CHAPTER 5:
DISCUSSION AND CONCLUSION

5.1 INTRODUCTION
5.2 DISCUSSION & SUGGESTIONS
5.3 CONCLUSION
5.4 LIMITATIONS
5.5 FUTURE RESEARCH
5.6 REFERENCES
5.1 INTRODUCTION

According to the modus operandi of the research, the researcher has to interpret the results obtained on the basis of analyses (given in Chapter -4) with alignment of objectives of the research study. The interpretation (or discussion) of the results refers to the explanation thereof with implications, reasons, problems, supportive or contradictory findings of the yester period researchers in the concerned area, and suggestions for improvement. Therefore, this Chapter is devoted to these aspects systematically.

5.2 DISCUSSION & SUGGESTIONS

RELATED TO OBJECTIVE- 1 and 2

Table No. 5.1: SUMMARY OF THE FINDINGS

<table>
<thead>
<tr>
<th>Constituents</th>
<th>Status/Identity</th>
<th>Descriptive Statistics</th>
<th>SEM Results</th>
<th>PC Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>HC1 Employee’s Understanding of Target Market</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>HC2 Consistent Best performance of Employees</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>HC3 Employees Competencies</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>HC4 Highly motivated, energetic and enthusiastic</td>
<td>New</td>
<td>Supported</td>
<td>Not Applied</td>
<td>Supported</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC5 Employee’s satisfaction</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>SC1 Self Sufficiency of all kind of Softwares and E Resources</td>
<td>New</td>
<td>Supported</td>
<td>Not Applied</td>
<td>Supported</td>
</tr>
<tr>
<td>SC2 Research and Development</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>SC3 Adaptability towards new ideas</td>
<td>New</td>
<td>Supported</td>
<td>Not Applied</td>
<td>Supported</td>
</tr>
<tr>
<td>SC4 Information system</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>SC5 Grievance Redressal Mechanism</td>
<td>New</td>
<td>Supported</td>
<td>Not Applied</td>
<td>Supported</td>
</tr>
<tr>
<td>SC6 Updated database</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>SC7 Structure imbided with proper coordination skill</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>SC8 Organization structure</td>
<td>New</td>
<td>Not Supported</td>
<td>Not Applied</td>
<td>Supported</td>
</tr>
<tr>
<td>RC1 Sound relationship with suppliers</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>RC2 Healthy relationship with partners</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>RC3 Sound relationship with customers</td>
<td>Literature Review Findings</td>
<td>Supported</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>RC4 Continuous interaction</td>
<td>New</td>
<td>Supported</td>
<td>Not Applied</td>
<td>Supported</td>
</tr>
</tbody>
</table>
It is well known truth that things cannot be managed unless they are measured, and for sound measurement, identification of constituents is required. With Intellectual Capital, all three aspects are strongly associated, i.e. identification, measurement, and management aspects. In this study, the researcher has worked upon the identification and measurement aspects of Intellectual capital. First, the attempt has been made to identify the aspects of Intellectual Capital. In the identification process, there are two things involved. The first is to evaluate the existing variables available in the previous researches (through literature review), and the second is to test the new variables or
constituents of Intellectual Capital. In this study, both these aspects have been studied. There are 22 variables which have been extracted from the literature review by reviewing approximately 80+ (evaluated through descriptive and SEM technique and found 19 as momentous as per Indian service sector) of studies.

After investigating the overall fit and loadings of the individual constituents or variables of the defined constructs with AMOS 18, 19 research hypotheses were tested as follows:

In case of Human Capital constituents, hypothesized that Employee’s capability of understanding Target Market (HC1), Consistent Best performance of Employees (HC2), Competencies of Employees (HC3) and Employee’s satisfaction (HC5) are constituent of Human Capital. According to the results, HC1, HC2, HC3 and HC5 all were found positively associated with Human Capital (Standardised coefficient is .84, .82, .18, and .58 respectively, Cronbach Alpha= .708, Composite Reliability = .851 and Convergent Validity = .62), reaching significance, and therefore H011, H012, H013 and H014 were supported. In case of Structural Capital constituents, hypothesized that Research and Development (SC2), Information System (SC4), Updated database of an organization (SC6) and Organisation is imbied with coordination (SC7) are constituents of Structural Capital. According to the results, SC2, SC4, SC6 and SC7 all were found positively associated with Structural Capital (Standardised coefficient is .73, .58, .59, and .60 respectively, Cronbach Alpha= .714, Composite Reliability = .835 and Convergent Validity = .56), reaching significance, and therefore H015, H016, H017 and H018 were supported. In case of Relational Capital, hypothesized that Sound relationship with suppliers (RC1), Healthy relationship with client/customer (RC2), Healthy relationship with alliances and partners (RC3), Customer’s confidence towards continue their association with organisation (RC6), Loyalty and goodwill among customer/client (RC7) and Image/market share (RC8) are constituents of Relational Capital. According to the results (after dropping RC8), RC1, RC2, RC3, RC6 and RC7 were found positively associated with Relational Capital (Standardised coefficient is .73, .86, .86, .60 and .55 respectively, Cronbach Alpha= .841, Composite Reliability = .905 and Convergent Validity = .66), reaching significance, and therefore H019, H020, H021, H022 and H023 were supported (H024 was not supported). In case of Organisational
Culture and Value System Capital, hypothesized that Provision of succession training programme for employees (OC1), Recognition to employee’s efforts by the organization (OC2), Upgrading skills and education of employees when they require (OC3), Comprehensive recruitment policy and dedication towards hiring the best candidate (OC4), Quality of service (OC5), Organisation’s preparedness towards employee’s attrition (OC8), Conducive atmosphere of organization (OC10) and Continually on schedule of an organization (OC11) are constituents of Organisational Culture and Value System Capital. According to results (after dropping OC1and OC8), OC2, OC3, OC4, OC5, OC10 and OC11 were found positively associated with Organisational Culture and Value System Capital (Standardised coefficient is .55, .69, .66, .54, .81 and .67 respectively, Cronbach Alpha= .813, Composite Reliability = .870 and Convergent Validity = .52), reaching significance, and therefore $H_0^{26}, H_0^{27}, H_0^{28}, H_0^{29}, H_0^{31}$ and $H_0^{32}$ were supported ($H_0^{25}$ and $H_0^{30}$ were not supported).

Human capital results mainly focus on employee’s understanding of target market, and consistent best performance of employees. These constituents are more important than the other competencies of employees. It is evident that the sources of human capital have been considered to employees understanding of target market, consistent best performance of employees, Employees satisfaction, but competencies are ranked low. If looked at causal relation of human capital, it depicts that if an employee is satisfied, it leads to proper concentration of work. It means that he does all efforts to get acquaintances with the target market, and that finally leads to consistent best performance. And it has been observed that Employees are generally satisfied when they are compensated fairly. In a study, Kontic and Cabrilo (2009) show that the employees are motivated exclusively by money (87.9%) and career movement (5.6%), and the quality of work (4.7%) has a low impact. Non-financial motivation is insignificant at (0.9%). This upshot goes in the line of the well proved metaphysics that money has significant impact on employees’ motivation and their work-related behavior in companies (Opsahl and Dunnette, 1996; Whyte, 1955). Another empirical study conducted on 1000 employees shows that most of the employees are concerned with money (Kovach, 1987).

Results of structural capital shows that (as per factor loadings) Research and Development, Information System, Updated database, and the structure capital
imbibed with proper coordination are more important constituents of structural capital. If the causal relationship of these constituents of structural variables are studied, it depicts that there is sound information system and updated database along with this most importantly organization structure and it should be imbibed with strong coordination system that will lead to research and development. Invention leads to more Intellectual Property Rights (Copyrights, patents, trademarks etc) and new services to the customer/clients and innovation leads to varieties of services which obviously lead to acquisition of new customers/clients and retention of existing customer/clients, and that will automatically boost up the sales.

Outcomes of analysis of Organizational culture and value system capital depict that Recognition to employees' efforts by the organization, Upgrading skills and education of employees when they require, Comprehensive recruitment policy and dedicated towards hiring the best candidate, Quality of service, Conducive atmosphere of organization, and Organizations continually on schedule are more significant constituents of Organizational culture and value system capital than the "Dissemination of Feedback from customer". That's why, in order to fit the model successfully, the researcher has dropped this constituent as given in the literature review. If the causal relationship of these constituents is scrutinised, it shows that an organization adopts a comprehensive recruitment policy (means all inclusive, leave no stone unturned in appraising a applicant at the time of recruitment), and, along with this, provides conducive and supportive environment to act and upgrade knowledge and skills of employees as and when they require results in increase in the quality of service production. In result, sales will go up, and organization pays attention to employee's effort and reward accordingly. It also leads to increase in quality of service. It is evident that feedback from customers doesn't make any difference when rest of the constituents act at their best. That's why; the collected data have not been very supportive to this constituent.

Results of Relational Capital show that Sound relationship with suppliers, Healthy relationship with alliances and partners, Healthy relationship with client/customer, Customer's confidence to continue their association with the organization, and Loyalty and goodwill among customer/client are the important constituents of relational capital in comparison to Continuous interaction with customer's/clients and
Care for customer’s/client’s need. It is evident that in Indian services sector as constituents of relational capital Sound relationship with suppliers, Healthy relationship with alliances and partners, Healthy relationship with client/customer, Customer’s confidence towards continue their association with the organization, and Loyalty and goodwill among customer/client are more functioning or important value drivers. If looked at the causal relationship among them, it shows that sound relationship with partners/alliances, suppliers, and customers will build a sound image in the market that lead to increase in customers/clients confidence to keep or maintain the association for long and increase the loyalty and goodwill among the customers. It is observed in relational capital that all constituents are interdependent. Data results show that organization care for customer’s needs and attention to the interaction programme specifically doesn’t make any difference.

The correlation (see Table No. 4.59) among the main constituents of Intellectual Capital, namely human capital, structural capital, organizational culture and value system capital, and relational capital, depicts that there is a degree of correlation among them, which indicates that all constituents are very much correlated as part of Intellectual Capital. At last, it is suggested that organizations in Indian services sector have to pay all the due attention to all the value drivers which have been empirically tested and proved to be significant as per Indian scenario.

Since all the studies belong to other countries, the variables for Intellectual Capital given in the previous researches were compatible with their business environment and not so compatible with Indian scenario. Hence, in order to overcome this drawback, the researcher through concept-mapping got 11 other variables for the Intellectual Capital (tested through descriptive as well as Principle Component Analysis and found that 10 constituents have momentous role in Indian service sector).

In nutshell, 30 variables have been found momentous as per Indian service sector. Let us discuss them one by one:

**Employee’s understanding for target market (HC1):** The researcher has extracted this from literature review and tested by using statistical measures, found to be very momentous as per Indian service sector because the mean value is 4.24 which is greater than 3 and very nearer to 5, loading is .84 which exceeds the threshold of .5
and Communality after extraction is .615 which is also greater than the .3. It is believed that employees, well-versed in the target market, always perform better than the employees who have no understanding about the target market. Even while hiring the personnel, the determination of whether the candidate has good knowledge about the market's prevailing environment or not becomes the paramount priority. Well-acquainted or accustomed personnel know which strategy is to be adopted. This will lead to greater efficiency and better supervision, control and motivation on the part of organisation. As said by Gandia, in a blog, “If you don’t know who your target market is -- if you don’t understand who your best prospects are (and I mean if you don’t know everything about them) -- you’ll waste a heck of a lot of blood, sweat and tears marketing to those who will never buy from you. Of course, you may be targeting several markets. But if you can’t properly identify all your audiences, you’ll end up chasing after the wrong crowd. You’ll waste your time promoting your products and services to someone who, to continue the analogy, would rather pick up an uninspiring, $15 cake at ‘Super Wal-Mart’. This is a powerful exercise. In fact, one of my clients recently doubled annual sales once they realized their best target market was one they never thought would be interested in their products”.

**Suggestion:** A particular product or service can’t be for everyone. Instead, organisation must reach specific customers and satisfy their particular needs. As a marketer, organisation must identify those customers and understand as precisely as possible what they want. The process of finding and studying potential customers for the product or service might be complex or expensive — but it is extremely important. In nutshell, it requires an organisation to find out everything about the customers, organisation intends to pursue. Once organisation has that information, there are better chances of capturing those customers. That will enlarge the market share of the business organization.

**Consistent Best performance of Employees (HC2):** The review as well as the statistical analyses (the mean value is 4.27 which is greater than 3 and very nearer to 5, loading is .82 which exceeds the threshold of .5 and Communality after extraction is .699 which is also greater than the .3) both have supported this constituent. Consistent best performance on the part of employees leads to best results which
automatically lead to high level of morale and motivation among employees. And high level of morale and motivation leads to high efficiency which means consistent best performance. Jhunjhunwala (2009) also affirms that the consistent best performance of the key variables will definitely lead the organizations to creating shareholders’ wealth.

**Suggestion:** In the prevailing dynamic and complex business environment of cut-throat and blood-thirsty competition, when everyone is running to reach the apex, no matter what they sacrifice for that, consistent best performance from employee’s side is badly needed in order to sustain in the market for long or to acquire and safeguard the market share. And to have consistent best performance from the employees’ side, organization has to sacrifice lots of monetary as well as real cost so that employees perform whole-heartedly and give their best performance consistently.

**Employee’s Competencies (HC3):** This variable too is supported by both—the review of literature as well as the statistical analyses (the mean value is 4.66 which is greater than 3 and very nearer to 5 and Communality after extraction is .697 which is also greater than the .3). Competencies include knowledge, skills, and abilities of employees. It is an organization’s combined human capability for solving business problems (Edvinsson and Malone, 1997; Seetharaman et al., 2004; Roos, et. al., 2005; A Dictionary of Business and Management, 2006). Another framework, developed by the DCTU (1999), delineated Intellectual Capital in a different way and said that “The People” element represents employee and managers’ competence, both individually and collectively. And when there is a highly competitive environment, it is imperative for an organization to have competent workforce. According to Halim (2010, p.63), human capital is “what a single employee brings into the value adding processes, consisting of four indicators, that is, professional competence, social competence, employee motivation, and leadership ability.”

**Suggestion:** In the age of highly competitive, dynamic, and complex working environment in order to sustain in the market or to increase the service life cycle, it is mandatory to have competent workforce which have not only the knowledge and skill to perform their task, but good reasoning, initiativeness etc. too in order to face and solve problems of prevailing environment strategically. And organizations too have to
pay all due attention in order to make the workforce competent by giving them training and orientation etc.

**Highly motivated, energetic, and enthusiastic employee (HC4):** This new constituent has been statistically supported by all the analyses (the mean value is 4.07 which is greater than 3 and very nearer to 5 and Communality after extraction is .748 which is also greater than the .3). It is generally believed that highly motivated employee works with great energy and enthusiasm in the organization. DCTU (1999), by delineating Intellectual Capital, has said that motivated employees are the great strength for the organisation.

**Suggestion:** It is believe that when an employee works with less energy, it leads to inefficiency and a great wastage of resources etc. Their dissatisfaction and demotivation have been generally considered its main reasons. Organisations have to give monetary as well as non-monetary motivations to the employees so that they can work with great energy and enthusiasm. A highly motivated and enthusiastic personnel requires cordial environment or organizational culture at workplace. Organisations need to provide a workplace where an employee feels enthusiastic, satisfied, and motivated, which helps an organisation to excel in the market.

**Employee Satisfaction (HC5):** This variable too has been supported by both the review of literature as well as statistical analyses (the mean value is 4.45 which is greater than 3 and very nearer to 5, loading is .58 which is greater than the threshold of .5 and Communality after extraction is .486 which is also greater than the .3). In support of this, Jhunjhunwala (2009) states that more the employee satisfaction and motivation, the better becomes their behaviour and attitude towards customers and work, leading to a higher customer satisfaction. This, in turn, will increase the reputation of the organisation and thereby increase the occupancy rate ultimately creating shareholder value. Brayfield and Crockett (1955) conducted a meta-analysis of nine studies and concluded that minimal or no relationship exists between job satisfaction and performance. Vroom (1964) gave a very contradictory statement regarding this through estimation that not more than 2 percent in output variance is explained by a worker's level of satisfaction. Locke (1970) argues that job satisfaction and dissatisfaction are properly conceived of as outcomes of action. Herzberg (1957)
presents an optimistic view by suggesting that there is a moderate and consistent relationship between employee satisfaction and his or her interest in work, pay, achievement, and recognition. Bontis and Fitz-enz (2002) also argue that employee satisfaction is an important antecedent to various human capital and knowledge management outcomes. In response to these viewpoints, Judge et al. (2001) re-examine the state of the literature relating to the link between job satisfaction and job performance by conducting a meta-analysis of 312 data sets with a combined sample size of over 54,000. They offer two major conclusions. First, they believe that there is a correlation between job satisfaction and job performance. Second, Judge et al. (2001) suggest that there exist a number of mediators and moderators that affect the job satisfaction-job performance relationship. With respect to mediators, these may be behavioral intentions, low performance as withdrawal, and positive mood. In terms of moderating variables, these may be personality or self-concept, autonomy, norms, moral obligation, cognitive accessibility, aggregation, and level of analysis. Employee capabilities reflect an individual’s perception of his or her own knowledge, skills, experience, network, abilities to achieve results, and room for potential growth.

**Suggestion:** In this case, it is suggested that proper efforts should be made in order to increase workforce satisfaction level to get best out of them. For this, job security, good working environment and culture, medical benefits etc. should be provided. Satisfaction not only in job context but in job content too, as propounded by Herzberg’s two factor theory of motivation.

**Self-sufficiency of all kinds of software and e-resources (SCI):** This new variable is well supported by all the analyses (the mean value is 4.12 which is greater than 3 and very nearer to 5 and Communality after extraction is .510 which is also greater than the .3). This variable plays significant role in enhancing business value because it reduces the wastage of time by providing instant solutions. In addition to this, exuberance of software makes the organisation self-sufficient by not remaining dependent upon others to perform their task which they can perform with the help of required software. Self-sufficiency also brings speed and responsiveness in action which leads to increase in the market value of the business.

**Suggestion:** Organisation should get all the required softwares or e-resources which they can afford. If they cannot buy, then they can take them on lease in order to
reduce the wastage of resources in an organization. It will also strengthen organisation’s management information system which will support organisation’s decision support system.

**Research & Development (SC2):** This variable has been supported by both the literature review as well as statistical analyses (the mean value is 4.29 which is greater than 3 and very nearer to 5, loading is .73 which exceeds the threshold of .7 and Communality after extraction is .585 which is also greater than the .3). The nature of human beings always requires changes which lead to inventions and innovation on the part of organisation. If an organisation doesn’t believe in R and D, it has to face certain bad consequences like declining demand of the product, decline in sales and profit. Hussi and Ahonen (2002), in support of R & D, say that the aim behind taking R & D at the earliest possible phase of production instead of later phase is to sustain in the market for long. Because of the tight competition, companies have to develop new innovations constantly. In nutshell, the role of R & D functions is very significant. He also states that “the network of the excellence” is tightly regulated. It is a necessity for a company to have competent personnel in order to be able to meet the challenges of tight regulations. The companies or the institutions have to build networks within, for example, universities and different research institutes. Because of tight regulation, the innovation per se is not sufficient. Sumita (2008) states that in the changing environment, what is necessary for a company to sustain its growth is the capability to create innovation which not only means technological progress but also includes renewal of business models. But there is one important aspect associated with this: the value is not realised unless the customers or business partners accept the new knowledge or wisdom even when the difference is created. This infers that if an organisation needs to sustain in the market for long or preserve its market share, it has to constantly made innovation. For this, R and D are important and very much required in the organisation. Due to the increased R&D activity, firms experience more uncertainty regarding the payoff of their investments (Kothari, Laguerre & Leone 2001). Because of the immediate expenses of these investments required by accounting standards, the balance sheet of R&D-intensive, high intangible firms will show less assets than those of firms investing in capital goods or real estate because intangible assets are usually not recorded.
**Suggestion:** These days of high competition, every organization seeks bigger share in the market and that comes from Research and Development in the form of up to date innovation and inventions. It is suggested that R & D activities should be increased in order to increase the service life cycle of the organisation in the market. R and D will give organization an edge over the other organizations in the form of differentiated product/services.

**Adaptability to new ideas (SC3):** This new constituent has also been very well supported by all the analyses (the mean value is 4.34 which is greater than 3 and very nearer to 5 and Communality after extraction is .533 which is also greater than the .3). If an organisation wants to keep pace with the changing scenario of market, it needs to be adaptive towards new ideas because human nature and wants always keep on changing. If organisation does not pay due consideration to this, it can’t stay for long in the market. Organizational learning represents the capability of the organization to acquire new competencies and knowledge with the purpose of responding to change dynamics and organization development (CIC, 2003). It is the ability of the company to manage and to mobilize its resources in a competitive response (Jashapara, 1993).

It is said that the components of the company fit to its environment through knowledge acquisition, information distribution, interpretation, and organizational memory (Huber, 1991). Organizational learning cannot be replaced or substituted by any other capability. It is necessary to improve efficiency levels in current activities and to be able to perform new activities as a response to the needs of the competitive environment, and to keep on the learning race of the industry. Organizational learning is not easy to transfer because it is developed gradually in the company, which is not a machine but a living organism that learns by means of the combination of tacit and explicit knowledge (Nonaka, 1991). Through this, he indicates that observation and emulation of technical competence by means of the socialization process are a key step in obtaining tacit knowledge, which constitutes an important isolation mechanism that avoids imitation and allows support for the competitive advantage. The ongoing exercise of learning favors flexibility and adaptation, and facilitates further learning too, through path dependence (Barney, 1991); absorptive capacity (Cohen and Levinthal, 1990; Lane and Lubatkin, 1998; Tsai, 2001) and knowledge accumulation (Dierickx and Cool, 1989). Therefore, this capability presents a wide (almost infinite)
life expectancy, longer than any individual learning skill, and it remains in the company even if some of its members leave.

**Suggestion:** It is generally observed that those who don’t keep pace with the changing need will not last for long in the market. So organization has to be adaptive towards new things or ideas and equally eager to implement them. New ideas or things can be a good developmental tool for organization. The organization’s adaptability to new ideas and thought helps in change management and crises management.

**Information System (SC4):** This too has been supported by both (the mean value is 4.57 which is greater than 3 and very nearer to 5, loading is .58 which greater than the threshold .5 and Communality after extraction is .730 which is also greater than the .3). In the information age of today, if an organization does not have right information at right time, it cannot be able in right decision making and planning.

**Suggestion** A sound information system provides quality information at right time which keeps the organisational proceedings and transactions unaffected. Hence, it is termed as a significant constituent of Organisational capital. Hussi and Ahonon (2002) state that the limited availability of information is definitely a problem for the business organisation, and basically for investor market as well, and leads to low market share. So, there should be a sound information system in an organization.

**Grievance Redressal Mechanism (SC5):** This new variable is well supported by statistical analyses (the mean value is 4.13 which is greater than 3 and very nearer to 5 and Communality after extraction is .495 which is also greater than the .3). Effective grievance redressal gives an opportunity to the organization to implement a set of specific measures to ensure good governance and accountability by improving the effectiveness of the project activities, increasing transparency and managing risks of fraud and corruption.

**Suggestion:** Every organization must evolve an effective mechanism for redressal of public grievances. No organization can claim to be accountable, responsible and citizen friendly unless it has established an efficient and effective grievance handling and redressal mechanism. In fact, the grievance redressal mechanism of an organization is the gauge to measure its efficiency and effectiveness as it provides
important feedback on the functions discharged by the organization. It helps the organization to deliver quality service to the public and other stakeholders in a transparent and accountable manner.

**Updated database (SC6):** This too has been supported by both (the mean value is 4.31 which is greater than 3 and very nearer to 5, loading is .59 which exceeds the threshold of .5 and Communality after extraction is .500 which is also greater than the .3). Updated database provides all latest information or soft capital which is required to compete or survive in the prevailing competitive environment with great complexities and uncertainties. And in knowledge-based organisation where all work depends upon the knowledge, it becomes mandatory to keep the database updated in order to harness the market opportunities. A good database system would bring rapid progress in the organization. The database can save operating costs for an organization / company to manage information. With a database of all the information, the organization can be well organized so that it can be accessible quickly and easily without spending much money. As said by Feri Dedi Supardi, “In the fast development of information technology, it's time to an organization or company whether small, medium and large scale use of information systems based on the database to help its operations. With a good database system of an organization it will be able to manage and monitor operational activities so that they can take quick and appropriate steps if a problem occurs. So a good database system would bring rapid progress in the organization or a company”

**Suggestion:** In this case, it is suggested that organization has to keep their database up to date in order to get rapid progress. Updated database helps organization in terms of quick decision making, planning, crises management, development administrative etc. So, it can be a great achiever for an organization.

**Structure is imbibed with proper coordination skill (SC7):** This variable too is supported by both (the mean value is 4.35 which is greater than 3 and very nearer to 5, loading is .60 which exceeds the threshold of .5 and Communality after extraction is .595 which is also greater than the .3). Coordination facilitates in avoiding conflict between individual and organizational goals. It brings about a harmony between the two types of goals by making individuals see how their jobs contribute to the common
goals of the organisation. Coordination avoids all splintering efforts that may destroy the unity of action. The very competitiveness of a business in turn depends on its ability to generate new knowledge and to apply the existing knowledge base to achieve profitable growth (Rajan & Zingales, 2001). Hence, it is also count as a significant and influential constituent of Intellectual capital. Cooperation and coordination among employees and between employees and management becomes more important because the production process is increasingly a function of team-based complementary work practices (Milgrom and Roberts, 1992).

**Suggestion:** For smooth running of organisational process, coordination is a must. So it is suggested through this study that organizational structure should be imbibed with an effective coordination system. Coordination is the backbone of an organizational system. All management functions like planning, organizing, staffing, directing, and controlling are based on the proper coordination system.

**Organisational structure (SC8):** This new variable hasn’t been supported by descriptive analysis as shown in Table 4.2, but very well supported by Principle Component Analysis (the mean value is 3.29 which is greater than 3 and very nearer to 5 and Communality after extraction is .666 which is also greater than the .3). Elliot (1992, p. 65) said that to support knowledge, organisations require the flexibility found not in structures of a hierarchical nature but in organic system. Herremans et. al. (2009) state that for Intellectual Capital management, the establishment of organic structure (which includes trust, participative decision making and creative renewal) environment is necessary.

**Suggestion:** Burns and Stalker (1961) suggest that organisational structure matters in order to achieve organizational target. Organisations have to adopt organic structures when operating in external environments of a dynamic nature, whereas organisations operating in stable environments can adopt mechanistic structures. So, organizational structure should be designed in a way that will blend organic and inorganic structures both, in order to attain target on time that obviously help in increasing intellectual capital. So organization structure is contingent upon prevailing market situation.
Sound Relationship with suppliers (RC1): This variable too is very well supported by review of literature as well statistical analyses too (the mean value is 4.12 which is greater than 3 and very nearer to 5, loading is .73 which exceeds the threshold of .5 and Communality after extraction is .665 which is also greater than the .3). As stated by Mottershead (2011) in a study that “One aspect of business that’s proven consistent no matter the economic environment are the benefits derived from building long-term supplier relationships. Think of your own personal life. When you have a problem, who do you turn to for help? In most cases it will be your family and close friends. Well, the same principals can be said for your B2B relationships. Like a close friend your supplier can be there to help and support you through whatever crisis you’re experiencing”. In friendship as in business, when you enter a new supplier relationship, the end goal should always be both long-term and mutually beneficial. Unfortunately, this step is often trumped by today’s prevailing mindset which is to say “if this supplier can’t produce what I’m looking for then I will find one that will”. And while, to some degree, this mind set is correct, it is a terribly inefficient process that only creates a negative image of how your company operates. Alternatively, by starting off the relationship with the intentions of creating loyalty and alignment, you’ll find it much easier to develop a reliable supplier. Through being dependable and trustworthy, your supplier will be more inclined to offer you better payment terms, priority manufacturing status, orders on consignment, discounts or rebates. Ultimately treating your suppliers with respect is the key to developing long-term mutually beneficial relationships. And most importantly, production process wouldn’t affect because of it.

Suggestion: It is suggested that organization should treat their supplier with respect and try to do all the efforts for making good rapport with them so that production process doesn’t suffer. The good relation with suppliers adds a good margin to our Intellectual Capital. Sound suppliers relations are useful in maintaining the short term capital requirement at satisfactory level.

Healthy Relationship with customers (RC2): This too has been very well supported by both (the mean value is 4.29 which is greater than 3 and very nearer to 5, loading is .86 which exceeds the threshold of .5 and Communality after extraction is .772 which
is also greater than the .3). Customer capital, an important component of Intellectual Capital, has been regarded as a major source of competitive advantage in the "knowledge economy" (Stewart, 1997; Edvinsson and Malone, 1997; Bontis et al., 1999). Customer capital is the value – the contribution to current and future revenues – that results from an organization’s relationship with the customers (Bontis, 1996; Duffy, 2000). Therefore, establishing a profitable lifetime relationship with customers has been the focus of smart twenty-first century organizations. To build profitable customer relationships, many companies have implemented a customer relationship management (CRM) mechanism in their management processes. Chang and Tseng (2005) find some unexpected relationships. Relationship equity has a positive effect on brand equity (b23 ¼ 1:01, t ¼ 21:32). This effect has not been empirically examined before. However, it is consistent with the branding literature. Aaker (1996) suggests that good CRM is indispensable for building strong brand equity. Another relation not hypothesized is between customer retention and customer add-on purchase (b56 ¼ 0:64, t ¼ 15:66). That is, the more a customer is willing to stay in the organization, the more likely he/she will purchase more of the current and new products of the firm.

**Suggestion:** Measuring Intellectual Capital isn’t the only aim; instead the main aim is to link it to the value creation and when it comes to value creation, the healthy relationship with customer is badly needed by providing them as per their expectation or even above expectation in order to enhance the Intellectual Capital of an organization. Hence, organization has to make all the hard efforts to create or add value to the customer by providing services above expectation in order to sustain in highly competitive environment.

**Healthy relationship with partners/alliances (RC3):** This constituent too is supported by both (the mean value is 4.34 which is greater than 3 and very nearer to 5, loading is .86 which exceeds the threshold of .5 and Communality after extraction is .761 which is also greater than the .3). And in an empirical study, Leliart (2003) states by recognising the fact that partnership, alliances and networks are increasing important factors of business in new economy. In support to this, he states that how Dell Computers made it big by leveraging on its suppliers such as Intel, HP etc. And
CISCO has built its entire business model around the Internet and heavily relies on outsourced service providers to fulfill its business cycles from ordering and manufacturing to delivering and billing. By applying PARETO ANALYSIS on the data collected, he found that relationship with partners and customer matters a lot to organisation.

Suggestion: It is suggested to the organizations to make good rapport with partners or alliances in order to attain undisturbed working environment and for leveraging Intellectual Capital. It also leads to fair competitive policies in the market.

**Continuous interaction with customer/client (RC4):** This new variable has been very well supported by statistical analyses (the mean value is 4.57 which is greater than 3 and very nearer to 5 and Communality after extraction is .541 which is also greater than the .3). “For companies looking to build strong relationships with customers, the greatest challenge and the greatest opportunity is the same: to create processes that help gather relevant information and quickly discover unrealized needs” (Ravi Dhar, 2011).

Suggestion: Organisations should have to create a process that interacts with customer strategically, to gather information and quickly discover unrealised needs. The workforce for this purpose should be very creative and competent in terms of reasoning, convincing power etc. It will also lead the customer/client to more satisfaction. Quick feedback on the services will increase the efficiency of theory.

**Care for customer/client need (RC5):** This new variable too is well supported by all the statistical analyses (the mean value is 4.13 which is greater than 3 and very nearer to 5 and Communality after extraction is .546 which is also greater than the .3). “The only way to sustain profitable growth is to make sure you know who your best customers are” says Chris Brahm, vice president of Bain & Company. In support of this, Sumita (2008) stated that due to change in modern economy the intangible knowledge and wisdom play a more important role than the tangibles; hence, companies need to be more conscious about the knowledge, wisdom and favour of their clients and to take customer-oriented approach, in order to be competitive in the knowledge economy.
Suggestion: Value creation is the only way to leverage Intellectual Capital, and that can be done only by paying all due attention to the customer by caring for their requirement and needs. So efforts should be made by the organization in this regard too.

Customer confidence to continue their association with the organization (RC6): This variable too is very well supported by both (the mean value is 4.31 which is greater than 3 and very nearer to 5, loading is .60 which exceeds the threshold of .5 and Communality after extraction is .609 which is also greater than the .3). Once it is rightly said by a great person, “People do business with people they trust”. Furthermore, people do business with people who are knowledgeable, efficient and will deliver what they promise. Nothing is harder to regain than lost trust.

Suggestion: It is suggested that customer must be treated fairly in service delivery process as well as quality of service. Along with this, effort should be made to reduce the number of complaints after service delivery in order to make long association with customer or client.

Loyalty and Goodwill among customers (RC7): This too has been very well supported by both (the mean value is 4.35 which is greater than 3 and very nearer to 5, loading is .55 which exceeds the threshold of .5 and Communality after extraction is .578 which is also greater than the .3). It is well said, “A good customer should not change his shop, nor does a good shop change its customers.” -- Chinese proverb

Acquiring new e-commerce customers is expensive and it takes a long time to recoup the investment. E-commerce sites that focus on acquiring new customers without working to retain existing customers are making a big mistake. According to a study last year from Bain & Company and Mindspring (now part of IBM), online apparel retailers don't break even on the average customers for 12 months, and online grocers don't break even on customers for 18 months. Table No. 20 shows that 84.5% of the total respondents agree that LGC (Loyalty and goodwill among customer/client) plays significant role in enhancing business value. “That's why loyal customers are so important to the bottom line. Repeat e-commerce buyers spend more money, generate larger transactions, refer more customers, and buy a broader range of products than one-time shoppers,” according to the Bain study.
**Suggestion:** Organisation has to make all the efforts in providing right service delivery at right time, with no defects in order to enjoy loyalty and goodwill among customers.

**Market share (RC8):** This constituent is not at all supported by any analyses but is given in the literature review that high market share leads to high Intellectual Capital. As cited in Gerpott et. al. (2008), Customer capital consists of market-related variables such as a firm’s current customer base, market share, customer satisfaction or brand strength.

**Suggestion:** Since data has not supported this variable, it is suggested to leverage market share in the market.

**Provision of succession training programme for employees (OC1):** This variable too is not supported by data.

**Suggestion:** Besides this variable being not compatible with data analyzed, efforts should be made by the organization for succession training programme in order to make the employees satisfied and competent. Because competent workforce is very much required in prevailing dynamic business environment.

**Recognition of employee’s effort (OC2):** This variable is supported by both (the mean value is 3.88 which is greater than 3, loading is .55 which exceeds the threshold of .5 and Communality after extraction is .3 which is also greater than the .3). Recognition of employee’s efforts is essential in enhancing business value because this kind of value system gives a sound base for motivation to the employees to work harder that leads to increase in the efficiency. Recognition also develops the sense of belongingness among the employees about the organisation and leads to increase in the level of satisfaction which increases the efficiency and effectiveness.

**Suggestion:** Organisation should also provide non-monetary motivation to the employee since job content also has the motivating force in terms of non monetary benefits. Recognition to their work will enhance their morale and motivation, which will be helpful in increasing efficiency.
Upgradation of skill and knowledge of employees (OC3): This variable too has been very well supported by both (the mean value is 4.26 which is greater than 3 and very nearer to 5, loading is .69 which exceeds the threshold of .5 and Communality after extraction is .528 which is also greater than the .3). Upgrading of knowledge helps employees to cope with the changing environment. In this information age or knowledge era, technology keeps on changing and to keep the pace with the changing environment, in order to fulfill the requirements of customers, there is a stern need of constant upgrading of the knowledge and skill of employees. In an increasingly competitive environment, it is vital that the pooled knowledge of all employees is effectively utilized to create maximum economic value. It is important for organizations not only to “procure” valuable human capital but also to create the conditions for their effective utilization. Thus, organizations that have the best-suited internal practices aimed at maximizing the use of such capital will gain the most economic rents (Goold and Campbell, 2002).

Suggestion: In order to face the changing need of customer or market, organisation needs to upgrade their employee’s skill to cope up with the changing market needs. So, proper training and technical session should be arranged in the organization. This will also boost up the morale and motivation of the employees as they feel confident about their work knowledge and will be more satisfied with organization.

Comprehensive recruitment policy (OC4): This too has been very well supported by both (the mean value is 4.34 which is greater than 3 and very nearer to 5, loading is .66 which exceeds the threshold of .5 and Communality after extraction is .556 which is also greater than the .3). It is always considered that comprehensive and all inclusive or extensive recruitment policy helps in selecting right person for the right job, which leads to greater productivity on part of human resources. Jhunjhunwla (2009) asserts that suitable selection, recruitment and training policies and procedures along with the right kind of work environment will provide the required kind of productive technical work force to deliver the services and the marketing personnel to acquire new customers. It is well said that Creative people have a rich body of domain-relevant knowledge and well developed skills; they find their work intrinsically motivating. There are also additional characteristics of a creative mind:
skill in recognizing differences and similarities and making connections, appreciation of and ability to write, draw or compose music.

**Suggestion:** Organisation should formulate their recruitment policy in a very comprehensive manner in order to get best workforce. Candidate should be evaluated in all aspect eg. Knowledge, skill, reasoning power, abstractness in thought, initiative etc.

**Quality of Service (OC5):** This too has been supported by both literature review as well as statistical analyses (the mean value is 4.47 which is greater than 3 and very nearer to 5, loading is .54 which exceeds the threshold of .5 and Communality after extraction is .598 which is also greater than the .3). In a study by Jhunjhunwala (2009), it has been said that high level of customer satisfaction depends upon the quality of service and timely delivery of the service without hampering. Sectors like education, hospitality, I.T. consultancy, banking, Insurance, customer retention is totally dependent upon quality of service which can be achieved by well designed operational process, well trained motivated workforce ensure efficiency of the process.

**Suggestion:** Due attention should be paid to quality of service in order create or add value to the customer. Cost should be reduced but not at the cost of quality of service, otherwise customer will substitute other.

**Foster development and maintenance of internal relations (OC6):** This new variable has not been supported by descriptive analysis but accepted by Principle Component Analysis (the mean value is 3.17 which is greater than 3 and Communality after extraction is .317 which is also greater than the .3). In reality, internal power relationship brings harmony and cooperation which results in increase in output. But some organisations believe in mechanistic organisational structure instead of organic.

**Suggestion:** Organisation does not believe in development of informal organisation structure along with the formal one. But in order to get higher efficiency, organic structure of internal informal relations should be given to the employees so that they can enjoy their work. It also helps in quick decision making because informal relation is a good and faster information source.
Feedback from customer/client is disseminated to all (OC7): This new variable has been supported by all the analyses (the mean value is 3.99 which is greater than 3 and Communality after extraction is .404 which is also greater than the .3).

Suggestion: This is also a great source of performance appraisal and how they (employees) score will definitely boost their morale. Feedback should be disseminated to all. Nothing should be concealed.

Organisational preparedness towards employees resigning job unwillingly (OC8):
This variable has not been supported by any of the analyses or data (mean value is 2.51 which less than 3). But Hom and Griffeth (1995) suggest that the turnover is not inherently negative while they agree that that turnover creates some cost and negative reactions. They believe that there are two types-- one of which may be good for employers. They state that functional turnover is beneficial for an organisation because poor performers are replaced by better performers. But as the data depicts that organisation is not well prepared for the employee’s attrition, it means that organisation thinks that this turnover or attrition is good. In another study, Marr (2008) states that a high level of staff turnover may mean that a firm is losing these important elements of Intellectual Capital. Deol (2009) says that to reduce its large staff numbers, SBI launched an exit option – a voluntary retirement scheme – in 2001. Under this option, which was exercised by almost 10 percent of its workforce, leaving employees would receive a lump-sum amount based on years of service rendered, current salary, and years of service remaining. The bank also experienced relatively higher levels of natural attrition, with employees being lured by higher salaries in the private sector. As a conscious strategy, fresh recruitment was capped at about 15 percent of the attrition. To further rationalize its workforce, the bank offered an early exit scheme to officers and clerical staff in September 2006.

Suggestion: It is to be suggested that employees should be treated fairly so that they do not resign from their job without intimating in advance. This may cost an organization a lot because it is not so easy to fill the place of a competent person.

Receptive towards employee's innovative ideas (OC9): This new variable has been very well supported by the data (the mean value is 3.39 which is greater than 3 Communality after extraction is .593 which is also greater than the .3). In relation to
this, Hussi and Ahonen (2002) say that openness and receptiveness in communication and maintaining employees' competencies allow smooth adaptation to change because “competence without boundaries” is essentially based on the innovation potential of highly competent personnel. In commercialisation process of innovations, the significance of patent is very high. Hence, it is counted as influential constituent of Organisational capital because only a moderate level of population is agreed in its favour. Herremans and Kline (2009) state that the management must foster creativity and innovative practices. Flexible and organic environment will ensure that the outcomes of employee’s creativeness circulate within the entire organisation. System should be established to ensure that the knowledge base of the organisation grows and is appropriate for creating wealth (Edvinsson and Malone, 1997; Stewart, 1997; and Sullivan, 1999).

**Suggestion:** Organisation should welcome ideas or suggestion of employees and try to recognize and reward them for this so that they get encouraged and always show sense of belongingness to the organization.

**Conducive atmosphere (OC10):** This too has been very well supported by both (the mean value is 4.31 which is greater than 3 and very nearer to 5, loading is .81 which exceeds the threshold of .5 and Communality after extraction is .663 which is also greater than the .3). Conducive or cordial environment in the organisation helps in performing task with ease and without any stress or tension that results in higher efficiency. Hussi and Ahonen (2002) say that “a strong organisational culture helps to maintain a high quality of customer services processer” and also state that characteristics of organisational culture is that the research and development functions are very autonomous, implying that R & D personnel have the greatest possible freedom to create new innovation. As the strategic biases are changing towards international market, the companies are tried to expand their competence to new markets both geographically and in the sense of new branches. In support of the above, Herremans and Kline (2009) say that organisational culture should foster creativity and innovative practices, rather than ensure compliance to policies and procedures. In another study, Marr (2008) states that Organizational culture is fundamental to achieving organizational goals. Organizational culture provides a common way of seeing things, sets the decision-making pattern, and establishes the
value system. Cultural resources include corporate culture, organizational values, and management philosophies. They provide employees with a shared framework to interpret events, a framework that encourages individuals to operate both autonomously and as a team to achieve the company's objectives. The theory mentioned by Flamholtz (2002) asserts that culture is regarded as "an area of essential organizational development, a strategic keystone for a successful company". From his point of view, Copeland (2001) expresses that the definition of culture of the company is a key step to the development of Intellectual Capital.

Suggestion: Conducive and favorable work culture and environment should be provided. This is an important job contextual factor which is important for employee motivation and satisfaction.

Continually on schedule (OC11): This variable is very well supported by data as well as literature review (the mean value is 4.30 which is greater than 3 and very nearer to 5, loading is .67 which exceeds the threshold of .5 and Communality after extraction is .546 which is also greater than the .3). And this quality plays a significant role in enhancing business value because schedule always helps in achieving target on stipulated time which enhances the goodwill of the organisation by providing new and innovative services on time.

Suggestion: Schedule always helps in value addition to the customers so that all the planning should be done well in advance about launching a new service or service delivery etc. Proper management of resources is badly needed to be on schedule. With the help of this variable, it should be managed properly.

Prevalence of fraternity values (OC12): This variable is not so supported by descriptive analysis but is supported by Principle component analysis (the mean value is 3.05 which is just greater and Communality after extraction is .586 which is also greater than the .3). It is believed that the prevalence of fraternity values is very much required in organisations to keep harmony and smooth operation. In support of this, Herremans et. al. (2009) state that the establishment of organic structure (which includes trust, participative decision making and creative renewal) environment for Intellectual Capital management is necessary.
**Suggestion:** Proper space or liberty should be provided to the employees in order to create organic structure of an organization. If one tends to bring down another, then organization can’t attain individual as well as organizational target on time.

After discussing individually all the constituents or variables, it is to be concluded that though OC1, OC8 and S8 are not as significant as per data collected and analysed, they can be great value enhancers in long term. About rest of thirty variables, it is to be suggested that organization should pay all the due consideration as well attention in order to leverage its Intellectual Capital.

**DISCUSSION & SUGGESTIONS RELATED TO OBJECTIVE -3**

In this empirical study, identification of variables has been done very extensively and the same have been grouped with the help of Principle Component Analysis with equamax rotation (Please see chapter 4.7). Generally, the literature has identified three sub-dimensions of Intellectual Capital: human capital, structural capital and customer capital. Karl-Erik Sveiby first proposed a classification for IC, dividing it into three broad areas of intangibles, like human capital, structural capital and customer capital. The classification that was most accepted and which was later modified and extended by replacing customer capital with relational capital has been given by Nick Bontis (1996). Classification of Intellectual Capital given by IFAC (1998) is as follows:

- **Human Capital** = Know-how, Education, Vocational qualification, Work-related knowledge, Occupational assessments, Work-related competencies, Entrepreneurial élan, innovativeness, proactive and reactive abilities, and changeability.
- **Organisational Capital (Structural Capital)** = Intellectual Property, Patents, Copyrights, Design rights, Trade secrets, Trademarks, Service marks.
- **Relational (Customer) Capital** = Brands, Customers, Customer loyalty, Company names, Backlog orders, Distribution channels, Business collaborations, Licensing agreements, Favourable contracts, Franchising agreements

In another categorisation, Leliaert et. al. (2003) defined four base classes of IC:

1. Human;
2. Customer; and
3. Structural capital; and
4. Strategic alliance (or partner) capital.
In several studies, customer capital and strategic alliance (or partner) capital is taken jointly as relational or relationships capital.

Sveiby (1997) divides Intellectual Capital in three parts: first, employees' competences; second, internal structure and third, external structure. The first is the ability of acting in a variety of situations to create tangible and intangible assets using their experience and education. Internal structure consists of patents, concepts, models and IT systems. The external structure includes relations with clients and suppliers. It includes brands, reputations and images. However, it can be concluded that most definitions decompose IC into three primary dimensions: human capital, structural capital, and relationship capital (Bontis, 1996, 1998; Bontis et. al., 2000; Edvinsson and Malone, 1997; Edvinsson and Sullivan, 1996; Roos et. al., 1997; Saint-Onge, 1996; Stewart, 1997; Sveiby, 1997).

In the present study, when SPSS was asked to extract limited number of factors (either 3 or 4), the amount of total variance of all those three or four factors were below 60% of the total variance of the scale. So, for the ascertainment of accurate number of factors or components of Intellectual Capital, factors having eigenvalue more than 1 and amount of the total variance of all factors having 60% of the scale are considered as the sound basis for the ascertainment of true number of factors. In Table No. 6, it has been displayed that there are 5 factors, whose eigenvalue is greater than 1. Along with this, the total amount of variance explained by these 5 factors is 58.073% (Cumulative Rotated Amount Variance was 58.073%), which fulfils both the conditions for determining the number of factors. By taking into account the results of both the approaches, the researcher concludes that 5 factors have been extracted from the present study which jointly have 58.073% of the total variance contained in the original data (see Table No. 4.67).

In this conceptualization as per factor extracted or identified using Principal Component Analysis, it has been noticed that the first factor consists of variables pertaining to organizational culture and value system capital, human capital, relational capital and structural capital. In the second factor, all variables are closely related to relational capital. In the third factor, except two variables named Employee satisfaction and Quality of service that belong to human and organizational culture and value system capital respectively, rest of the variables are closely associated with
structural capital. In the fourth factor, it is a blend of three different kinds of Intellectual Capital. As per A Dictionary of Business and Management (2006), "intellectual capital is a complex concept that includes human knowledge, information systems, brand names, and reputation." One popular definition is given by the equation: "intellectual capital = human capital + structural capital + relationship capital."

Here, human capital includes knowledge, competences, and the experience and expertise of staff; structural capital includes information systems and databases, and relationship (or customer) capital includes customer relationships, brands, and trademarks. IFAC (1998) gives the Classification of Intellectual Capital:

Human Capital = Know-how, Education, Vocational qualification, Work-related knowledge, Occupational assessments, Work-related competencies, Entrepreneurial élan, innovativeness, proactive and reactive abilities, and changeability.

Organizational Capital (Structural Capital) = Intellectual Property, Patents, Copyrights, Design rights, Trade secrets, Trademarks, and Service marks.

Relational (Customer) Capital = Brands, Customers, Customer loyalty, Company names, Backlog orders, Distribution channels, Business collaborations, Licensing agreements, Favorable contracts, and Franchising agreements

It is seen that in each conceptualization, authors have given specific name to each factor as per the variables or the ingredients in them. According to Edvinsson and Malone (1997), IC takes three basic forms: human capital, structural capital, and customer capital.

1. Human capital includes knowledge, skills, and abilities of employees. It is an organization's combined human capability for solving business problems.

2. Structural capital is everything in an organization that supports employees (human capital) in their work. It is the supportive infrastructure that enables human capital to function. Because of its diverse components, Edvinsson and Malone (1997) classified structural capital further into organizational process, innovation and intangible capital.
   - Organizational capital includes the organization philosophy and systems for leveraging the organization's capability.
   - Process capital includes the techniques, procedures, and programs that implement and enhance the delivery of goods and services.
- Innovation capital includes intellectual properties and intangible capital. Intellectual properties are protected by commercial rights, such as patents, copyrights and trademarks.

- Intangible capital is all of the other talents and theory by which an organization is run.

3. Customer capital is the strength and loyalty of customer relations. The relationship with customers is distinct from other relationships either within or outside an organization.

On the part of researcher, it is very intricate to name these factors besides second factor which consists of all variables concomitant to relational capital. Because in this study, the researcher has tested these variable using Principle Component Analysis and found that the variables in each specific factor as given in the previous conceptualizations, don’t lie in that particular factor. So, in this ambivalent situation, it becomes convoluted to assign specific names to these factors. That’s why; the researcher has not assigned any specific name to these factors as given in the literature as per the nature of the variables in the factor. Hence, the researcher, besides giving specific name to each factor, has assigned a name to this whole conceptualization as the “FIVE FACTOR METAPHYSICS OF INTELLECTUAL CAPITAL”.

DISCUSSION RELATED TO OBJECTIVE - 4

In the second aspect of this study, several models have been developed so far. But all of them have been developed as per the business environment of their respective countries and none of them can be applied to the Indian business sector and especially in service sector which is the area under the study. The model developed in this study (Please refer chapter 4.9 of this study) will be very helpful in Indian service sector because data have been collected from the same and all the variables constituting IC have been extensively studied as per Indian service sector.

5.3 CONCLUSION

Intellectual Capital is a phenomenon like information in its essence that cannot be seen but can be observed with its effects. Therefore, to count the elements of Intellectual Capital is not very easy. They are generally very intangible (abstract)
things like skill, innovativeness of the personnel and culture and philosophy of the company, the loyalty of the customers etc. The exploration of Intellectual Capital and, more generally, in management science is a dynamic process which is likely to conjure up new areas to explore. There is lots of ambiguity pertaining to conceptualisation or the definition of intellectual capital. In the present study, an attempt has been made to identify the constituents of Intellectual Capital or in other words to conceptualise the term Intellectual Capital in order to develop a comprehensive model for its measurement. Here, measuring Intellectual Capital was not the ultimate aim, rather to link IC with the value creation in order to generate more cash inflows or to magnify the gap between the market value and the book value of the firm. In this way, this study will facilitate in recognizing and realizing the Intellectual Capital components in a company. By knowing or recognizing the IC, the company can work to improve its value because in today’s business world, real value of a firm lies in IC instead of in financial and other kinds of capital. The result of this study will definitely help academicians and practitioners more readily understand the components of Intellectual Capital and provide insight into developing and increasing it within an organization.

5.4 LIMITATIONS

Since 11 new constituents have been added to the existing constituents of the previous model and have been tested too, this model is more comprehensive. Data have been collected from seven strata’s of the service sector. So this model will be applicable to those seven strata’s only. And while implementing it to those strata separately, proper attention should be paid to their momentous constituents (as interpreted in chapter 4.4). Only those constituents or right constituents should be paid due attention to which strata they belong.

Though all possible efforts have been made to identify all the constituents of Intellectual capital in Indian service sector, there may be possibility that some of the constituents may be left due to ignorance or not so approachable on the part of the researcher. The model developed in this study will take 8-10 months time to measure the Intellectual Capital of that respective organization.
5.5 FUTURE RESEARCH

After measurement, next step is to manage the Intellectual Capital so that future research can be possible on two aspects related to this study. One is the implementation of the model developed in this study (on which the researcher will soon start) and the second is the management aspect the Intellectual Capital of an organization on the basis of the measurement model. At last, as the researcher has already mentioned that there may be possibility that some of the variables have not been included in this study; future research will be possible on that too.
5.6 REFERENCES:


