2 that follows.

4.2.2. QUESTIONNAIRE SURVEY FINDINGS

This research instrument was utilised on the non-administrative and non-managerial members of the banking institution and had questionnaire items related to the IC aspects within the organisation. The instrument sought to establish how these aspects were pursued in the institution thereby communicative of the management of intellectual capital within the participant institution. The questionnaire survey was integral in capturing primary data which was to be analysed from a quantitative outlook. The questionnaire (attached Appendix B), as a research tool, was integrated as part of capturing the insights of the banking staff. The quantitative narrative from the non-managerial staff was sought so as to reduce that research bias that could potentially come from having conducted research on just the managerial participants who due to their standing in the organisational hierarchy could have their overall perspective plausibly construed as biased and or favourable towards the contemporary managerial proclivities within the financial institution.

In reporting the questionnaire findings it is critical to start by presenting the response rate and the sample profile of those who participated in the questionnaire survey. Presenting such detail will help furnish the research results within the context in which they were drawn. This according to Clarke, (2005:39) can help clarify the background from which research results were drawn and may help present new-fangled findings which may not have been evident at the start.

4.2.2.1. Response Rate

The questionnaire survey measuring instrument was administered in 16 branches of the savings bank and at the Head Offices using convenience sampling; a total of 144 respondents returned their completed questionnaire responses. The response rate for the questionnaires survey was 69.6% as calculated in the Table 4.1 that follows, and the sample profile for the respondents is presented in subsection 4.2.2.2 that follows.:

Figure 4. 1: Determination of Response Rate

$$\boldsymbol{RR} = \frac{\mathbf{QC}}{\mathbf{SS}} \times \mathbf{100}\% = \frac{\mathbf{144}}{\mathbf{207}} \times \mathbf{100}\% = \mathbf{69.6}\%$$

Where :

RR= Response Rate

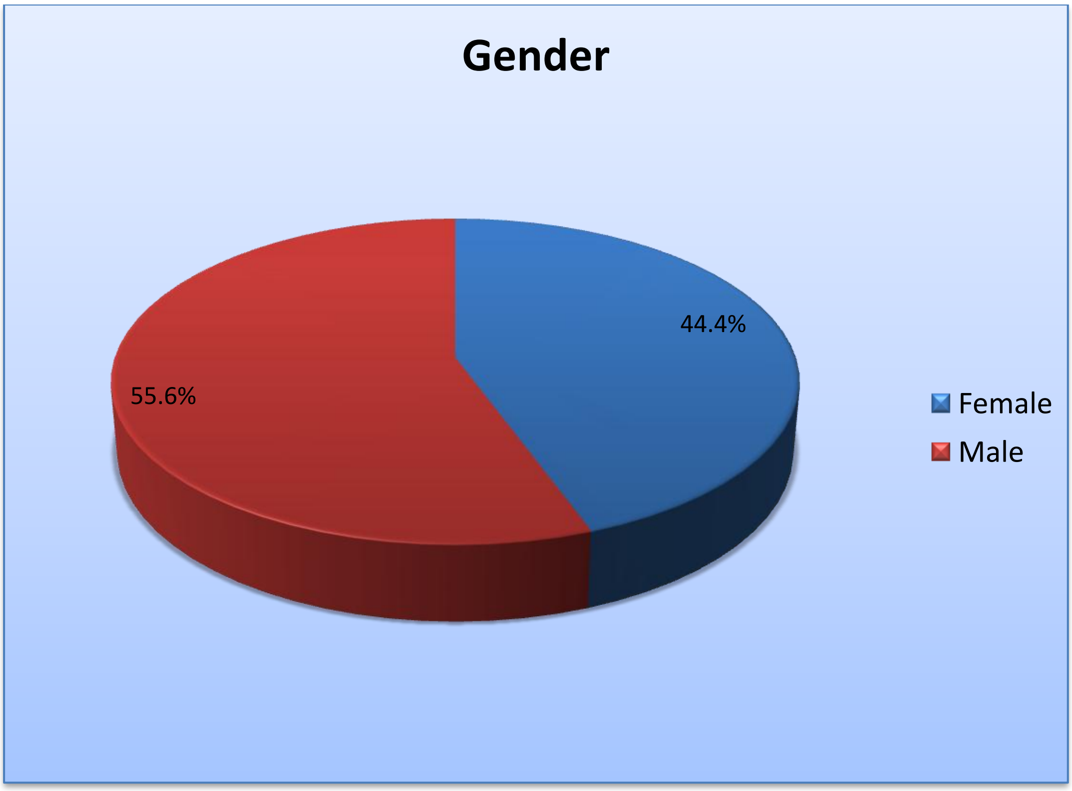
QC = Questionnaires Completed

SS = Sample Size

4.2.2.2. Sample Profile

This subsection contains information about the persons who participated in the research by way of completing questionnaires. This subsection has been constructed for statistical purposes to present such demographic characteristics of the respondents such as gender, age group, race group and number of years in the organisation. This detail has been collected from the completed questionnaires and has been input into the Statistical Package for Social Sciences (SPSS) to aid analysis.

Figure 4.2: Gender of Questionnaire Survey Participants



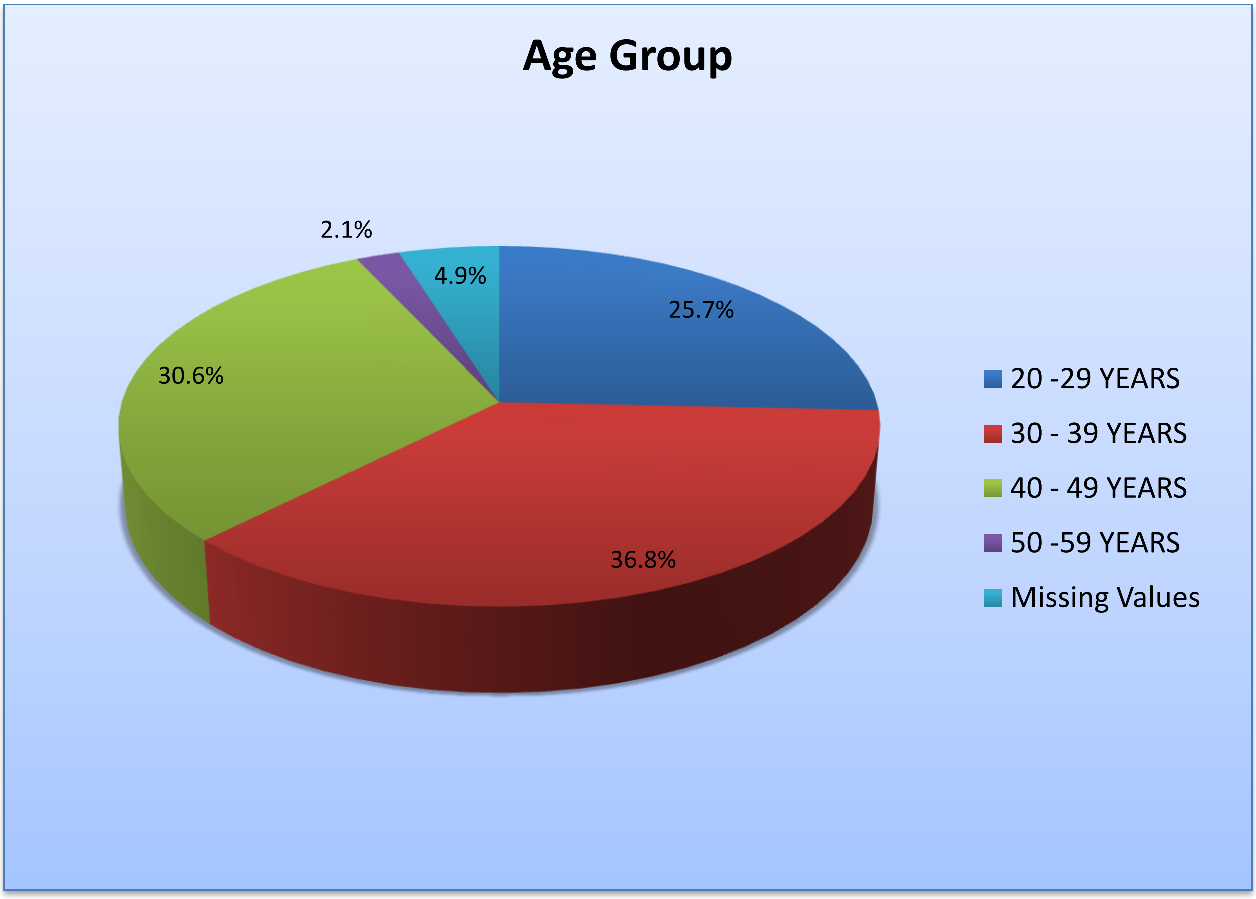
As shown in Figure 4.2, the results from the questionnaire survey indicate that 44.4% of the questionnaire respondents were female and 55.6% were male. The majority of the participants (88.9%) indicated that they belonged to the African race group (see Table 4.1). 3.5% indicated they belonged to the coloured race group and 7.6% of the sample proportion did not specify which race group they belonged to.

Table 4.1: Race Groups of Sample Participants.

RACE GROUP					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	**AFRICAN**	128	88.9	96.2	96.2
	COLOURED	5	3.5	3.8	100.0
	Total	133	92.4	100.0	
Missing		11	7.6		
Total		144	100.0		

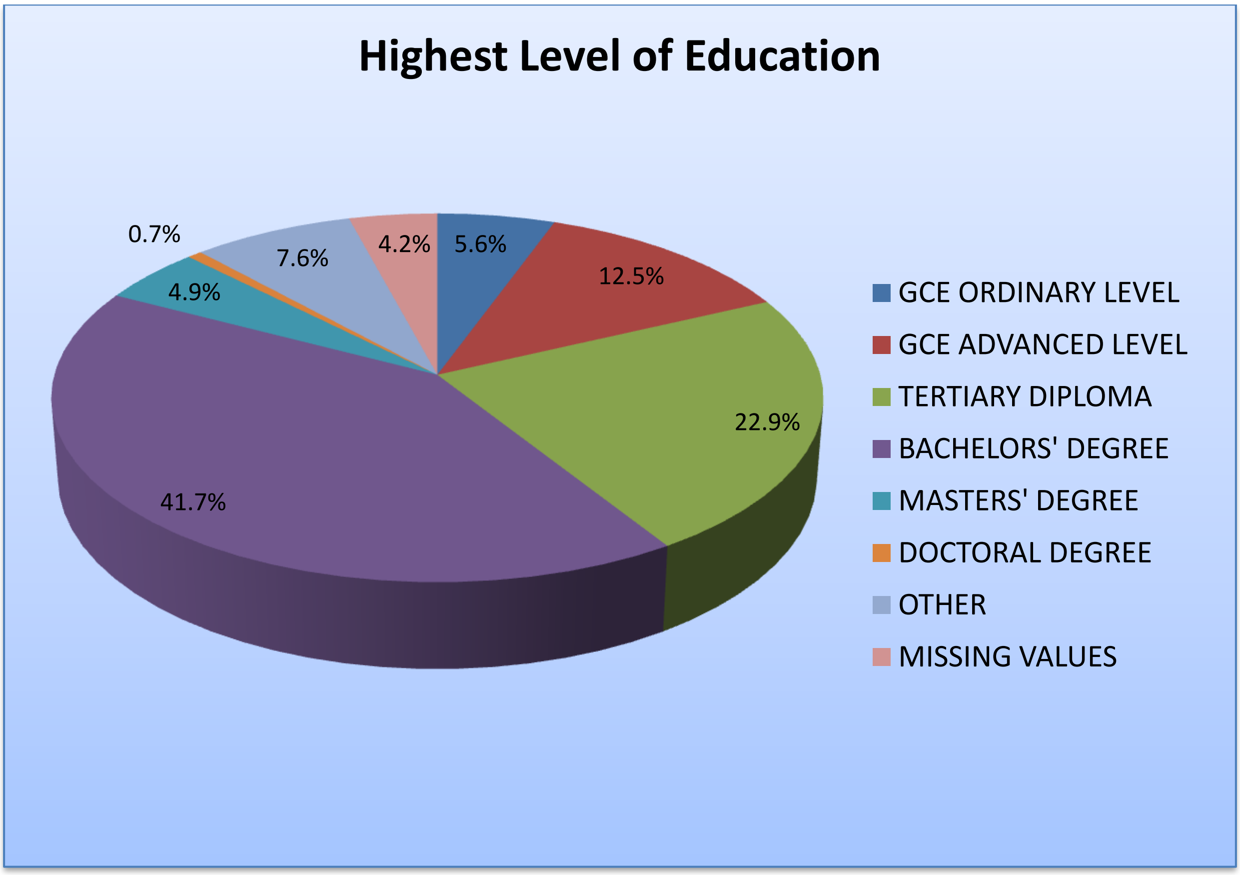
The chart that follows illustrates the age groups of the sample participants.

Figure 4.3: Age of Participants



The highest frequency of respondents was from the 30 to 39 years age group comprising 36.8% of the responses from the sample population. The second highest of the age demographic was in the 40 to 49 years age group that comprised of 30.6% of the sample population. The sample population was also made up of additional groups in the 20 to 29 years category and 50 to 59 years age demographic which made up 25.7% and 2.1% respectively. It needs mention however that these calculations also included the instances where certain participants did not indicate their age group but had presented valid questionnaires. 4.9% of the sample population did not highlight their age group and these are presented as "Missing Values" in Figure 4.3 that presents an illustrative chart on the age of participants.

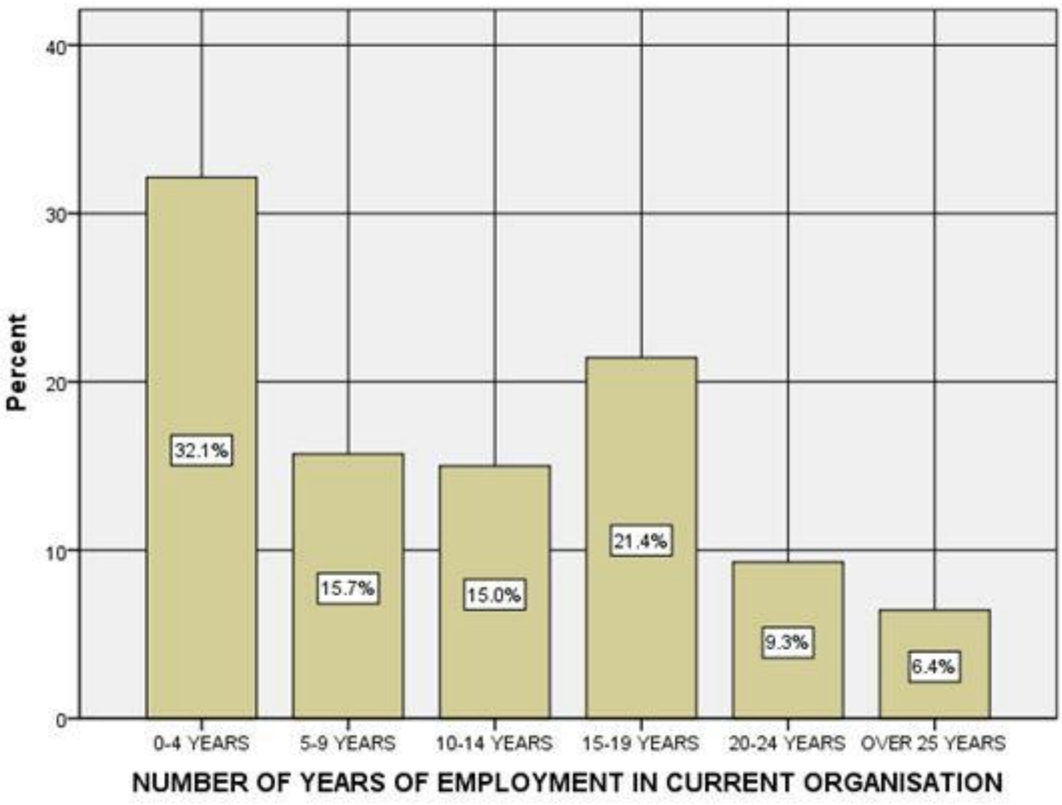
Figure 4.4: Participants' Highest Level of Education



The Figure 4.4 above presents an illustration of the respondents' highest levels of education as captured from the questionnaires. The illustration highlights that the majority of respondents 41.7%, indicated Bachelor's degree as their highest level of education. Tertiary diplomas were the highest level of education for 22.9% of the respondents. 5.6% of the respondents highlighted GCE Ordinary Level as being their highest level of education, 12.5%

indicated GCE Advanced level as their highest level of education. 5.1% and 0.7% highlighted Master's degree and Doctoral degrees respectively as their highest level of education. It important to highlight that 8% of the respondents indicated "Other" as their highest level of education a possible indication that their highest level of education was not presented in the options on the questionnaire. Other qualifications would include would professional certificates and other vocational qualifications from various certification bodies such as the Institute Of Bankers Zimbabwe (IOBZ), City & Guilds, the London Chamber of Commerce and Industry (LCCI). The bar graph that follows shows the number of years of employment for the questionnaire participants.

Figure 4.5: Number of Years of Employment in Current Organisation



It would show from the bar graph in Figure 4.5 above that the 32.1% of the respondents highlighted having been in employment at the participant institution for 0-4 years. 15.7% indicated that they have worked in the current organisation for 5-9 years. 15.0% of the participant respondents have been in the current institution for 10-14 years, 21.4 % have been in the institution for 15 to 19 years. 9.3% have been in the organisation for 20 to 24 years and 6.4% have worked at the institution for over 25 years.

4.2.2.3. Intellectual Capital in the organisation

In presenting the questionnaire findings, the questionnaire items have been divided into the fitting elements of intellectual capital that they sort to investigate meaning it has been divided into human capital, structural capital and relational capital and these results are tabulated in the different subsections that follow. The questionnaire statements are stated and the percentage distributions of their corresponding responses are presented in tabular format.

4.2.2.4. Human Capital

The questionnaire had 13 statements that tested matters of human capital within the participant institution and the distribution of results were as follows:

Table 4.2: Distribution Results On Human Capital

		% Distribution						
	Statements on Human Capital	Strongly disagree	Disagree	Somewhat disagree	Undecided	Somewhat agree	Agree	Strongly agree
2.	The competence levels of our employees as a whole are at the most ideal levels we could hope to achieve.	1.4	10.4	4.9	10.4	10.4	46.5	16.0
3.	When an employee leaves the firm, we have a succession training program for his/her replacement.	1.4	4.9	7.6	11.1	19.4	41.0	14.6
7.	The firm gets the most out of its employees when they co-operate with each other in team tasks.	0.7	1.4	0	5.6	10.4	47.9	32.6
17.	The firm supports our employees by constantly upgrading their skills and education whenever each of them feels it is necessary	1.4	2.8	2.1	20.8	4.2	38.9	29.2
19.	Our company motivates its employees to perform at their best.	0	4.9	0	18.1	18.8	39.6	18.1
20.	The employees of our firm are considered creative and bright.	0.7	0.7	2.1	18.1	18.8	38.9	20.8
27.	Our employees are satisfied with our organisation.	0.7	4.2	0.7	22.2	21.5	37.5	13.2
28.	Our employees consistently perform at their best.	0.7	0.7	0.7	10.4	13.2	43.1	31.3
30.	The organisation has a very fair remuneration system	3.5	8.4	3.5	25.0	16.7	30.6	11.8
36.	The organisation has an accommodative culture?	0	2.8	2.8	8.3	9.7	57.6	18.1
37.	Employees are excited to voice their opinions in group discussions.	0	7.6	3.5	11.8	15.3	43.8	18.1
38.	The organisation's culture and atmosphere is supportive and comfortable.	0	0.7	2.1	16.7	11.1	82.1	17.4
40.	Our employees generally give it their all which makes this firm different from the others in the industry.	0	0.7	0.7	4.2	5.6	38.9	50.0

4.2.2.5. Structural Capital

The questionnaire had 13 statements that tested matters of structural capital within the participant institution and the distribution of results were derived as follows:

Table 4.3: Distribution Results on Structural Capital

		% Distribution						
	Statements on Structural Capital	**Strongly disagree**	**Disagree**	**Somewhat disagree**	**Undecided**	**Somewhat agree**	**Agree**	**Strongly Agree**
4.	We have greatly reduced the time it takes to resolve a customer's problem.	**0**	**4.9**	**2.1**	**8.3**	**9.7**	**50.7**	**24.3**
5.	Our business planners are continually on schedule with new business development ideas. (i.e. we generally meet target dates)	**0.7**	**4.2**	**0.7**	**16.7**	**17.4**	**45.8**	**14.6**
6.	The ratio of the revenue earned per employee in the firm has been increasing over the past few years.	**1.4**	**8.3**	**2.8**	**22.2**	**11.8**	**36.1**	**16.7**
11.	The time it takes to complete one whole transaction has been decreasing over the past few years.	**1.4**	**5.6**	**4.2**	**15.3**	**10.4**	**28.5**	**34.7**
12.	The time it takes to complete one whole transaction is the best in the industry.	**3.5**	**9.5**	**8.3**	**22.9**	**13.9**	**18.1**	**23.6**
13.	Our organisation consistently comes up with great new ideas.	**4.9**	**5.6**	**2.1**	**16.0**	**18.1**	**39.6**	**13.9**
14.	We implement a large portion of our great new ideas.	**1.4**	**9.0**	**4.9**	**23.6**	**19.4**	**31.9**	**9.0**
18.	Our company supports the development of new ideas and products.	**0**	**0**	**5.6**	**12.5**	**6.9**	**58.3**	**16.7**
22.	Our organisational structure keeps employees from being too far removed from each other.	**0.7**	**4.2**	**4.2**	**18.8**	**13.9**	**45.8**	**12.5**
29.	The organisation has very strong information systems.	**2.1**	**3.5**	**2.8**	**13.9**	**18.1**	**42.4**	**16.7**
31.	The organisation has got sufficient numbers of personnel and technical infrastructure to achieve financial targets.	**5.6**	**12.5**	**2.1**	**13.9**	**17.4**	**38.9**	**9.4**
32.	The organisation invests sufficiently on the information systems.	**0**	**4.2**	**4.9**	**11.1**	**17.4**	**54.2**	**13.9**
35	The name and the image of our institution are very important for the success in the sector and our personnel aware of this and treat in accordance with it.	**3.5**	**1.4**	**11.1**	**11.1**	**11.1**	**35.4**	**37.5**

4.2.2.6. Relational Capital

The questionnaire had 14 statements that tested matters of relational capital within the participant institution and the distribution of results were as follows:

Table 4.4: Distribution Results on Relational Capital

		% Distribution						
	Statements on Relational Capital	**Strongly disagree**	**Disagree**	**Somewhat disagree**	**Undecided**	**Somewhat agree**	**Agree**	**Strongly Agree**
1.	A poll of our customers would indicate that they are generally satisfied with our organisation.	**0**	**2.8**	**0**	**6.9**	**4.2**	**47.2**	**38.9**
8.	Our market share has been continually improving over the past few years.	**0**	**5.6**	**2.1**	**9.7**	**8.3**	**54.2**	**19.4**
9.	Our market share is the highest in the industry.	**6.3**	**16.0**	**9.0**	**25.0**	**10.4**	**18.1**	**15.3**
10.	Our organisation does not foster the development and maintenance of internal relationships among various groups.	**27.8**	**33.3**	**14.6**	**14.6**	**0.7**	**8.3**	**0.7**
15.	The longevity of the relationships we have with our customers is admired by others in the industry.	**0**	**0.7**	**1.4**	**14.6**	**9.0**	**38.2**	**36.1**
16.	Our organisation thrives on maintaining the most positive value-added service of any firm in the industry.	**0**	**2.1**	**0.7**	**13.2**	**6.9**	**50.7**	**26.4**
21.	Our customers are loyal to our company.	**0**	**2.1**	**0.7**	**4.9**	**9.7**	**43.8**	**38.2**
25.	We continually meet with customers to find out what they want from us.	**0.7**	**3.5**	**2.1**	**16.0**	**17.4**	**49.3**	**11.1**
23.	Our organisation prides itself on being market-oriented.	**0**	**4.2**	**2.1**	**16.7**	**17.4**	**46.5**	**13.2**
24.	Our organisation prides itself on being efficient.	**0**	**2.8**	**1.4**	**15.3**	**20.1**	**41.7**	**18.8**
26.	Data on customer feedback is disseminated throughout the organisation.	**0.7**	**5.6**	**0.7**	**20.1**	**15.3**	**43.1**	**14.6**
33.	The feedbacks of the customers are absolutely evaluated.	**1.4**	**3.5**	**3.5**	**22.2**	**20.8**	**33.3**	**15.3**
34.	We have very close relationships with branches of the other banks and the governmental institutions.	**0.7**	**2.8**	**0**	**11.1**	**16.7**	**40.3**	**27.8**
39.	We feel confident that our customers will continue to do business with us.	**0**	**0**	**0.7**	**11.1**	**14.6**	**34.0**	**39.6**

The reliability and internal consistency of the research instrument was tested and the Cronbach's alpha coefficient for the questionnaire was 0.911 as shown in Table 4.5 that follows.

Table 4.5: Cronbach's Reliability Statistics for Questionnaire.

Reliability Statistics	
Cronbach's Alpha	N of Items
.911	40

The Cronbach's Alpha reliability test was also performed to test the following factors: *Human capital, Structural capital* and *Relational capital*. The tables that follow show the correlation of all the statements pertaining to the variables, showing the reliability if the questionnaire items were testing only those variables or when all other items were deleted.

Table 4. 6: Reliability Statistics for IC variables.

Reliability Statistics for Human Capital items		Reliability Statistics for Structural Capital items		Reliability Statistics for Relational Capital items	
Cronbach's alpha	**Number of items**	**Cronbach's Alpha**	**Number of items**	**Cronbach's Alpha**	**Number of items**
0.802	13	0.826	13	0.918	14

4.2.3. IN-DEPTH INTERVIEWS FINDINGS

As mentioned in Chapter 3, in-depth interviews encompass the use of open-ended discovery oriented, qualitative method of inquiry. In order to capture the qualitative narrative to the different research questions and to supplement the addressing of the research problem, this type of data collection tool was used. The interviews were to proceed in an ambient environment of confidence. It however needs mention that due to discordant timing and the busy schedules of some of the managerial participants, two of the in-depth interviews had to be conducted piecemeal with the researcher recording the exchanges for later analysis.

4.2.3.1. Response rate

The proposed sample size for the in-depth interviews was 10. A total of 8 interviews were conducted making the response rate for the in-depth interviews to be 80%. The sample profile of the interview respondents is presented in subsection 4.2.3.2 that follows.

4.2.3.2. Sample Profile

Table 4.7 presents the human resource specifications of the managerial participants who partook in the in-depth interviews.

Table 4.7: In-Depth Interview Sample Profile

Pseudonym	**Job Title**	**Gender**	**Highest Level of Education**	**Number of Years Experience in the organisation**
CEO	*Chief Executive Officer*	**M**	*MBA*	*12*
Respondent 2	*Retail Bank Senior Manager*	**M**	*MBA*	*8*
Respondent 3	*Assistant Manager (IT Division)*	**M**	*Bachelor of Business Science*	*13*
Respondent 4	*Executive Secretary*	**F**	*Master of Communication*	*9*
Respondent 5	*Assistant Manager (Retail Operations)*	**F**	*BScHons(Economics)*	*5*
Respondent 6	*Senior Branches Supervisor*	**M**	*MSc*	*13*
Respondent 7	*Assistant manager (Public Relations)*	**M**		*8*
Respondent 8	*Bank Manager*	**F**	*BComAccounting*	*4*

The sample shows that 62.5% (n=5) of the interview participants were Male and 37.5% (n=3) were Female. The sample also shows that 50% (n = 4) of the interview respondents were in possession of at least a Master's degree with the rest in possession of Bachelors' degrees in their varied fields of specialty. It is also noteworthy to mention that of all of the managerial respondents in this sample had at least 4 years' experience in the organisation.

4.2.3.3. Intellectual Capital in the organisation

The findings from the interviewees are presented below, and it needs mention that not all the interview respondents were able to answer all the questions as presented in the interview guide (see Appendix D attached). This can be presumed to emanate from the fact that the different managerial respondents who partook in the research engagement were from different departments from within the participant institution. For instance, it would be a plausible argument to say that a manager who is engaged in the Retail Banking department may not be overly familiar with the strategic proclivities of the Human Resources department and vice versa. So when eliciting their insights, leeway was given so as to allow the managerial participants to address those questions that fell within their areas of specialty. The discussion and analysis of these findings are presented in Chapter 5 that follows. The interview findings have been coded and sorted into a thematic framework that follows the priori *codes* that have been set earlier in the writing (following the intellectual capital variables in organisation, namely *human capital*, *structural capital* and *relational capital*) and these findings were as follows:

Question 1: How does your organisation define its intellectual capital?

Respondent 4: *"The bank does not have such a definition."*

Respondent 5: *"By the valuing of our customers and ensuring we get the best qualified personnel for the job."*

Respondent 7*:* *"Those things that we can't put a price on in our organisation include the expertise of our management and the knowledge of all the employees in our organisation."*

Respondent 8: *"I don't know what the organisation's position on that definition is, but in my opinion our intellectual capital is in our products and services, our customer service, our reputation and also our 'connections'."*

<u>Question 2: What is the nature of the organisation's intellectual capital in terms of the following intellectual constructs: i. Human Capital ii. Structural Capital iii. Relational Capital?</u>

Respondent 3: *"Our human capital would be all our human resources, all the way from the CEO, the executive, management all through all the staff complement in all our branches.*

Our structural capital would include our entire machinery infrastructure such as ATMs, servers and Client databases.

Our relational capital would include all our relationships with our different stakeholders. Our relationships with partners such as the government, the Reserve Bank, the Post Office, our relationships with the different players in the industry and most importantly our relationships with our customers."

Respondent 6: *"Our human capital I would say is obviously our human resources, our executive management all the way to our staff compliment in the different branches.*

Our structural capital lies in, as you probably would know, we have the widest ATM network of any bank in the country and we have agents working across the country even in remote areas where regular banks don't reach. We have robust state of the art information systems in place.

Our relational capital I would say falls under our Marketing department and our Public Relations department. They are the ones tasked with the responsibility of engaging in stakeholder meetings and represent the bank in such engagements."

Respondent 7: *"Our Human Capital is everyone on the organisational structure, from top management down. Everyone who is on the bank's payroll responsible for banking activities, administrative activities and all operational activities. Everyone.*

Our Structural Capital includes are computers, printers, servers, ATMs and all the hardware that we use to work.

Our Relational Capital includes all our relations with customers, other institutions in the sector, the government and various other stakeholders."

Question 3: How does your institution perceive intellectual capital as a competitive strategy tool?

Respondent 3: *"Positively."*

Respondent 7: *"We do consider that, otherwise we would not be as competitive as we are."*

Respondent 8: *"We are always trying to improve our products and services, our customer service, our reputation and we do appreciate intellectual capital as a competitive strategy tool"*

4.2.3.4. Human Capital

The questions that follow were asked so as to ascertain matters of human capital within the organisation.

Question 4: How do you integrate the human activities of your workforce with your organisation's business strategy?

Respondent 3: *"We have a strategy document called the Customer Service Charter. It helps outline how human activities and procedures should be followed in line with the banks broader business strategies."*

Respondent 6: *"Of course, we do a lot. Important in our business model is creating an environment in which our employees feel free to work. This willingness comes from our having organisational programs designed to promote employee interests first."*

Respondent 7: *"Human activities are integrated into the organisation's business strategy through facilitated training sessions, workshops and internal communications."*

Respondent 8: *"Our management is responsible for our strategic direction and they come up with guidelines and procedures that help our efforts. Currently, the organisation has undergone training workshops on ZimAsset and it is through such workshops and training meetings that human activities are intertwined with strategic objectives."*

Question 5: How has your human capital impacted on the positioning of your institution in its industry?

Respondent: *We believe in and value all our employees across the branches. We believe we have the right talent to move the bank forward*

Respondent 7: *"We are a customer service oriented bank and we have the lowest bank charges per-transaction-dollar in the sector. So our positioning would be highly favourable, I think".*

Question 6: How do you take in innovations and new ideas from members of non-managerial staff? If at all.

CEO Response:*"An open door policy is maintained to ensure that input from all staff is taken into account. During branch visits, meetings are held with all staff for their input. The Works Council, through Workers Committee representatives also takes suggestions from staff."*

Respondent 2:*"I'd say we do take in innovations and new ideas from non-managerial staff through various platforms, for instance, we have routine branch meetings which are chaired by branch managers or assistant branch managers where if we do get new ideas, contributions or feedback in terms of new products, this is the channel we use to escalate to the executive through the use of branch meetings that are done on a monthly basis. So you'll find that in terms of our structure the Retail Banking Manager then consolidates all minutes that are coming from the retail branches and the majority of our non-managerial staff members are in branches. Then we also have workers' council structures which are more of workers' representatives, they also have their routine meetings with the executive where such issues in terms of innovations and improvements are discussed besides welfare issues they also make contributions in terms of new ideas from their own perspectives. Last year we had our first Strategic Planning Meeting that for the first time included representatives from non-managerial staff and this customers were also included in."*

Respondent 3:*"The non-managerial members of staff are the ones who directly interface information systems with customers. As such they are the ones who would be helpful when there is need for improvements in which some processes are conducted and to detect any bugs that might have been overseen in the systems. This is done in liaison with the OM* *manager and these innovations and ideas can be shared during training sessions, feedback sessions and routine branch meetings."*

Respondent 5: *"We are very receptive to new ideas, which we always escalate for consideration."*

Respondent 7: *"Indeed we do take in innovations and ideas from non-managerial staff. We have various platforms in which members of staff can share ideas or suggestions. There are routine meetings in branches and there special meetings with the executive every now and then and employees are free to use such platforms to forward their ideas or suggestions."*

Question 7: How does your organisation make any efforts of maintaining the know-how and innovations of its employees?

CEO Response: *"During branch visits, meetings are held with all staff for their input. The Works Council, through the Workers Committee representatives also take in suggestions from staff."*

Respondent 2: *"Maintaining knowhow, as a bank we are a member to the IOBZ (Institute of Bankers Zimbabwe) where the bank provides paid subscriptions for those members of staff starting IOBZ diplomas. We also have a training school and a training officer where we do our training and refresher courses on issues like customer care and issue to do with new products and innovations that the bank would have taken on board. The bank also encourages staff to do certain recommended courses. After you complete the course, the bank compensates you for the fees that you'd have paid. We also have other workshops that are done within the banking sector where the bank also sends managerial staff."*

Respondent 3: *"We conduct information systems audits, risk based audits gathering business intelligence information and appropriately document all schedules and reportable findings in the IS audit assignments. These audits and reports help maintain the knowledge in the organisation."*

Respondent 5: *"Training sessions are frequently organised for different sections and staff levels."*

Respondent 7: *"All our organisation's processes are documented and we have procedure manuals to guide how things are done. Any innovations and knowhow that is taken up becomes part of that."*

Question 10: What compensation structures or mechanisms do you have for high fliers or high achieving members of staff, if any?

CEO Response: *"Monthly awards such as 'Teller of the Month' award and Performance Bonus, employees and the organisation are rated every quarter. If performance is above target there is a performance bonus at the end of the year."*

Respondent 2: "*We once had compensation structures for tellers; unfortunately, I don't know how this was scrapped. There are some performance based bonuses for executives but I don't know how these are calculated."*

Respondent 4: *"We have incentives and bonuses."*

Respondent 5: *We have bonuses based on performance. There is Time off and Appraisals are also done which are used in considering such staff members for promotions.*

Respondent 7: *"There are performances bonuses in place and in a good year there are end of year bonuses across the board."*

Respondent 8:*"There are structures for growth, promotions and so forth for high achieving members of staff"*

Question 13: Are there any training and development programs conducted to improve members of staff?

Respondent 5:*"Yes. These are done both internally and externally from relevant stakeholders such as the Reserve Bank of Zimbabwe, the Zimbabwe Institute of Management and the IOBZ."*

Respondent 7: *"We do have training sessions conducted in-house and these mostly are to improve our customer service and improve our processes and procedures*."

Respondent 8:*"Yes, we have training workshops conducted regularly when necessary."*

Question 14: How strict are the staff recruitment and selection procedures?

CEO Response: *"All recruitment is done as per Recruitment Policy*."

Respondent 2: *"It's a bit difficult for me to answer that question because our recruitment is done centrally through the HR department. They are better equipped to help answer that."*

Respondent 3: *"We seek for suitably qualified and experienced persons to fill in jobs when they arise. Other job qualities are improved on the job through in-house training programs, skills development workshops and on the job. And as a bank we seek for honest and reliable persons with good moral values and behaviour."*

Respondent 5: *"Very strict and transparent. But it's a question better suited for the HR department."*

Respondent 7: *"There are fairly strict and we have the HR department which looks into recruitments and does all the necessary background checks and police clearances of the shortlisted applicants."*

Respondent 8: *"It's a competitive environment and we try to get the best formidable talent out on the market. The HR has a clear mandate guided by the Recruitment policy to conduct such matters."*

4.2.3.5. Structural Capital

The following questions were presented so as to capture managerial insights with regards to organisation's structural capital.

Question 8: How are organisational missions, visions and objectives communicated to the members of staff within the organisation?

CEO Response: *"These are communicated through various platforms. There are workshops, publications. They are displayed in all bank premises, on posters and in televisions. There are also performance documents such as the Departmental Integrated Performance Agreement."*

Respondent 2: *"Basically this is the role of the CEO to cascade the mission, visions and objectives through his executive. The executive in turn cascades that down to the branch managers through quarterly meetings where such issues are discussed. We also display our* *vision, mission and objectives in staff offices and banking halls. This year we have been trying to align our vision, mission and objectives to sync with ZIMASSET (Zimbabwe Agenda for Sustainable Socio-Economic Transformation). As you know we are a parastatal, so we align some of our objectives to be in line with government's broader policy. We went through the ZIMASSET document and our mission and objectives dovetail with the ZIMASSET document and we have trained all our staff fittingly."*

Respondent 3: *"Through Posters, internal emails, public notices, print material and more."*

Respondent 4: *"These are communicated in a variety of ways. For example we have internal emails that can be sent through to all branches, we have internal memos and we have printed leaflets and circulars in circulation."*

Respondent 5: *"Through print material, for example, customer diaries and the customer service charter which is emailed to all staff and posted on wall frames during refresher courses and training sessions."*

Respondent 8: *"These are communicated through internal emails, circulars, meetings, publications, operational manuals and various other marketing department efforts such as adverts, posters, brochures and so forth."*

Question 9: How does your organisation document its business practices and internal processes, for the sake of use by future employees, if at all?

CEO Response: *"Through written policies and Procedure Manuals."*

Respondent 2: *"For those we have procedure manuals which are the prerogative of our Organisation and Methods Manager that caters for our internal processes. This office is responsible archiving whatever we have done in the past. And for any changes they are the ones responsible obviously in liason with the general manager. Our internal document and procedure manuals are also certified by our OM department and our auditing department also plays a role in terms of input. Also in terms of coming up with documents, we have a team from the retail department that will try to maintain our procedure docs. So when revising our procedures we have certain staff members that can take on from where we left to the next level. This doesn't mean we have the same team members and so it….*

Our business processes and practices are also subject to audit and risk inspections and when we obtain the risk reports and audit reports, these are also documented that we can use to... and refer to later on".

Respondent 3: *"Through the audit reports, risk assessments reports as I have mentioned earlier and we also have a strategic document called the Customer Charter which can always be referred to from time to time".*

Respondent 5: *"Hard copies are circulated and signed as acknowledgement of having read and understood and these are filed".*

Respondent 8: *"We have policies, procedures and guidelines in place and these documented and can be used by future employees".*

Question 11: What structures does the organisation have for reprimanding incompetent performers in its workforce?

CEO Response: *"In severe cases of poor performance, employees undergo disciplinary hearings in terms of the code and appropriate measures are taken, such as demotions."*

Respondent 5: *"The Code of conduct is used to determine relevant courses of action which includes written warnings, hearings, suspensions and so forth."*

Respondent 6: *"Despite management trying its best at communication and description of job practices, there are always some elements of conflict that arise here and there. Thus, in resolving those conflicts we have processes in place as an organisation, in which we integrate interests of all parties involved and this requires both preventative and curative activities. For any disagreements, we have grievance procedures and channels. This presents employees a channel to communicate their queries and grievances with management. Our bank prides itself in its 'open door' policy should there be discontent within its hierarchy. Our employees are always free to press their grievances up the chain of command and discuss with the office bearers the grievances they might have."*

Respondent 7: *"We have a code of conduct that guides our ethics and the conduct of our activities. If there is any gross incompetence, misconduct or wrongdoing this can be used to constitute a disciplinary hearing."*

Respondent 8: *"I can't say."*

Question 12: How does the organisation promote learning, sharing and networking amongst its members of staff?

CEO Response: *"Yes it does, through the following:*

(i) The conducting of training sessions at the workplace. This is done whenever a skills or knowledge gap is identified.
(ii) Financing approved courses (for example University degrees where necessary)
(iii) Short courses and workshops.

The bank has the strategic objective that focuses on skills development and a budget for that, as such the training activities are actually measured at a higher level."

Respondent 5: *"There are branch meetings which allow team members to share ideas on how to increase efficiency. Suggestions are always welcome and feedback is given when an idea isn't taken up, giving explanations as to why. We also create an environment which is receptive to innovations and open to suggestions."*

Respondent 8: *"There are many ways in which we promote learning and sharing and networking amongst members of staff. We have staff transfers and mobility where necessary. We also have training programs where sharing and networking can find attention."*

Question 15: Would you say your organisation adequately invests in information systems and technology? If so, to what extent?

CEO Response: *"Yes, we have a fully-fledged IT Department and the bank runs a computerised banking system."*

Respondent 2: *"The organisation has tried its best to invest in matters of IST. The system that we currently use is the Ethix System that was acquired some two years ago. It is a fairly new system. Over the past year we have also deployed ten new ATMs around the country and we have recently acquired new POS (Point-of-Sale) machines. These are new developments that should excite our customers. We are now also on the internet banking platform, which is something we had lagged behind."*

Respondent 3: *"I would say definitely our organisation adequately invests in information systems and technologies. We have in place state-of-the-art Management Information Systems, newly acquired POS machines, wide ATM network, Cash Transfer Databases in place. And we continually focus on our capacity to improve these as and when there is a need. Information technologies are always dynamic and changing by the day so we try to keep abreast with such changes. Recently we came aboard on internet banking for our clients".*

Respondent 5: *"Yes. Whenever the need arises the organisation upgrades its systems. Adequate researches in the selections of systems are in place and the best systems are adopted."*

Respondent 6: *"I would say we do adequately invest in information systems and technology. Our bank has robust state of the art information security systems in place. We have adequate ATM infrastructure countrywide for our customers' convenience. However, more can still be done to improve efficiency and accessibility for our clients, especially those in the rural areas."*

Respondent 7: *"To a large extent the organisation adequately invests in information systems and technology."*

Respondent 8: *"Yes, the bank adequately invests in information systems and technology to a reasonable extent. All our branches are online and we are always unveiling innovative business solutions meant to improve efficiency, productivity and profitability."*

Question 17: How does your organisation replicate its strategies for managing intangible assets to retain long term competitiveness?

CEO Response: *"The organisation replicates its strategy for managing intangible assets to retain long term competitiveness by continually adapting to the changing market conditions, continually innovating and continually maintaining our strong brand."*

Respondent 5: *"Yes. This is done through the Customer Service Charter."*

Respondent 8: *"We are a savings bank and we deal with financial indicators and risk calculations. The calculation of non-financial indicators can cause a challenge for us because we are not in the business of measuring such variables."*

Question 18: What challenges do you face in measuring intangible assets in your organisation?

CEO Response: *"Intangible assets are highly sensitive to the macroeconomic environment, business conditions and capability to adapt to changes thus value of these assets may change dramatically and may be difficult to measure at any point in time. It is difficult to predict with any degree of certainty as to how much intangible assets are worth."*

Respondent 3: *"Well I can say generally, for any business organisation for that matter, anything that is non-financial is difficult to quantify. Non-financial performance indicators are subject to a lot of complex changes and they change a lot and are mostly subjective. We however have periodic analysis and reviews of staff performance that are conducted quarterly to check if our objectives and targets are being met."*

Respondent 8: *"We are a savings bank and we deal with financial indicators and risk calculations. The calculation of non-financial indicators can cause a challenge for us because we are not in the business of measuring such variables."*

Question 19: How does the organisation manage its processes and routines to gain competitive advantages?

CEO Response: *"All products or services are only launched after going through the UATs (User Acceptance Tests) and piloting, from where the precise procedure manuals are developed."*

Regular work studies by the Organisational Methods Manager ensure efficient and smooth processes aiding customer service."

Respondent 3: *"That's a bit of a sensitive question, but I would say the bank has structures and procedures in place for the management of its processes and routines to gain competitive advantage. We have in-house procedures and protocols that help management make decisions with regards to those".*

Respondent 5: *"Through the Organisation and Methods Manager and the Market Research Officer."*

Respondent 8: *"We always try to innovate our product and service offerings to make them unique, value adding and efficient for our customers. Our OM manager is responsible for* *keeping record of the process manuals and procedure guidelines and is assigned to manage such processes and routines."*

4.2.3.6. Relational Capital

Question 16: How much importance do you place on your brand and image to the general public?

CEO Response: *"The POSB brand and image play a pivotal role on how our stakeholders view us. They are therefore of utmost importance for the bank."*

Respondent 2: *"We do place high value on our brand. We have been branding our branches to maintain uniformity. We have been visiting our branches trying to make sure they adhere to our corporate colours. We have also invested in staff uniforms. We have uniforms for different days and these are efforts to attempt to improve our brand. We have also engaged in some aggressive marketing for our products and our brand so as to increase awareness to the public. Some staff welfare facilities such as motor vehicle facilities are branded with our corporate image."*

Respondent 3: *"In the banking industry, branding is very important. If you look, you will see banking products are almost the same hence it is critical to brand you products to differentiate them from others. It also becomes important to protect your trademarks and corporate image from abuse by competitors. Our Marketing Department is the one that is mainly tasked with keeping our brand image appealing to the general public. And also obviously everyone else who is employed by the bank should act as brand ambassador and need to keep the organisation in the best of light."*

Respondent 5: *"Image is tremendously valued, hence anything that compromises our image isn't taken lightly."*

Respondent 7: *"Our brand and image to the general public are important in that they guide how we are perceived. They also act as the medium for publicity and marketing. We want our customers to relate with our brand."*

Respondent 8: *"The image of the bank to the general public is very important. We recently rebranded, it was a massive investment and shows our commitment to our brand, logos and corporate image. These are very important to us. Our marketers are now taking a more* *proactive approach and engaging in more interactive programs and adverts in an attempt to make our brands well known and also to increase brand loyalty."*

<u>Question 20: How does the organisation use its human capital to engage with stakeholders?</u>

Respondent 3: *"We use our human capital to collaborate with stakeholders and other players in the banking industry for the promotion of better and efficient use of our resources, both in-house resources and external resources. This is how we also get ideas and trends from outside the company to help improve the efficiency of the bank."*

Respondent 5: *"Through the PR Manager and engaging executives in stakeholder meetings."*

Respondent 7: *"Our marketing department has aggressive marketing initiatives. We visit schools and other stakeholders to encourage learners to open savings and youth accounts so as to cultivate a culture of saving. We also have several projects on the ground and we have a wide agency relationship with Zimpost."*

Respondent 8: *"Our human capital engages mostly with our most important stakeholder, the customer, and how this customer needs to be engaged is ascribed in the Customer Service Charter. It is the organisation's commitment to customer service excellence with a goal of looking to have our customers view us as nothing but a reliable bank."*

<u>Question 21: How does the organisation use its structural capital to engage with competitors?</u>

Respondent 3:*"To compete we have the widest network of ATMs of any bank in the country. We have a customer service agency connection with the post office. I believe this gives us a competitive edge over our customers."*

Respondent 5: *"Through our wide branch network, Wide agent services, increasing added services on cell-bank platform, ensuring that we meet customer needs by increasing efficiency, quick responses to customer queries and needs. And also by being adaptive to technology we are sure to keep our competitors in check."*

4.3 CONCLUSION

This chapter has served the purpose of presenting the findings accrued during the research study. The chapter draws together the document review findings, the questionnaire survey findings and the findings agglomerated from the in-depth interviews. The chapter also contains demographic information about the persons who participated in each undertaking. Such information was gathered for statistical purposes and also to help contextualise the findings. Chapter 5 that follows presents a discussion of the results. The chapter discusses the findings as presented in this chapter in relation to the coeval literature as presented in the preceding chapters. The chapter attempts to triangulate all the findings as gathered through documents review, questionnaire survey and semi-structured in-depth interviews.

CHAPTER 5
DISCUSSION OF FINDINGS

5.1. INTRODUCTION

The discussion that is offered in this chapter is the researcher's interpretation of the research findings as presented in Chapter 4. In order to align the research objectives with the research findings, the discussion begins by categorically answering the research questions as presented in Chapter 1. The interpretation is contextual from the epistemological position of the researcher and the participants of the case under study. It is imperative to mention that due to the contextual nature of the of the findings being derived from a single case study, care should be taken not to generalise the findings cognisant of the fact that the discussion was not meant to present the research findings from the participant institution as representative of all institutions that fall under the Zimbabwean banking and financial services sector.

The chapter attempts to conduct a fair assessment of the interview data derived from the managerial participants and informants by identifying themes and collocations within the data sets. A collocation is defined by Halliday (1966:63) as "a sequence of words or terms that occur more often than would be expected by chance" and these can be helpful in constructive thematic analyses of the qualitative data. As has been mentioned in Chapter 3, the research contained a moderate mix of qualitative and quantitative research approaches so as to enable the various schemes of triangulation and also to seek and establish complementary or overlapping facets in the perceived phenomena under investigation.

The study sought to determine the extent to which the management of intellectual capital was being pursued within the participant institution. This determination was to come through the evaluation of the data captured in the research undertaking. An evaluation is defined by Facione (2011:34) as meaning "to assess the credibility of statements or other representations which maybe accounts or descriptions of a person's perception, experience, situation, judgment, belief, or opinion; and to assess the logical strength of the actual or intended inferential relationships among statements, descriptions, questions or other forms of representation."

5.2. INTELLECTUAL CAPITAL IN THE ORGANISATION

It is important to start by highlighting that from the document reviews on the participant institution and the investigations by the researcher, the search for the expressions "intellectual capital" or "intellectual capital management" from the official bank website, official publications (such as press releases, journals and advertorials) did not yield any results. That can be construed as a finding in itself, substantiating the assertions by Daum and Lev (2003:10) as mentioned in Chapter 2 that although there is growing awareness and interest on the subject of intellectual capital to the modern organisation, the subject still remains somewhat cryptic and obscure. In addition, this is consistent with the assertions by Jardon and Martos (2012:462) and Firer and Williams (2003:353) which highlight that within the developing economy context, archival evidence shows that the development of organisational concepts on intellectual capital are still in infancy. There is still very little literature on intellectual capital management especially in the context of a developing economy like Zimbabwe.

To kick-start the discussion of findings, purposive vignettes have been opened that attempt to reflect on the research questions and objectives and attempt to evaluate the research questions in brief. Further examination and analysis of research data continue in the pre-determined *priori* codes that follow, examining the survey findings and interview data and identifying collocations and themes.

Research Objective 1: To investigate how the institution defines and perceives intellectual capital as a competitive strategy tool.

From the general literature reviewed by the researcher on the organisation there was no express mention of 'intellectual capital' as a management strategy. There did not seem to be express reference to 'intellectual capital' from the organisational documents reviewed and there seemed to be no indication of the organisation's official position with regards to the management of intellectual capital. This would be in concurrence with Lerro, Linzalone and Schiuma (2014:351) who established that firms confront stringent obstacles in their engagement with knowledge assets and management strategies. The authors attest that often intellectual capital management is often not part of a definitive innovation or management strategy and this is often a consequence of the lacking knowledgability of intellectual capital or the lacking recognition of IC in some companies. However in trying to elicit further clarity on the managerial insights within the financial institution on the usefulness of IC at the institution, the definitions of intellectual capital were sought from the managerial informants in the interviews and when asked questions pertaining to how their organisation defined its intellectual capital, the following themes were drawn from the responses:

Table 5.1: Themes derived in trying to establish how the institution defines and perceives intellectual capital as a competitive strategy tool.

Theme	**Number of times cited in interview responses**
Valuing of Customers	6
Training Sessions for Staff	8
Expertise and Knowledge of employees	6
Wide Branch network	5
Adapting technology	6
Remuneration	4

The findings from the interview respondents indicated that the organisation did not have a definition of IC. Some of the responses were indicative of the managers lacking the understanding of intellectual capital as defined earlier in this writing. The interview respondents defined intellectual capital in a manner in which themes such as "valuing of customers", "training sessions", "wide branch network", "adapting technology" and "remuneration" were recurrent.

Whilst it can be said that the responses from Respondent 5, Respondent 7 and Respondent 8 were not entirely consistent and identical, the responses showed that there was some recognition of the importance of intangible assets within the organisation. Guthrie and Petty (2004:118) proclaim that the importance of intellectual capital in strategic management can never be downplayed. The opinions by Respondent 5 and Respondent 7 seemed to acknowledge that definition of intellectual capital from a predominantly human capital perspective. The view of Respondent 4 needs mention, when asked about the definition of IC in the organisation the respondent stated that the bank did not have such a definition. Molochik *et al.*, (2012) indicate that the lacking knowledgeability of intellectual assets of value often affects the strategic management thereof. Respondent 8 makes mention of the reputation and connections of the bank as of importance in the organisation and it can be adduced from this finding that there is an appreciation of relational capital within the organisation. The bank places importance on matters of technology, according to the CEO, the bank has a fully fledged IT Department and the bank runs a computerised banking system. This finds backing from Respondent 5 who mentions that the bank upgrades information systems and technology whenever need arises and that the organisation has adequate researches in the selections of systems that are in place and the best systems are adopted. According to Mutamangira (2015) the competitive landscape in the banking sector necessitated finding ways and strategies of retaining competitive advantages by way of improving technologies.

Another recurring submission that was prominent in the interview responses was that of the savings bank having a large branch network. Respondent 2 and Respondent 5 indicate that it is a matter of public record that the savings bank has the widest branch network of any bank in the country with evidence from the documents review backing that up with. The bank reaches out to even the remote rural areas where regular banks don‟t reach through its various delivery channels. This is based on the bank‟s relationship with the national Post office. The interconnectedness of the organisation with the external environment is of paramount importance for the successful functioning of the organisation (Nargesi and Veiseh, 2015:159) and helps in the attaining of competitive advantage.

It however needs mention that there was evidence of the strategic leveraging of the intellectual capital elements in the organisation albeit there being no found express definition of the term "*intellectual capital*" in official documentation. It can still be construed that the organisation seems to be positively perceiving intellectual capital as a competitive strategy tool as the evidence shows there being strategic leveraging of its intellectual capital assets.

Research Objective 2: To establish if the institution has a strategy for the management of intellectual capital.

Whilst the organisation seems abstruse and unclear on exactly how it defines intellectual capital, from what has been gathered from the interviewees it seems plausible to assert that to a greater extent the establishment does have strategic approaches in place for the management of its intellectual capital. From what has been contrived from the research undertaking, it seems the elements and constructs of intellectual capital as known and identified in Chapter 2 from a theoretical standpoint are indeed being addressed. The institution does have strategies in place that seek to align these IC elements in an attempt at retaining competitive advantages. Evidence from questionnaire findings and interview data on how these elements of intellectual capital are pursued is presented in sections 5.3, 5.4 and 5.5 that follow. According to Respondent 2 the role of communicating the strategic missions, visions and objectives lie with the Chief Executive Officer through the executive. The CEO acknowledged the importance of intellectual capital and contends that the organisation has its strategies communicated to members of staff through various platforms such as workshops and publications. Whilst there is no express strategy for the management of intellectual capital there seem to be plans of action in place that have been designed to achieve business goals in the long term. There are standout themes that have been derived from the interview respondents; these are presented in Table 5.2 below:

Table 5. 2: Themes derived in trying to establish if the institution has a strategy for the management of intellectual capital.

Themes	**Number of times cited in interview responses**
Training and development	8
Good Staff Hires	7
Investing in Information Systems and Technologies	5
Adoption of new technology	4
Customer Service Charter	4

The savings bank has a training school which according to the CEO facilitates the conducting of training sessions in the workplace. Respondent 2 described this training school as a platform where the bank conducts “training sessions and refresher courses”. The fact of having a training school to train and enhance staff skills can plausibly be construed as falling under “actions” that the organisation is undertaking in its quest to find and sustain competitive advantage. The importance of training and development in intellectual capital management is stressed by Schlechter *et. al.* (2016) who state that it is not only important to staff work groups with competent people, but that it is imperative for the employees to be frequently upgrading their competences through formalised IC initiatives.

Evidence from the POSB Client Service Charter presents functions which are considered of importance by the bank and reflects that the bank to a large extent has working strategies that are heedful of the matters of intellectual capital. The charter presents the banks full network of delivery channels and goes on to define its internal and external stakeholders.

Research Question 3: To what extent is the bank management addressing the constructs of intellectual capital?

A critical observation by the researcher from the documentary findings and interviews indicates to a large extent that the bank management is addressing the constructs of intellectual capital. The research findings seem to be supportive of this assertion as the following part of the discussion seeks to deliberate. The sub-headings, Human Capital, Structural Capital and Relational Capital will delve into those particular constructs and how the management seems to be addressing those constructs in the day to day leveraging of their intellectual capital. This was captured by way of analysing questionnaire survey findings, in-depth interview findings and from documents review findings.

5.3. HUMAN CAPITAL

It was found from the documents reviews that the organisation has communiqués published quarterly in the form of a magazine. These, in essence, work as stimulus for motivation of staff and all other internal stakeholders. For instance, these publications celebrate significant and momentous occurrences that would have transpired in the lives of the institution's staff members. Occurrences such as graduations, weddings of members of staff and their families find special mention. This according to Vroom's Expectancy Theory is an example of a non-monetary method which can be used by management in emboldening motivation amongst its constituent staff (Manolova *et al.*, 2012:9).

To further explore how the management was addressing matters of human capital it became imperative to explore how the sub-elements of this human capital were managed and categorically leveraged within the institution to increase competitive advantage. The sub-constructs of Human Capital have been introduced in Chapter 2 and include Competences, Organisational Culture and Incentive/ Rewards systems and these find discussion below.

5.3.1. Competences

The majority of the non-managerial participants who participated in the questionnaire survey acceded that the competence levels of the employees as a whole were at the most ideal level that can be hoped. 72.9% strongly agreed, agreed or somewhat agreed, 10.4% where undecided on this particular matter and 16.7% somewhat disagreed, disagreed or strongly disagreed with this assertion. There was also wide agreement within sample population with the assertion that the firm supports its employees by constantly upgrading their skills and education whenever each of them feels it is necessary with a cumulative total of approximately 72.8% of the respondents in agreement, 20.8% were undecided on the matter and 6.4% were in disagreement or abstained from the question altogether. These findings are plausible and are consistent with the assertions by the CEO that the organisation places importance on its human capital through such initiatives as the conducting of training sessions at the workplace whenever a skills or knowledge gap is identified and that the bank helps finance approved courses or even university degrees where necessary. The institution, according to the CEO, has a strategic objective that focuses on skills development and has a budget directed at the improvement of staff competences. Respondent 2 affirmed this by mentioning that the bank provided subscriptions for members of staff starting their Institute of Bankers in Zimbabwe (IOBZ) diplomas and also that there was an in-house training school and Training Officer for training or refresher courses for members of staff.

This can credibly be construed as evidence of there being strategic leveraging of intellectual capital through the bank's human capital by the upgrading of employee skill sets and competences. Jardon and Martos (2012:464) stated that this improvement of core competences is imperial for superior performance and these form the "cornerstones" from which competititve advantage is derived. Cabrilo *et al*. (2014:412) and Kianto *et al.,* (2014) assert that staffing workgroups with adequately competent staff is central to human capital as an important dimension of intellectual capital and that, that is the fundamental ingredient that elicits and sustains competitive advantage.

The upgrading of employee skills is consistent with the assertions by Brooking (1997:15) that look at human capital as more than just the look at individuals and their inert abilities to perform particular job functions but in essence views the individual as a dynamic unit or vibrant entity capable of fitting into a variety of jobs over time. This infers that it is the undertaking of an effective manager to ascertain that access to opportunities and mechanisms for growth should be awarded to all human assets in order to enable employees to reach their full potential. Thomson *et al.,* (2005:324) would proceed and present the fiscal profitability benefits presented by promoting the human element of intellectual capital in the organisation, proclaiming that human capital is imperative in building strategy-capable organisations and that investing firm resources in initiatives such as proper screening of job applicants, training programs and encouraging employee innovations can indeed reap competitive economic benefits in the long run.

When presented with the questionnaire item seeking to establish if the firm gets the most out of its employees when they co-operate with each other in team tasks, 32.6% of the questionnaire respondents strongly agreed, 47.9% agreed, 10.4% somewhat agreed, 5.6% were undecided and 2.2% were in disagreement with the statement. This goes to the assertions by Seleim *et al.* (2004:330) which stated that the fostering of teamwork tends to widen organisational performance through enhancing the innovativeness and creativity of staff members. The findings also find validation from Hornsby and Kuratko (2003:78) who identified teamwork as a "strategic variable to consider when leveraging intellectual capital resources".

5.3.2. Organisational Culture

From the questionnaire findings, it was found that 85.4% of the respondents agreed, somewhat agreed or strongly agreed that that the organisation has an accommodative culture. In a separate question, a fair majority (80.6%) felt the organisation"s culture was supportive and comfortable. This can be construed as proof that the management is mindful of the importunate influence of organisational culture on performance consistent with the contention by Rogers *et al.,* (2006) that organisations that lack high performance cultures are doomed in the direction of mediocrity. This is consistent with the assertions by Bontis (2002:38) that an organisation that has a culture of shared values and beliefs helps bring solutions to problems that might arise out of external adaptations and internal integrations. Empirical evidence from prior research works also agree that culture clashes are an incontrovertible obstruction to harmonious business relationships hence having an organisational culture that is tolerant and accommodative can help drive the human assets towards exceptional performance.

These results from the questionnaire survey also indicated that 77.2% were in agreement that employees were excited at voicing their opinions in group discussions, 11.8% were undecided, and 11.1% were in disagreement. This can be interpreted as being evidence of an organisational culture that, to a large extent, is accommodative and that encourages employees contributions. According to Sharkie (2003:22) a successful culture is one in which employee engagements are encouraged and positively rewarded. According to Wheelen and Hunger, (2012:713) a positive work culture, revealed by the energies and attitudes of employees can enhance customer satisfaction.

The largely common view from the survey participants also indicated that the majority (75%, n=108) agreed that when an employee leaves the organisation, there was a succession training program for his/her replacement. This shows that the organisation supports the retention of knowledge even when an employee leaves the firm. Blomqist and Kianto (2014:14) proclaim that a climate and culture that is supportive of knowledge creation and retention is essential in the knowledge economy and helps foster the retention of sustainable intellectual capital.

5.3.3. Incentive and reward systems

It has been highlighted in Chapter 4 that from the documents reviewed by the researcher there did not seem to be any express indication of a particular incentive or reward system in place at the participant organisation. It was briefly averred in this writing that the absence of such express mention of incentive or reward systems in published documents reviewed did not entirely mean that the organisation did not have such incentive or reward systems in place. Evidence from the in-depth interviews was in support of that suggestion. When faced with the question of whether there were compensation structures or mechanisms for high fliers or high achieving members of staff in the organisation the CEO response made mention of there being monthly awards such as the “Teller of the Month” award and performance bonuses. Respondent 2 would also go on to mention the subsistence of these bonuses briefly and mentioned that there were some performance based bonuses for executives. Respondent 7 mentioned there being bonuses in place and that in a good year there are end of year bonuses rewarded across the board.

These matters of compensation were also addressed in the questionnaire survey were the questionnaire item was presented seeking to establish whether the organisation had a fair remuneration system. The results showed 59.1% of the respondents strongly agreed, agreed or somewhat agreed. 25.0% were undecided and 15.9% strongly disagreed, disagreed or somewhat disagreed with the statement. Ingham (2007:xvi) and Louw and Venter (2006:424) noted that it is imperative to acknowledge that employees are investors who invest their human capital in the organisation and it follows that how an organisation rewards its employees was notably its foremost implementation instrument for ensuring a continuous flow of operations in the achievement of strategic objectives. Another interesting finding was captured from interview Respondent 5 who in addition to mentioning matters of bonuses based on performance also alluded to there being "time off" and "appraisals" which are done which can then later be used when considering which staff members are up for promotions. This can be interpreted as a non-monetary form of incentive or reward, which can act as stimulus for employees to proactively pursue the higher ranking, or reward and by that be motivated to work. Sharkie (2003:22) mentions that compensation and rewards may not only be prescribed in monetary terms but also in professional or personal development terms. So by the bank having mechanisms such as "time off" and "appraisals" for consideration for promotions, it can be argued that indeed the bank is using this as a reward or incentive system in a non-financial manner in addressing their human capital.

5.4. STRUCTURAL CAPITAL

The document reviews did not yield much literature on the organisation's structural capital. However, there is evidence of the leveraging of structural capital in the organisation that is consistent with what modern research frameworks assert leveraging structural capital. The organisation seems to make use of its trademarks in all its written communications, advertisements, printed leaflets and brochures.

5.4.1. Intellectual property

The participant bank recently conducted a brand restructuring exercise where its logo and trademarks were rebranded and its corporate colours redefined. After the rebranding exercise the bank has gone on a purposive aggressive marketing drive to increase its brand awareness and present its corporate identity. According to the results captured from the questionnaire respondents, 35.7% strongly agree, 35.4% agree and 11.1% somewhat agree statement that infers that the name and the image of the institution are very important for the success in the sector and that personnel aware of this and treat them in accordance with that.11.1% are undecided on the matter and only 5.9% disagree or somewhat disagree. Image is inclusive of the organisation's intellectual property such as corporate logo, trademarks and the overall brand.

When the interview respondents were asked how much importance they placed on their brand and image to the general public, the CEO's responses highlighted that the brand and image of the organisation played a pivotal role on how stakeholders viewed the organisation and were therefore of utmost importance for the bank. Respondent 2 pronounced that the bank placed high value on its brand and the bank had recently been rebranding its branches to maintain uniformity. There had been visits to branches trying to ensure they adhered to corporate colours. There was also mention that the bank had also invested in staff uniforms. Respondent 3 was of the assertion that in the banking industry, branding was very important and that it was important to protect trademarks and corporate images from abuse by competitors. The respondent also went on to mention that the bank had a Marketing Department which is mainly tasked with keeping the organisation's brand image appealing to the general public. There was also mention that the employees employed by the bank were implicitly bound to act as brand ambassadors. These findings show evidence of the bank being mindful of its trademarks. Trademarks and brands according to Brown (2003) and Keller (2008:129) are inclusive of the insignia associated with organisations, which can differentiate an organisation's goods and services from those proffered by competitors. These represent the largest sources of value that are fairly easy to manage and protect. The trademark has been recognised as the signature of the brand which with time can become a valuable asset, which when properly managed can have escalating value with time (Brooking, 1997:40).

5.4.2. Business process capital

According to the findings of the ICM Group study as presented in Chapter 2, metrics such as market share, average response time, revenue earned per employee and transaction time are some of the distinct metrics that organisations can incorporate in the defining of their intellectual capital and knowledge management systems. From the questionnaire results, it was found that 73.6% of the respondents strongly agreed, agreed or somewhat agreed that the time it takes to complete one whole transaction has been decreasing over the past few years. 15.3% of the respondents were undecided, 11.2% somewhat disagreed, disagreed or strongly disagreed with that statement. The questionnaire also presented a statement that - the ratio of revenue earned per employee has been increasing over the past few years. The results showed that 64.6% of the respondents either agreed, strongly agreed or somewhat agreed with this statement which may serve as evidence to highlight that the organisation is indeed heedful of strategic business process endeavours that help increase the revenue earned per employee and by extension improve its competitiveness.

5.4.3. Development capital

In terms of renewal and development the participant institution has a strategy focussed on infrastructure development, the upgrading of employees skills through the education programs and conducting of training sessions at the workplace. These methods can be plausibly construed as likely to afford the organisation with a sustained source of competitive advantage. Development capital in literature defined as inclusive of all items and matters that have been constructed with the goal of having an impact in the future. From the questionnaire results, it was found that 77.2%, of the respondents were in agreement with the statement that - the organisation has strong information systems. 8.4% were in disagreement with that statement, 13.9% of respondents were undecided. In a service based industry like the banking industry, the investment in information systems is likely to have impact in the future and can thus be construed as leveraging development capital.

5.5. Relational Capital

The importance of relational capital cannot be downplayed. This importance, according to Leaniz and Bosque (2013:264), is based on the idea that firms are considered not to be isolated systems, but to a greater extent, are dependent on their relations with the external environment. In order to better assess the management of relation capital within the participant institution, it would be prudent to discuss these particular findings under the headings of the sub constructs of relational capital, namely *customers*, *strategic partners* and *distributors.*

5.5.1. Customers

From the official documents on growth reviewed on the participant institution, evidence shows that the organisation has various initiatives seeking to cater for the diverse needs of its customers. The bank divides its customer base into strategic segments where customised banking facilities and services that fit customers are offered. Evidence from the Bank's annual statements would suggests that the bank has been largely successful in reaching out to the clientele base, particularly in the rural areas. The savings bank is popular in rural and peri-urban demographics, reaching out to the mass market including some of the remote areas where regular commercial banks seldom reach and the bank is committed to its original mandate of serving grassroots people (Chirove, 2013; POSB, 2015). From the questionnaire results, a fairly large majority of respondents were in agreement with the statement that sought to establish their perceptions on whether if a poll on the bank's customers was conducted, that it would indicate they are generally satisfied with the organisation; the responses have been tabulated below.

Table 5. 3: Questionnaire Responses on Percieved Consumer Satisfaction.

A poll of our customers would indicate that they are generally satisfied with our organisation.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	DISAGREE	4	2.8	2.8	2.8
	UNDECIDED	10	6.9	6.9	9.7
	SOMEWHAT AGREE	6	4.2	4.2	13.9
	AGREE	68	47.2	47.2	61.1
	STRONGLY AGREE	56	38.9	38.9	100.0

From the tabulated responses (Table 5.3), evidence showed that the majority of questionnaire respondents were of the belief that their customers were generally satisfied with the organisation. This can be interpreted as an inference by the workforce of the organisation‟s ability to meet and exceed its customer expectations. This was consistent with the affirmation by Respondent 8 in the in-depth interview that it was the organisation's commitment to meeting customer service excellence with a goal of looking to have customers view the bank as nothing but a reliable bank. This shows the organisation is commited to customer satisfaction. Clargo (2014) espouses that the more enlightened modern organisations have come to the realisation that the "key success factor" for economic success and continued profitability lies in the attracting and retaining of the devoted and loyal customers. In order to achieve that customer recall, it is of paramount importance that the organisation meets and exceeds the needs and expectations of the customer with its product and/or service offerings. Banks on the other hand, due to the fast-paced dynamics within the financial service sectors, are forced to keep up and pay due recognition to the importance virtuous relationships with clients (O'Loughlin and Szmigin, 2006:118).

5.5.2. Strategic Partners

From the documentary literature it was found that the company has strategic partnerships with a variety of players in the industry and these partnerships are meant to make it easier for customers to access their money. Leaniz and Bosque (2013: 269) affirm that in business, organisations are bound to interact with the interest of multiple people, groupings and entities and that the organisation's responsibility not only lies on fostering the needs of its shareholders, but should also be cognisant of the needs of the various other stakeholders and strategic partners and this is what derives a sustainable corporate reputation. Some of the strategic partnerships related to the savings bank are briefly discussed in the paragraphs as follows. It was found that the bank is a member and part of the ZimSwitch platform. ZimSwitch is a third party transaction acquiring business affiliated with 19 commercial banks and 2 building societies across Zimbabwe operating a network of 2900 Point of Sale (POS) terminals and 393 Automated Teller Machines (ATMs). ZimSwitch processes domestic card-based ATM and POS transactions amongst member financial institutions in real time (Chirove,2013). Customers from member financial institutions can withdraw their money from any ATM bearing the ZimSwitch logo for a low nominal fee.

In eliciting insights on the relational aspects within the organisation, the questionnaire had the statement – "Our organisation does not foster the development and maintenance of internal relationships among various groups"– to which only 9.7% of respondents strongly greed, agreed or somewhat agreed, 14.6% were undecided and 75.7% strongly disagreed, disagreed or somewhat disagreed with the statement. This can be inferred to mean that the majority of the participants disagreed that the organisation did not foster the development and maintenance of internal relationships among various groups. This finding seems to be of the same opinion with assertions by interview Respondent 7 who presents the conviction that matter-of-factly, the organisation does foster the development and maintenance of internal relationships stating that organisation has several projects on the ground and has a wide agency relationship with the national post office *ZimPost.* This is a view that finds backing in literature that in the leveraging of relational capital for organisations, it is paramount for management to be able to incorporate stakeholder knowledge into the company (Probst *et al.*, 2000:119). This acquisition of stakeholder knowledge can be achieved by managers by way of carefully and selectively appropriating contact and relations with the firm stakeholders.

5.5.3. Distributors

Distributors bridge the gap between suppliers and consumers (Louw and Venter , 2006: 401). And from the evidence, the recurrent theme suggests that the bank's biggest distributor is also one of its most important strategic partners ─ the Post Office. As has been mentioned, the bank has the widest reach of any bank in the country, reaching out to even the most remote rural bases where regular banks don't reach (Chirove, 2003; Posb, 2015). This is particularly due to the relationship the bank has with the national Post Office. The Post Office has wide geographic spreading with over 160 outlets scattered all over the country. Transactions with the participant bank can be conducted in any of those post office outlets via POS points hence giving the bank somewhat of a competitive edge over its competitors who fail to get such wide coverage. The strategic predilection supportive of such close liaisons between the firm and the supplier is up held by Eulalio, Campelo and Stucky (2007:105) who highlight that it is uncommon for modern organisation to coordinate better relations with suppliers or distributors and the authors further attest that resorting to mono client-supplier relationships is now commonplace. From the questionnaire based survey, when respondents were presented with the statement "We have a close relationship with branches of other banks and government institutions", 27.8% strongly agreed, 40.3% agreed and 16.7% somewhat agreed making a total of 84.8% who were in agreement with the statement. 11.1% were undecided and 3.5 were in disagreement with the statement. This can be construed as strong evidence of the Bank being heedful of its strategic partners and distributors and by extension be an indication of management engagement with the relational capital element of the organisation.

Research Objective 4: To investigate how the organisation replicates its intellectual capital strategies to retain long term competitiveness?

The findings show that the organisation to a large extent exhibits evidence of having structures that would in essence replicate intellectual capital strategies to retain long term competitiveness. Evidence from the questionnaire results shows that to a greater extent the organisation prides itself in making good employee hires with 72.9% of the questionnaire respondents in somewhat agreement that the competence levels of employees are at ideal levels and as captured from the in-depth interviews the organisation has support systems for employees with such structures as in-house training workshops with documented procedures and process descriptions which can still be used and improved by future employees coming into the organisation. The assertions by the CEO agglomerated from the in-depth interviews indicated that the organisation replicates its strategy for managing intangible assets to retain long term competitiveness by continually adapting to the changing market conditions, continually innovating and continually maintaining its strong brand. These assertions are in concurrence with the assertions by Mocciaro *et al.*, (2012:86) as presented in literature that organisations must acknowledge the need for continuous improvements of the different dimensions of IC if they seek to improve their competitive value. And the CEO assertions can be argued to be evidence of that acknowledgement of these continuous improvements.

In order to retain long term competitiveness through intellectual capital according to the Retail Banking manager, the organisation has started documenting new ideas from non managerial members of staff for escalation to the executive for future consideration. It was also mentioned that the organisation has since started incorporating representatives from the workers council into its strategic planning meetings so as to capture the varied perspectives from its human capital base. It is of paramount importance such steps be taken to replicate, store and improve intellectual capital strategies into the future not only because IC has been recognised as business wealth (Bornemann and Wiedenhofer, 2014:453) but because broad organisational knowledge that is unique to the firm provides broad organisational value that needs to be protected and improved.

Further inquiry into how the organisation replicates its IC strategies, the researcher derived certain themes from the managerial interviewees. These themes are presented and explained below.

Table 5. 4: Themes Established On How The Organisation Replicates IC Strategies.

Themes	Number of times cited in responses
Training School	8
Customer Service Charter	4
Investment in Information Systems and Technology	5
User Acceptance Testing	3
Organisational Methods Manager	3
Documentation of practices	3
Routine Staff Meetings	4
Audit reports	3

It has already been established that the savings bank does not have an intellectual capital management strategy and that matters of intellectual capital management are handled *ad hoc* without a configured strategy. Moraldi *et al.* (2013:125) stated that the management of intellectual capital in most organisations is performed *ad hoc* and out of expediency. Mention and Bontis (2013:290) further go on and state that models and frameworks for intellectual capital management are being developed with enthusiastic experimentation in the modern organisation, (sometimes unknowingly), in the developing world. Findings reflect that the bank has a “training school” which according to the CEO facilitates the conducting of training sessions. Respondent 5 confirmed that these training sessions were frequently organised for different sections and staff levels. This devotion to training can be construed as a way on which the organisation was replicating its ICM strategies to retain long term competitiveness. Mention and Bontis (2013:295) stipulated that firms should fortify themselves with the capacity for talent mobility with structures such as training programs and by being supportive of employees upgrading skill-sets.

User acceptance testing (UATs) also emerged as a subtheme in the findings. The CEO contended that all the product or service offerings were launched after having gone through the UATs and having operational procedure manuals being developed from these. Respondent 3 was also in confirmation of the Operational Methods manager being responsible for the processes of detecting bugs that might have been overseen in the improvements of systems. These methods and manuals are a way in which the organisation replicates and preserves its intellectual capital for future use or improvements. The Operations Methods manager was cited as responsible for the formal testing with respect to user needs, requirements, and business processes conducted to determine whether a system satisfies the acceptance criteria and to enable the user, customers or other authorised entity to determine whether or not to accept the system. This is the development capital of the organisation and is an integral part of the structural capital of the organisation. According to Hassett and Shapiro (2012) those matters and items are of renewal value to the organisation and are important in that they ensure the longevity of the organisation.

Research Question 5: What are the challenges faced by the financial institution with regards to measurement components of intellectual capital?

The first and foremost challenge faced by the financial institution with regards to the measurement of intellectual capital, from the study evidence is the absence of a universal and generally accepted standard for the quantification of intellectual capital. This impression is gathered from the managerial inferences from the interviews where the managers concede that intangible assets as a whole (in particular IC) are indeed an important factor with unadorned strategic relevance, however that fact of not being able to reliably quantify them in dollars, cents or whatever measure does pose a momentous strain on the measurement thereof. The internationally accepted and recognised standards on financial accounting and governance such as the Generally Accepted Accounting Principles (GAAP) and the Basel Accords on financial governance do not include intellectual capital measurement from a quantitative standpoint. Lerro, Linzalone and Schiuma (2014) observed that established entities confront such stringent obstacles and that intellectual capital management (ICM) as a valuable inculcation within both the corporate and academic spheres is still procedurally growing and evolving hence the marked difficulty in quantifying. This is particularly true for established firms in the context of developing economies and less so in the context of developed Western economies which already have in use models for the measurement of intellectual capital such as the Skandia Navigator Model, the EVA model amongst others as depicted in Chapter 2. These models are guided by the Meritum Guidelines which are endorsed by the European Union and subsequently their dominion in the African context is still somewhat nascent and emerging (Grimaldi and Hanandi, 2013, Guimon, 2003).

According to Secundo, Elena-Perez and Leitner (2015:8) “Despite the efforts dedicated to developing frameworks for intellectual capital management and disclosure, the attempts to make the ICU Report a reality show several shortcomings in the implementation processes, mainly related to the internal characteristics of the institutions, such as the definition of boundaries, profiles and levels of involvement of managers”. The observations by Petty and Guthrie (2000:165) and Ngwenya (2013) need mention. The authors concur that the plethora of theories, models and frameworks that have been advanced thus far in the comprehension of intellectual capital still warrant further investigation and intellectual capital researchers are still burdened with the task of convincing others on the usefulness and practicability of managing these intellectual capital assets. From the findings derived from the interview responses, the following themes were found as standing out in challenges faced by the financial institution with regards to measurement components of intellectual capital and these are presented in Table 5.5. that follows.

Table 5. 5: Themes derived in trying to establish challenges faced by the financial institution with regards to Intellectual Capital measurements.

Theme	Number of times cited in interviews
Changing business environment	3
Difficulty in measuring	3

From the interview findings the responses pointing out to the challenges in measuring intangibles derived those themes as presented above. According to Respondent 8 the savings bank deals with financial indicators and risk assessments and that the calculation of non-financial indicators can cause a challenge because the institution is not in the business of measuring such variables. This difficulty in measuring parameters resonates with the assertions by Bischoff *et al.*, (2013:22) that IC is indeed a growing area of managerial interest and needs quantification, therefore metrics are being engineered and applied by corporations the world over for better defining and quantifying these IC elements. This highlights that there is no universal or standard measure for the quantification of intellectual capital. The CEO further added another aspect that can be construed as a challenge in the quantification of intangible assets highlighting that intangibles were highly responsive to the macroeconomic environment and thus the value of these assets may change dramatically adding to the difficulty to measure at any point in time and that may pose as a challenge.

5.6. Conclusion

This chapter has sought to discuss the findings of this research study. The discussion offers the research findings in relation to the coeval literature as presented in Chapter 2. The discussion attempts to ascertain the extent to which a selected financial institution within the banking and financial services sector in Zimbabwe pursues the management of its intellectual capital. Chapter 6 that follows concludes the research report presenting an overall summary of the writing and propositions areas for future research.

CHAPTER 6
CONCLUSION AND RECOMMENDATIONS

6.1. INTRODUCTION

Overall, from inception, this study sought to undertake a practicable research endeavour that would enquire on the management of intellectual capital in the retaining of organisational competitive advantages. This was to be done through the collection and analysis of both primary and secondary data. In the growing knowledge economy, the value of intangible assets can no longer be ignored. The term “intangible assets” being a broadly umbrella term encapsulating several inherent variables necessitated this research to constrict its focus to be inclusive of only the intellectual capital elements of this broad term. As has been presented in Chapter 1, the research sought to determine the extent to which the strategic management of intellectual capital was being pursued as a source of competitive advantage within the participant institution in the banking and financial services sector in Zimbabwe. The study to a greater extent sought to convey the varying perspectives into the need for improved strategic thinking on matters surrounding the management of intellectual capital. The research captured the perceptions and managerial insights from within a financial services institution on the management of intellectual capital as a source of competitive advantage.

The research also captured the insights from the non-managerial members of staff from within the institution. This capturing of perspectives was from inception designed to best capture an exploratory perspective as opposed to a “cause and effect” viewpoint. The models and frameworks for measuring IC assets have been addressed in Chapter 2 and the challenges underscored. Following from “the resource based view” on strategy, the essence of strategy lies in being able to exploit the strategic capability of the firm by harnessing its resources and competences to give the organisation that competitive advantage and/or yield fresh opportunities.

In offering a conclusion to the research undertaking, its theoretical abstractions as offered in Chapter 2, its methodology as presented in Chapter 3 and its findings and discussions as presented in Chapter 4 and Chapter 5, it is important to give recommendations by first restating the research questions as they were presented in Chapter 1 and highlight were there may be room for improvements within the participant institution.

How does the institution under study define intellectual capital as a competitive strategy tool?

The institution does not have an express definition for the term *intellectual capital* and the management of intellectual capital is at best being performed with little or no planning. It was noted however from the findings that the organisation to a large extent positively perceives its intangible assets of value. It would hence be prudent if senior management would put into place express intellectual strategies to better manage their intangible assets.

Does this institution have a strategy for the management of its intellectual capital, if so, what is the nature of such strategy?

The in-depth interview findings and inferences illustrate the institution as not having a strategy for the management of its intellectual capital. As has been highlighted in literature, like in so many other business organisations, the management of intellectual capital is at best being conducted *ad hoc.* It would be recommended that the senior management put together a clear strategic framework for investing in intellectual capital and build on acquiring competitive advantage from their intangible assets.

To what extent is the bank management addressing the constructs of intellectual capital (namely human, structural and relational capital) as presented in the standard intellectual capital models in the management of their IC?

Bank management is largely addressing the constructs of intellectual capital as alluded in the intellectual capital models presented in Chapter 2. The general narrative reflects that there is low employee turnover and high satisfied employee index as evidenced by the proportion of satisfied employees from the questionnaire responses. The bank has a high leadership index (as evidenced by the proportion of managers with advanced degrees) and there is acknowledgement of human capital being addressed as key in the organisation's competitive strategy.

How does the organisation replicate its IC strategies to retain long term competitiveness?

The organisation replicates its IC strategies through good employee hires, the engagement in training programs for its employees and through the documentation of trends and work processes. This allows the organisation to retain long term competitiveness as it allows organisational learning. There is evidence of the banking institution placing importance on the external relationships that it has with such external stakeholders as investors, customers, creditors, suppliers among others. This to a large extent can be construed as evidence of the organisation seeking to retain long term competitiveness.

What are the challenges faced by the financial institution with regards to measurement components of intellectual capital?

One prevalent challenge faced by the financial institution with regards to the measurement components of intellectual capital is the lack of a standard unit of measurement for such. The other key challenge lies around the conceptual confusion over terms like ‘intellectual capital’, ‘knowledge management’ and these may tend to threaten many strategic initiatives around such. It would be commendable for the organisation to design its own intellectual capital metrics and knowledge management systems and allow the organisation to create its own distinct metrics for measurement of their intangible assets based on their perceived importance. That way since the organisation would have facilitated the measurement of its intangible assets, it would be better positioned to utilise these and further retain competitive advantages.

From the findings agglomerated in this research undertaking, it is a plausible conjecture to infer that intellectual capital may be appropriated by knowledge intensive institutions in fostering retained competitive advantages and that intellectual capital management is of paramount importance as a success strategy into the future. Managers will however need to be ready and willing to equip themselves with the understanding of the peripheral components of the intellectual capital within their organisations, and advance management practices that advocate for the “harvesting of knowledge”. Firer (2003:166) states that to begin the effective management of intellectual capital it is imperative for management to start by recognising that intangible assets are no less valuable than the tangible assets. The bottom line is that to a greater extent, intellectual capital management is an operable and plausible strategic management tool towards business excellence. The main challenge within the institution under study, as would be with most institutions would be the lacking knowledgeability of “intellectual capital” as a singular business concept of importance evidenced by the varying and somewhat inconsistent definitions presented by the respondents in the in-depth interviews.

6.2. SUMMARY OF STUDY

Chapter 1 of this writing introduced the topic under study, presenting the background and context of study acknowledging that the global discourse is gravitating towards a knowledge-based economy and that the management of intellectual capital can no longer be ignored as a serious and worthy subject of corporate and academic investigation. The research objectives and research questions were presented in clarifying the research problem the research sought to address.

Chapter 2 introduced intellectual capital from a holistic perspective, presenting a review of the academic literature on the subject matter, offering the theoretical abstractions that motivated the research undertaking. The origins of intellectual capital were discussed and the development of intellectual capital presented. The definitions of intellectual capital were advanced and the elements of intellectual capital highlighted. Chapter 2 also went on to present an understanding of strategies that organisations can adopt to leverage their intellectual capital and the importance thereof. The chapter also introduced the environment in which the research was set. The Zimbabwean banking and financial services sector was introduced presenting the competitive connotations and the inherent complexities that subsist within the sector. Secondary literatures from various sources were used to give details on this sector.

Chapter 3 sought to introduce the research paradigm and to deliberate on the research methodology, research strategy and the research philosophy. The research paradigm was presented as the constructive interpretivistic paradigm. A non-experimental research strategy was implemented in which there was no manipulation or influencing of existing systems or variables as the research was captured in its natural setting.

The findings of the research were presented in Chapter 4. The chapter presented the data collected from relevant documents, the interview data collected from the managerial participants, and the data collected from the questionnaire survey instruments.

Chapter 5 proceeded to proffer the analysis and discussion of findings. The discussions presented are of the findings as laid out in Chapter 4 and therein offered from the interpretive perspective of the researcher. The discussion explores the extent to which the participant institution in the banking and financial services sector in Zimbabwe pursues the strategic management of its intellectual capital in attempting to retain competitive advantages. The discussion further sought to establish and ascertain whether the participant organisation was engaging in the leveraging of its intellectual capital and its different constructs in order to retain competitive advantage.

6.3. STUDY LIMITATIONS

As mentioned in Chapter 1, this study, like any other, had inherent limitations. Study limitations are those factors which according to Simon and Goes (2013:67) fall outside the researchers' scope of control and may consequentially influence the results of study, the interpretation of findings and the overall quality of the research undertaking.

The foremost limitation of this study lies in the fact that due to the embryonic stage of the intellectual capital research as a valuable inculcation within in the modern academic sphere not much research has been conducted on the strategic management of intellectual capital (Adams, 2008:198), particularly in the context of a developing economy such as Zimbabwe's. The bulk of research scholarship that has been conducted on intellectual capital tends to be in the context of developed, industrially advanced economies; as such, the assembling of context dependent literature tended to be inclined to the authority as availed in mainstream literature, the bulk of which was advanced in the context of Occident and Scandinavian countries.

Upon adoption of the research undertaking, another inherent limitation identified by the researcher on the ground, was the reluctance by certain top managerial participants to obligate to participation due to their various reasons, ranging from their busy scheduling and obligations to various other commitments. That reticence, whilst beyond the scope of control of the researcher would tend to deny the research those additional managerial insights that would have helped deepen understanding and plausibly improved output quality of the research product.

Another noteworthy limitation identified was the disinclination by certain bank participants to participate due to various motivations, ranging from the perceived fear of requite from the institution should their responses be considered hostile. That non-response bias would be a plausible source of error as it denied further varied perspectives. It however needs mention that the researcher in trying to allay these fears informed all participants that whilst their participation was voluntary, their privacy and confidentiality were of utmost importance and would be upheld throughout, with respondents remaining anonymous in the research report and having to use pseudonyms as and when needed.

The self-reporting nature of the narrative analysis of the research findings might be a probable source of imprecision and a plausible limitation. The self reporting bias according to Donaldson and Grant-Vallone (2002:248) may often threaten the validity of research, hence whilst the researcher bias was sought to be minimised through the various schemes of triangulation, it needs acknowledgement that this can still be construed to be a plausible limitation to the study. The ontological limitation derives from the fact that in as much as the sources of researcher bias were sought to be categorically minimised and eliminated, the self-reporting nature of the research report quintessentially still represents the subjective reality of the researcher and the researcher's understanding of the perceived phenomena under study. This subjectivity would likely have material effects (positively or negatively) on the report's narrative and interpretive analysis. However, on the contrary, Takhar and Chitakunye (2012:913) are of the contention that such researcher self-reflexivity, within the context of interpretive research, can be important as a means of soliciting richer data, and the authors proceed to highlight that "informal self-reflexivity can contribute to data triangulation".

6.4. Recommendations for future research

Given the evidence presented in Chapter 2 and Chapter 4 of this report, it has been clarified that intellectual capital is a multidimensional conception, and this writing has dominated its focus on the human capital, structural capital and relational capital elements and how they can be strategically leveraged in order to proffer competitive advantages for the firm. Intellectual capital researchers still remain with the task of convincing others on the usefulness and meaningfulness of intangible assets and the interplay between the hard qualitative measures and the quantitative measures. As such, several questions remain more or less unexplored and deserving investigation, hence warranting the need to present recommendations for future possible research.

It is imperative for more research work to look into the assessment of such intangible assets such as work-related competences, brand names, customer relations and distribution structures. This will ensure organisations become less ambivalent of their intangibles, and as such, work towards the furtherance of maximising the returns emanating from their constituent intellectual assets. It is important to highlight the assertions presented by Adams (2008:198) that this area of study is still embryonic and still appears wide open to further inquisition.

As this writing was purposefully centred on the tripartite dimensions of the intellectual capital conception, it would be potentially interesting to engage in studies to investigate the confluence between the dimensions (human, structural capital and relational capital) and other organisational practices in the broader context.

There remains several issues in the intellectual capital phenomenon that still warrant further investigation. According to Petty and Guthrie (2000:168), thus far, only scant business research works has been conducted, numerous of which have made use of the case study or survey approach. The authors proceed to propose more enquiry that is experimental and analytical in nature is required so as to improve the scope and predictability of IC instruments as business tools.

In the crafting of this writing, several gaps and research opportunities were identified and the following research topics and problems were identified as perhaps needing further inquiry and research:

- How does the management intellectual capital affect organisational performance in a developing economy institution?
- How to Create a Recognition and Measurement Framework of Intellectual Capital within the Banking Sector.
- How to incorporate Intellectual Capital Management (ICM) and Knowledge Management (KM) in the tertiary business curriculum.

The study could be improved by conducting similar works on a sector-wide scale instead of restricting it to a single case study and investigate the management of intellectual capital therein checking for differences in the extent to which different institutions place on their intangible assets in the performance of their business practices.

6.5. Concluding remarks

On the basis of the various assertions by several authors as presented in Chapter 2 that the capabilities of an organisation to leverage its intellectual assets can help construe competitive advantages, this study recommends organisations to align their organisational strategies with their intellectual assets. A culture in which employees are engaged and well motivated will without doubt help retain competitive advantages. Albeit being conducted within a singular case study and with the boundaries created by undertaking the research on such, it would be important for more research works to be conducted in the broader context and help build models that will be helpful to both academic researchers and practitioners.

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APPENDIX A : COVER LETTER

15 October 2014

The CEO,

PERMISSION TO CONDUCT RESEARCH AS PART OF THE M.Com QUALIFICATION

It is a requirement of our M.Com qualification that the student completes a thesis based on research in a specific field of study. In this way students are given the opportunity to creatively link and discuss the theoretical aspects of the programme to the practical issues facing organisations in real life settings. Typically a thesis necessitates data gathering and the student is using questionnaires, and other methods.

I, **Kudzai Kehle**, have chosen to do a research project entitled**: "Strategic Intellectual Capital Management: Case study within the Banking and Financial Services Sector in Zimbabwe"**

Your assistance in permitting access to your organisation for purposes of this research is most appreciated. Please be assured that all information gained from the research will be treated with the utmost confidentiality. Furthermore, should you wish any result/s or findings from the research "to be restricted" for an agreed period of time, this can be arranged. The confidentiality of information and anonymity of personnel will be strictly adhered to by the student.

I am available at any stage to answer any queries and/or to discuss any aspect of this research project.

If permission is granted, please sign the attached form.

Thank you for your assistance in this regard.

Yours sincerely

Mr. Kudzai Emmanuel Kehle

Gatekeeper's Consent

Mrs Mate.
791134 Direct line.
dmate@posb.co.zw

The People's Own Savings Bank.

POSB

Cnr 3rd / Central Ave,
Box CY 1628 Causeway,
Harare.

Tel: +263 4 793 831-7
Fax: +263 4 708 537
Website: www.posb.co.zw

With Compliments

I ………………………………………………………………… in my capacity as

……………………………………………………………….hereby give permission to

Kudzai E. Kehle (Student No. 209539613) to conduct research in my organisation.

The student MAY/~~MAY NO~~T (delete whichever is not applicable) use the name of the organisation in the dissertation.

PEOPLE'S OWN SAVINGS BANK
HEADQUARTERS
07 NOV 2014
HARARE. ZIMBABWE

Signature of
Manager/Owner/Gatekeeper:……Mate……………………………………

Company Stamp:

Date: ……7/11/2014……

APPENDIX B: QUESTIONNAIRE

Section A: Questionnaire Items

Thank you for agreeing to be part of this survey. The following 40 items tap into Intellectual Capital. The purpose of this questionnaire is to help assess the strategic management of intellectual capital within the organisation. (Please indicate the most appropriate response by means of an X in the appropriate box [1 = Strongly Disagree, 7= Strongly agree] based on how you feel about the statement). Do respond as a representative of your organisation.

	Statements on Intellectual Capital Management	**Strongly disagree**	**Disagree**	**Somewhat disagree**	**Undecided**	**Somewhat agree**	**Agree**	**Strongly agree**
1.	A poll of our customers would indicate that they are generally satisfied with our organisation.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
2.	The competence levels of our employees as a whole are at the most ideal levels we could hope to achieve.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
3.	When an employee leaves the firm, we have a succession training program for his/her replacement.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
4.	We have greatly reduced the time it takes to resolve a customer's problem.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
5.	Our business planners are continually on schedule with new business development ideas. (i.e. we generally meet target dates)	**1**	**2**	**3**	**4**	**5**	**6**	**7**
6.	The ratio of the revenue earned per employee in the firm has been increasing over the past few years.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
7.	The firm gets the most out of its employees when they co-operate with each other in team tasks.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
8.	Our market share has been continually improving over the past few years.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
9.	Our market share is the highest in the industry.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
10.	Our organisation does not foster the development and maintenance of internal relationships among various groups.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
11.	The time it takes to complete one whole transaction has been decreasing over the past few years.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
12.	The time it takes to complete one whole transaction is the best in the industry.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
13.	Our organisation consistently comes up with great new ideas.	**1**	**2**	**3**	**4**	**5**	**6**	**7**

14.	We implement a large portion of our great new ideas.	1	2	3	4	5	6	7
15.	The longevity of the relationships we have with our customers is admired by others in the industry.	1	2	3	4	5	6	7
16.	Our organisation thrives on maintaining the most positive value-added service of any firm in the industry.	1	2	3	4	5	6	7
17.	The firm supports our employees by constantly upgrading their skills and education whenever each of them feels it is necessary.	1	2	3	4	5	6	7
18.	Our company supports the development of new ideas and products.	1	2	3	4	5	6	7
19.	Our company motivates its employees to perform at their best.	1	2	3	4	5	6	7
20.	The employees of our firm are considered creative and bright.	1	2	3	4	5	6	7
21.	Our customers are loyal to our company.	1	2	3	4	5	6	7
22.	Our organisational structure keeps employees from being too far removed from each other.	1	2	3	4	5	6	7
23.	Our organisation prides itself on being market-oriented.	1	2	3	4	5	6	7
24.	Our organisation prides itself on being efficient.	1	2	3	4	5	6	7
25.	We continually meet with customers to find out what they want from us.	1	2	3	4	5	6	7
26.	Data on customer feedback is disseminated throughout the organisation.	1	2	3	4	5	6	7
27.	Our employees are satisfied with our organisation.	1	2	3	4	5	6	7
28.	Our employees consistently perform at their best.	1	2	3	4	5	6	7
29.	The organisation has very strong information systems.	1	2	3	4	5	6	7
30.	The organisation has a very fair remuneration system	1	2	3	4	5	6	7
31.	The organisation has got sufficient numbers of personnel and technical infrastructure to achieve financial targets.	1	2	3	4	5	6	7
32.	The organisation invests sufficiently on the information systems.	1	2	3	4	5	6	7
33.	The feedbacks of the customers are absolutely evaluated.	1	2	3	4	5	6	7
34.	We have very close relationships with branches of the other banks and the governmental institutions.	1	2	3	4	5	6	7
35.	The name and the image of our institution are very important for the success in the sector and our personnel aware of this and treat in accordance with it.	1	2	3	4	5	6	7
36.	The organisation has an accommodative culture?	1	2	3	4	5	6	7
37.	Employees are excited to voice their opinions in group discussions.	1	2	3	4	5	6	7
38.	The organisation's culture and atmosphere is supportive and comfortable.	1	2	3	4	5	6	7

39.	We feel confident that our customers will continue to do business with us.	**1**	**2**	**3**	**4**	**5**	**6**	**7**
40.	Our employees generally give it their all which makes this firm different from the others in the industry.	**1**	**2**	**3**	**4**	**5**	**6**	**7**

SECTION B: Demographic Information **(For statistical purposes only)**

Please indicate the most appropriate response by means of an **X** in the appropriate box.

1. Gender

Male ☐

Female ☐

2. Age Group

< 20 years ☐

20-29 years ☐

30-39 years ☐

40-49 years ☐

50-59 years ☐

60-69 years ☐

> 70 years ☐

3. Race Group

White ☐

African ☐

Coloured ☐

Indian ☐

4. Highest Level of Education

GCE Ordinary Level ☐

GCE Advanced Level ☐

Tertiary Diploma ☐

Bachelor's Degree ☐

Master's Degree ☐

Doctoral Degree ☐

Other ☐

5. Number of years of employment in the current organisation

0—4 years ☐

5—9 years ☐

10—14 years ☐

15—19 years ☐

20—24 years ☐

Over 25 years ☐

APPENDIX C: INFORMED CONSENT DOCUMENT

UNIVERSITY OF KWAZULU-NATAL
School of Management, IT and Governance

Dear Respondent,

M Com Research Project

Researcher: Kudzai Emmanuel Kehle (+27835365397)

Supervisor: Mr. Nigel Chiweshe (+27332605355)

Co-Supervisor: Mrs. Evelyn Derera (+27332605781)

Research Office: Ms. P Ximba (+2731-2603587)

I, Kudzai Emmanuel Kehle am a Master of Commerce student in the School of Management, Information Technology and Governance at the University of KwaZulu-Natal in South Africa. You are invited to participate in a research project titled:

"Strategic Intellectual Capital Management: Case study in the Banking and Financial Services Sector in Zimbabwe"

The aim of this study is: To explore the extent to which the strategic management of intellectual capital is pursued within a participant organisation in the banking and financial services sector in Zimbabwe. Through your participation I hope to assess the strategic management of intellectual capital in the participating bank in the banking and financial services sector in Zimbabwe. The results of this study are intended to contribute to the understanding of the strategic management of intellectual capital as a source of sustained competitive advantage.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, Information Technology and Governance, UKZN.

If you have any questions or concerns about participating in this study, please contact me or my supervisors at the numbers listed above.

It should take you about 30 to 45 minutes/s to go through with the in-depth interview. I hope you will take the time to partake in the interview.

Sincerely

Investigator's signature___________________________________ Date_________________

UNIVERSITY OF KWAZULU-NATAL
School of Management, IT and Governance

Researcher: Kudzai Emmanuel Kehle (+27835365397)

Supervisor: Mr. Nigel Chiweshe ((+27332605355)

Co-Supervisor: Mrs. Evelyn Derera (+27332605781)

Research Office: Ms. P Ximba (+2731-2603587)

Please complete the section below:

I ………………………………………………………………. (Full names of participant) hereby confirm that I understand the contents of this document and nature of the research project and I consent to participating in the research project.
I understand that I am at liberty to withdraw from the project any time should I so desire.

Signature of Participant: ………………………………….……

Company Name: ……………………………….…………...

Date: ………………………..…………...

APPENDIX D: INTERVIEW GUIDE

INTERVIEW GUIDE INTENDED FOR: Bank Management.

Demographic Details:

Gender:...

Job Title:...

Highest Education Achieved:...

Number of years' experience within the organisation:.....................

Opening Statement to interview respondents.

Thank you for agreeing to participate in this study. I am appreciative of the opportunity to have you share your insights and time.

Intellectual Capital is usually described as the intangible value of a company, "*those things that you can't put a price on*" (Bontis, 2000), such as expertise, knowledge or the organisation's learning ability.

There are three (3) elements that are proposed as encompassing INTELLECTUAL CAPITAL and these are: i) Human Capital, ii) Structural Capital, and iii) Relational Capital.

(i)Human capital can be described as the firm's collective capability to extract the best solutions from the knowledge of its individuals.

(ii) Structural capital has been described as consisting of the supportive infrastructure, processes, and databases of the organisation that enable the Human capital to function.

(iii) Relational capital defined as all relationships established between firms, institutions and people or all stakeholder relationships.

Interview Questions:

1. How does your organisation define its intellectual capital?

2. What is the nature of the organisation's intellectual capital in terms of the following intellectual constructs:

i. Human Capital

ii. Structural Capital

iii. Relational Capital?

3. How does institution perceive intellectual capital as a competitive strategy tool?
4. How do you integrate the human activities of your workforce with your organisation's business strategy?
5. How has your human capital impacted on the positioning of your institution in its industry?
6. How do you take in innovations and new ideas from members of non-managerial staff? If at all.
7. How does your organisation make any efforts of maintaining the know-how and innovations of its employees?
8. How are organisational missions, visions and objectives communicated to the members of staff within the organisation?
9. How does your organisation document its business practices and internal processes, for the sake of use by future employees, if at all?
10. What compensation structures or mechanisms do you have for high fliers or high achieving members of staff, if any?
11. What structures does organisation have for reprimanding incompetent performers in its workforce?
12. How does the organisation promote learning, sharing and networking amongst its members of staff?
13. Are there any training and development programs conducted to improve members of staff?
14. How strict are the staff recruitment and selection procedures?
15. Would you say your organisation adequately invests in information systems and technology? If so, to what extent?
16. How much importance do you place on your brand and image to the general public?
17. How does your organisation replicate its strategies for managing intangible assets to retain long term competitiveness?
18. What challenges do you face in measuring intangible assets in your organisation?

19. How does the organisation manage its processes and routines to gain competitive advantages?
20. How does the organisation use its human capital to engage with stakeholders?
21. How does the organisation use its structural capital to engage with competitors?

Mrs Mate.
791134 Direct line
dmate@posb.co.zw

The People's Own Savings Bank.

POSB

Cnr 3rd / Central Ave,
Box CY 1628 Causeway,
Harare.

Tel: +263 4 793 831-7
Fax: +263 4 708 537
Website: www.posb.co.zw

With Compliments

I .... in my capacity as
....hereby give permission to
Kudzai E. Kehle (Student No. 209539613) to conduct research in my organisation.

The student MAY/~~MAY NOT~~ (delete whichever is not applicable) use the name of the organisation in the dissertation.

PEOPLE'S OWN SAVINGS BANK
HEADQUARTERS
07 NOV 2014
HARARE. ZIMBABWE

Signature of
Manager/Owner/Gatekeeper:......DMate......................................

Company Stamp:

Date: ....7/11/2014....

APPENDIX E: Ethical Clearance Approval Letter

UNIVERSITY OF KWAZULU-NATAL™

INYUVESI YAKWAZULU-NATALI

21 May 2015

Mr Kudzai Emmanuel Kehle (209539613)
School of Management, IT & Governance
Pietermaritzburg Campus

Dear Mr Kehle,

Protocol reference number: HSS/0512/015M
Project title: Strategic Intellectual Capital Management: Case study in the banking and financial services sector in Zimbabwe

Full Approval – Expedited Application

With regards to your application received on 18 May 2015. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and **FULL APPROVAL** for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

....

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Nigel Chiweshe and Mrs Evelyn Derera
Cc Academic Leader Research: Professor Brian McArthur
Cc School Administrator: Ms Debbie Cunynghame