

**IMPACT OF INTELLECTUAL CAPITAL ON COMPETITIVE ADVANTAGE OF
GUARANTY TRUST BANK, PLC IN ILORIN METROPOLIS, KWARA STATE,
NIGERIA**

OLOTA, Oluwayomi Omotayo

olotaoluwayomi@gmail.com

Department of Business Administration
Faculty of Management Sciences,
University of Ilorin;

AYOOLA, Olorunfemi Joseph

aolorunfemi@yahoo.com

Department of Business Administration,
Faculty of Management Sciences,
University of Ilorin;
&

BALOGUN Ebenezer Oluwadamilare

balobendar@gmail.com

Department of Business Administration
Faculty of Management Sciences,
University of Ilorin.

Abstract

All business organizations in Nigeria are known for relative competition between one another within the sectors or industries. Businesses are aiming high for success and future growth of their organization but have insufficient knowledge of intellectual capital. Hence, this study investigated the impact of intellectual capital management on organizational competitive advantage in Guaranty Trust Bank, PLC, Ilorin metropolis, Kwara state, Nigeria. A descriptive research design was put in place for the study. Simple random sampling was employed with a sample size of 138 determined through Taro Yamane. 118 were fully completed questionnaire were retrieved and used for this study. Hypothesis were tested through Structural equation modelling (SEM) using SmartPLS 3.0. The findings of the study revealed that human capital, structural capital and relational capital all have significant effect on innovation, service quality and efficiency respectively with R^2 values of 58%, 67% and 62% respectively. The study concluded that intellectual capital has positive effect on organizational competitive advantage. It therefore recommended among others that to enhance performance level, GTB should take advantage of human capital it possess to improve on its level of innovativeness.

Keywords: Intellectual capital, Human capital, Structural capital, Relational capital, Organisational competitive advantage.

1.0 Introduction

In previous years, research on intellectual capital (IC) and its quantification was limited to industrialised countries. Organisations operate in an era of rapid change, knowledge accumulation, expansion of communication channels, and information access. These advancements and modifications in the environment have resulted in a gradual

shift from tangible resources to intangible resources, represented in human elements because they are responsible for all of the activities and functions of the institution, which is the responsibility of the success and survival of the organisation; thus, finding the interest in human elements, particularly in intellectual resources represented in

intellectual capital as one of the most valuable asset.

Many organisations have realised that their true value is not reflected in tangible capital, but in intellectual capital. Human capital, structural capital, and relational capital were all components of intellectual capital. Human capital refers to idea capital (the manpower, employee abilities, and attitude of the knowledge base) and leadership capital (the characteristics of experts and managers); structural capital refers to innovation capital (patents, trademarks, copyrights, knowledge database) and procedure capital (working procedures, trade secrets); relational capital refers to customer relations, supplier relationships, and network membership relationships (Mahmood, Baratali & Somayeh 2012).

Competitive advantage comes when a company obtains or develops an attribute or set of attributes that enables it to outperform its rivals. These characteristics may include availability to natural resources, such as high-grade ores or low-cost power, or access to highly trained and competent human resources. Competitive advantage is the ability to keep ahead of current or potential competitors; consequently, superior performance achieved through competitive advantage ensures market supremacy. Competitive advantage is built around three traits. To begin, competitive advantage must be able to create consumer value. Second, the customer must understand the improved value of the product or service. The customer's perception of the product's superiority is more significant than whether it actually superior to the competitors. Third, for competitive advantage to be effective, it must be difficult for competitors to replicate (Barney, 2007).

All Nigerian business organisations are noted for their respective competitiveness within sectors or industries. Businesses strive for success and future expansion, but lack knowledge of intellectual capital. Every organisation wants to have a higher market share and a competitive advantage over its competitors, but they are unaware of the relevance of intellectual capital in gaining this

advantage. The Nigerian banking sector concentrated most of its effort on how to apply regulations and directions pertaining to physical assets.

One of the issues with intellectual capital is identifying its organisation. The unambiguous identification of intellectual capital components and elements will formalise techniques for economic appraisal and simplify the management process. This study conducted extensive research on each of these issues, examining particular components of intellectual capital with a focus on a specific firm, industry, and sector of the economy. The purpose of this research is to look into the impact of intellectual capital on competitive advantage in Guaranty Trust Bank, Ilorin metropolitan.

Research Objectives

This study aimed to examine the impact of intellectual capital management on organizational competitive advantage in Guaranty Trust Bank, PLC. The specific objectives are to:

- i. Measure the effect of human capital on GTB Innovation in Ilorin metropolis.
- ii. Assess the effect of structural capital on service quality delivery of GTB in Ilorin metropolis.
- iii. Determine the effect of relational capital on efficiency of GTB in Ilorin metropolis.

Research Hypotheses

Ho1: Human capital has no significant impact on GTB Innovation in Ilorin metropolis.

Ho2: Structural capital has no significant impact on service quality delivery of GTB in Ilorin metropolis.

Ho3: Relational capital has no significant impact on efficiency of GTB in Ilorin metropolis.

2.0 Literature Review

2.1.1 Concept of Intellectual Capital

Schneider and Samkin (2007) define intellectual capital as the economic value of a corporation's two groups of intangible assets: structural capital and human capital. Structural capital is divided into internal and external

capital." Intellectual capital is defined as the worth of a company's intangible assets that are not reflected on its balance sheet.

Lee (2010) defines intellectual capital as "the resource that comes from the knowledge, experience, and transferable competencies of its staff, the organization's ability to innovate and manage change, its infrastructure, and relationships between stakeholders and partners." According to Bozbura and Beskese (2007), intellectual capital includes assets such as employee knowledge and expertise, customer trust in the company and its products, brands, franchises, information systems, administrative procedures, patents, trademarks, and the efficiency of company business processes. Kim, Yoo, and Lee (2010) define intellectual capital as intellectual resources that have been formalised, captured, and used to create assets with higher value.

Baker (2008) defined intellectual capital as knowledge that can be translated into earnings. Intellectual capital can also play an important role in generating value, ensuring profitability, and good performance in an organisation (Popescu, 2019). For the purposes of this study, intellectual capital is defined as intangible and nonmonetary assets with physical presences that have future value to the organisation.

2.1.2 Components of Intellectual Capital **Human Capital**

Human capital is characterised as the workforce's knowledge, skills, experience, intuition, and attitudes. Ricceri (2008) defines human capital as "the knowledge that employees take with them when they leave the firm, including people's knowledge, skills, experiences, and abilities." Examples include innovation capacity, creativity, knowledge and experience, teamwork capacity, satisfaction, learning capacity, formal training, education, and so forth. Indeed, human capital is critical to the survival and development of all organisations (Meca & Martinez, 2007; Gavius & Russ, 2009; Luo, Koput, & Powell, 2009).

Structural Capital

Structural capital refers to the firm's organisational capacities for meeting market demands. Otherwise referred to as organisational capital. It refers to the organization's routines and procedures that help personnel achieve peak intellectual performance and, as a result, overall business success. According to Ramezan (2011), organisational capital is the combination of explicit and implicit, formal and informal knowledge that is used to structure and develop the firm's organisational activity in an effective and efficient manner. This includes culture implicit and informal knowledge, structure explicit and formal knowledge, and organisational learning implicit and explicit, formal and informal renewal knowledge processes.

Relational Capital

Relational capital is often referred to as client or external capital. Customer happiness and loyalty, image and branding, and direct distribution methods all contribute to customer capital. Relational capital refers to an organization's colleagues' relationships or networks, as well as their pleasure and commitment to the company (Nima, 2018).

Competitive Advantage

The competitive advantage is a critical strategic aspect that allows the organisation to maintain ongoing profitability in comparison to its competitors (Nima, 2018). In general, it is the process of discovering or developing a system that has a distinct and superior advantage over competitors, and that the idea focuses on providing value that is efficiently delivered to the client (Heizer and Render, 2008).

Competitive advantage can be defined as an organization's capacity to gain a set of qualities and elements that allow it to advance and outperform other organisations in the same area. As a result, it symbolises the organization's distinct advantage over competitors (Nima, 2019).

Determinants of Competitive Advantage

Competitive advantage is determined by two important dimensions, competitive advantage size and scope of competition (Nabil, 2016):

Competitive Advantage Size

The organization's ability to preserve its competitive advantage in the face of competition is critical to its continued success. When the extent of this advantage grows, competitive institutions will struggle to replicate or eliminate it (Hill & Jones, 2010).

The Scope of Competition or Target Market

The scope of the competition includes four dimensions:

- i. Market Segment: It represents the diversity of the institution's outputs and the diversity of the consumers served, with the choice of focusing on a single sector of the market or serving the entire market (Nabil, 2016).
- ii. Vertical Scope: It is the degree to which the institution carries out its functions internally or externally, depending on the source of supply (Hill & Jones, 2010).
- iii. Geographical Scope: The number of geographical locations or nations in which the institution competes; this scope enables organisations to gain a competitive edge by providing a consistent quality of activities and services across several geographic areas. (Barney 2011; Hill & Jones 2010).
- iv. The Scope of Industry: It demonstrates the interdependence of the industries in which the institution operates. The connections between distinct operations across sectors give chances for many competitive advantages while using the same qualifications or technologies. (Nabil, 2016).

The Relationship between Intellectual Capital and Competitive Advantage

Many studies have tried to connect intellectual capital with competitive advantage in terms of norms and outcomes. Stewart (2010) emphasised that intellectual resources are the institution's most essential resources, and that investing in mental capacity, as well as promoting and effectively managing

intellectual capacity, results in intellectual performance. All of these can lead to competitive excellence by transforming the abandoned value available in the minds of the institution's personnel, as well as customer loyalty, processes, and collective knowledge.

2.2 Theoretical Review

2.2.1 The Knowledge-based Theory

Knowledge is an organisational powerhouse because it generates ideas and works at the grassroots level to improve financial performance. The firm's knowledge-based perspective distinguishes four dimensions of skill sets: employee knowledge and skills, technical systems, management systems, and values and norms associated with various types of personalised and embedded knowledge, as well as knowledge creation and control processes (Nima, 2018).

The researcher used knowledge-based theory to conduct this investigation. Ramezan (2011) demonstrated that knowledge is the foundation of intellectual capital, the basic manifesto of intellectual capital theory, which is founded on the notion and thinking that intangible assets have emerged as the most crucial resources for organisations to acquire competitive advantage. A large body of literature emphasised that intellectual capital is founded on information that can be leveraged to increase profits and generate value in products and services.

2.3 Empirical Review

Alnachef, Shahid, and Anas (2017) conducted research on the "Impact of Intellectual Capital Elements on Competitive Advantage in Syrian Pharmaceutical Companies" in Syria. The findings of a survey of 306 respondents from 47 Syrian pharmaceutical companies revealed a significant positive link between human capital, structural and relational capital, and competitive advantage.

Dumay (2016) conducted a study titled "the impact of intellectual capital on financial performance of state banks in Iran." The study included eight Iranian state banks as a sample. The findings indicate that efficient

utilisation of intellectual capital has a favourable impact on the financial performance of Iranian state banks.

Ismail (2010) conducted a study titled "The Impact of Intellectual Capital on the Performance of Telkom Malaysia." To collect data, a questionnaire was issued to 400 individuals at various administrative levels, from administrative to assistant general manager, from 14 public administrations in Malaysia. The study concluded that the independent and dependent variables have a favourable connection.

A study by Habayneh (2007) titled "The role of intellectual capital in enhancing the competitive advantage of the institution: a comparative study between Algeria Telecom (AT) and Orascom Telecom Algeria (OTA)." To collect data, 149 questionnaires were delivered to the two companies. The study stated that intellectual capital is crucial in obtaining the institution's competitive advantage by investing mental ability and striving to effectively promote and manage intellectual performance leading to competitive excellence.

3.0 Methodology

The study used a survey research methodology that included descriptive and inferential statistical methodologies. This survey included personnel from Guaranty Trust Bank PLC in Ilorin, Kwara state. According to their human resource department in 2022, the total number of employees in all five GTB branches in Ilorin metropolitan was 220, which served as the study's population. This company was chosen because GTBank has the most customers, competent employees, and a structure that supports employees' pursuits of optimal intellectual performance, which will provide insight into the knowledge of issues affecting intellectual capital management (Human Resource Department, 2022).

This investigation used a simple random sample approach. Because each item in the population has an equal chance of being selected for the sample, this method falls under the category of probability sampling

techniques. Utilising Taro Yamane's (1967) formula for determining sample size, 138 was the resultant sample size.

Using a questionnaire as the major data collection method allowed for the acquisition of first-hand evidence and unprocessed data for this research. A and B were the two components that made up the questionnaire. While Section B included pertinent study questions, Section A included the respondents' demographic and socioeconomic details. Five-point Likert scales were used in the questionnaire's construction. To what degree an instrument measures what is expected of it accurately is known as its validity. The instrument's content and face validity were both used for this investigation. We employed the Cronbach's alpha method to assess the study's dependability. The acquired data was subjected to statistical analysis utilising the Structural Equation Model (SEM) version 25.0.

Model Specification

Hypothesis One

Ho1: Human capital does not have significant effect on Innovation

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \mu$$

Where; Y = Innovation; X1= Creativity; X2= Competency; X3= Commitment; μ : Error term; β_0 is the constant; β_1 , β_2 & β_3 are the coefficients of the parameter estimate

Hypothesis Two

Ho2: Structural capital does not have any significant influence on Service quality

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \mu$$

Where; Y = Service quality; X1 = System; X2 = Strategy; X3= Culture; μ : Error term; β_0 is the constant; β_1 , β_2 & β_3 are the coefficients of the parameter estimate

Hypothesis Three

Ho3: Relational capital does not have any significant impact on efficiency

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \mu$$

Where; Y = Efficiency; X1= Brand loyalty; X2= Relationship with customers; X3= Relationship with employees; μ : Error term;

β_0 is the constant; β_1 , β_2 & β_3 are the coefficients of the parameter estimate.

4.0 Results and Discussion of Findings Measurement Model

The measurement model was assessed in four steps: individual item reliability, construct reliability, convergent validity, and discriminant validity (Henseler, Hubona, & Ray, 2016). We started by assessing the individual item reliability of the measurement model. Field (2013) states that if the measurement model has four or more loadings greater than 0.60, regardless of the sample size, then it is considered to be reliable. All standardized loadings exceeded the threshold >0.60. The reliability of individual items is overall acceptable.

The measures of construct reliability and convergent validity represent measures of internal consistency. First, construct reliability proves whether the items genuinely measure the constructs (Pittino, Visintin, & Lauto, 2017). For constructs to be reliable, the construct reliabilities (CRs) of all constructs should be >.70 (Sarstedt, Ringle, Smith, Reams, & Hair, 2014). Second, to assess convergent validity, the constructs' average variance extracted (AVE) should be calculated, and AVE values should be >.50 for the construct to be convergently valid. These conditions were also satisfied for each construct in terms of construct reliability, and convergent validity. This is depicted in table 1 below.

Table 4.1 Construct Reliability and Convergent Validity

Constructs	Cronbachs Alpha	Composite Reliability	AVE	R Square	R Square Adjusted
Human capital	0.969	0.980	0.941		
Service quality	0.982	0.988	0.966	0.665	0.662
Relational capital	0.957	0.972	0.921		
Innovation	0.978	0.986	0.958	0.577	0.573
Efficiency	0.984	0.990	0.969	0.616	0.612
Competitive advantage	1.000	1.000	1.000	0.972	0.971
Structural capital	0.959	0.973	0.924		

Source: Smart PLS 3 Output (2022)

From table 4.3.1 above, as per the result delivered by the researcher using Partial Least Square (PLS) Algorithm and Bootstrapping the data were collected from 118 respondents were clearly tabulated with the total variance in order to identify the constructs T statistics and R Square results. After applying bootstrapping, the researcher acknowledged that 25 variables were analyzed which consist of 18 indicators and 7 latent variables. All factors were highly validated for the study.

From table one above, the result of the PLS algorithm revealed that the old Cronbach alpha reliability method indicated a minimum Cronbach alpha value of 0.957 and maximum Cronbach alpha value of 0.984 for the indicators used in the structural equation

model measured. This shows that the indicators used in this study are entirely reliable and will keep producing the same result when used again to measure the latent variables since all the values are above the standard value of 0.70. Also, the modern reliability test composite reliability shows a minimum value of 0.972 and a maximum value of 0.990 in the model. This further strengthen and support the reliability of the constructs. The average variance extracted (AVE) which show the validity of the indicators also shows a minimum value of 0.921 and a maximum value of 0.969. This implies that the constructs of this study are all convergently and divergently valid for this study and proves the validity of the instrument

used since the values are above the minimum required standard of 0.50.

The table also reveals the R^2 and (adjusted R^2) which indicate the coefficient of determination and its adjustment against error effect. The table revealed that competitive advantage variables which are innovation, service quality, and efficiency are predicted by intellectual capital variables up to 0.577 (0.573), 0.665 (0.662) and 0.616 (0.612) respectively, which means that human capital predicts up to 57.7% (57.3%) of the variations in innovation, structural capital predicts up to 66.5% (66.2%) of the variations in the service

quality and relational capital predicts up to 61.6% (61.2%) of the variation in efficiency of Gtb in Ilorin, Kwara state, Nigeria while other factors not considered in this study are responsible for the remaining 42.3%, 33.5% and 38.4% respectively. This implies that the variables of intellectual capitals are significant predictors responsible for variations in the variables of competitive advantage. This implies that competitive advantage is significantly influenced by the combine and individual effect of intellectual capitals variables.

4.1 Structural Model

Table 4.2 Path Analysis

Constructs	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)	P Values
Efficiency ->Competitive advantage	0.686	0.665	0.131	5.237	0.000
Human capital ->Innovation	0.760	0.759	0.030	25.720	0.000
Innovation ->Competitive advantage	1.279	1.305	0.187	6.843	0.000
Relational capital->Efficiency	0.785	0.785	0.035	22.588	0.000
Service quality->Competitive advantage	-0.997	-1.001	0.132	7.532	0.000
Structural capital ->Service quality	0.816	0.813	0.031	25.913	0.000

Source: Smart PLS 3 Output (2022)

Structural Model and Hypotheses Tests

Table 4.4.1 above show the path analysis of the constructs of the study. The results of the SEM bootstrap analysis procedure revealed a good overall fit of the data to the proposed model. Based on the bootstrapping result above, by examining the path analysis of the effect of human capital on innovation, it can be observed that innovation was significantly influenced by Human capital ($\beta = 0.760$, $t = 25.720 > 1.96$ @ 5% sig. level, $p = .000 < 0.05$). Thus, Hypothesis one was supported by rejecting the null hypothesis and accept the alternative hypothesis which states that “there is significant effect of human capital on innovation”. The R^2 at 0.577 indicates that, human capital explains a proportion of approximately 57.7% of the

variance in the levels of innovation. This implies that the path is valid, thus, human capital significantly affects innovation.

Also, by examining the path analysis of the effect of structural capital on service quality, service quality was significantly influenced by structural capital ($\beta = .816$, $t = 25.913 > 1.96$ @ 5% sig. level, $p = .000 < 0.05$). Thus, Hypothesis two was supported by rejecting the null hypothesis and accept the alternative hypothesis which states that “there is significant effect of structural capital on service quality”. The R^2 at 0.665 indicates that, structural capital explains a proportion of approximately 66.5% of the variance in the levels of service quality of Gtb. This implies that the path is valid, thus, structural capital significantly affects service quality of GTB.

Furthermore, by examining the path analysis of the effect of relational capital on efficiency, efficiency was significantly influenced by relational capital ($\beta = .785$, $t = 22.588 > 1.96 @ 5\%$ sig. level, $p = .000 < 0.05$). Thus, Hypothesis three was supported by rejecting the null hypothesis and accept the alternative hypothesis which states that “there is significant effect of relational capital on efficiency”. The R^2 at 0.616 indicates that, relational capital explains a proportion of approximately 61.6% of the variance in the levels of efficiency. This implies that the path is valid, thus, relational capital significantly affects efficiency.

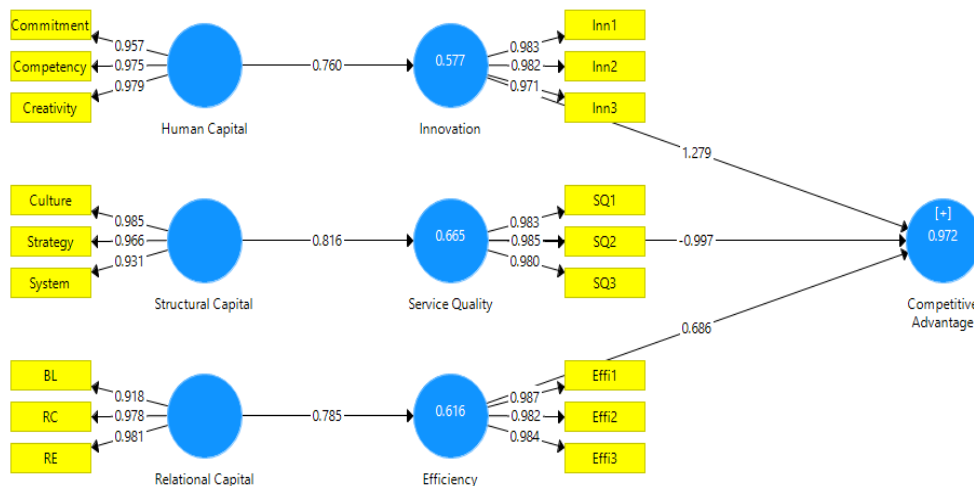
As regard other path analysis in the table above, On the path analysis of service quality and competitive advantage which determines significance of the variables in this study, it can be observed that the path shows competitive advantage was significantly influenced by service quality ($\beta = -0.997$, $t = 7.532 > 1.96 @ 5\%$ sig. level, $p = .000 < 0.05$). This implies that the path is valid, thus, service quality negatively affects competitive

advantage of GTB in Ilorin, Kwara state Nigeria.

On the path analysis of efficiency and competitive advantage which determines significance of the variables in this study, it can be observed that the path shows competitive advantage was significantly influenced by efficiency ($\beta = 0.686$, $t = 5.237 > 1.96 @ 5\%$ sig. level, $p = .000 < 0.05$). This implies that the path is valid, thus, efficiency significantly affects competitive advantage of Gtb in Ilorin, Kwara state Nigeria.

On the path analysis of innovation and competitive advantage which determines significance of the variables in this study, it can be observed that the path shows that competitive advantage was significantly influenced by innovation ($\beta = 1.279$, $t = 6.843 > 1.96 @ 5\%$ sig. level, $p = .000 < 0.05$). This implies that the path is valid, thus, innovation significantly affects competitive advantage of GTB in Ilorin, Kwara state Nigeria.

Figure 4.1 Structural Equation Path Model



Source: Smart PLS 3 Output (2022)

The above figure 4.1 depicts the path model of structural equation modeling. It also captured the result of the PLS algorithm. The commitment, competency, creativity are the three indicators of human capital with correlation coefficient value of 0.957, 0.975, and 0.979 respectively. This indicates a strong and reliable relationship of the indicators as a predictor of human capital with the overall strong positive relationship been 0.760, that is, 76.0%. The culture, strategy, system are the three indicators of structural capital with correlation coefficient value of 0.985, 0.966, and 0.931 respectively. This indicates a strong and reliable relationship of the indicators as a predictor of structural capital with the overall strong positive relationship been 0.816, that is, 81.6%. The brand loyalty, relationship with customers, relationship with employees are the three indicators of relational capital with correlation coefficient value of 0.918, 0.978, and 0.971 respectively. This indicates a strong and reliable relationship of the indicators as a predictor of relational capital with the overall strong positive relationship been 0.785, that is, 78.5%.

The Inn1, Inn2 and Inn3 are the three indicators of innovation with correlation coefficient value of 0.983, 0.982, and 0.971 respectively. This indicates a strong and reliable relationship of the indicators as a predictor of innovation since all the indicators are positive and high. The SQ1, SQ2 and SQ3 are the three indicators of service quality with correlation coefficient value of 0.983, 0.985, and 0.980 respectively. This indicates a strong and reliable relationship of the indicators as a predictor of service quality. The Effi1, Effi2 and Effi3 are the three indicators of efficiency with correlation coefficient value of 0.987, 0.982, and 0.984 respectively. This indicates a strong and reliable relationship of the indicators as a predictor of efficiency.

4.2 Discussion of Findings

Based on the analysis of operational data gathered via the field survey and the test of hypotheses, the following findings were revealed:

In examining the effects of human capital on innovation, the study result revealed that commitment, competency and creativity as factors of human capital all have significant effect on innovation as a measure of competitive advantage of GTB. It is also clear from table 2 that human capital has a standardized beta value and P value of 0.760 and 0.000 on innovation which its r^2 (coefficient of determination) indicates 0.577, that is, 57.7% approximately 58% on innovation indicating that human capital as a factor of intellectual capitals has significant effect on innovation as a measure of competitive advantage. Thus, we reject the null hypothesis which states that "There is no significant effect between human capital and innovation", therefore we accept the alternative hypothesis when stated. The finding of this study agrees with that of (Luo, Koput and Powell, 2009) who found that innovation capacity, creativity, know-how and previous experience, teamwork capacity, employee flexibility, tolerance of ambiguity, motivation, satisfaction, learning capacity, loyalty, formal training and education. In fact, human capital is a matter of survival and success in all of the organizations. Thus, Human capital has been found to be statistically significant to predict innovation. Therefore, harnessing human capital of the organization contribute significantly to help achieve corporate goals and higher innovation, and this contribution to the competitive advantage of the organization.

In examining the effects of structural capital on service quality, the study result revealed that culture, strategy and system as factors of structural capital all have significant effect on service quality as a measure of competitive advantage. It is also clear from table 2 that structural capital has a standardized beta value and P value of 0.816 and 0.000 on service quality which its r^2 (coefficient of determination) indicates 0.665, that is, 66.5% approximately 67% on service quality indicating that structural capital as a factor of intellectual capitals has significant effect on service quality as a measure of competitive advantage. Thus, we reject the

null hypothesis which states that “There is no significant effect between structural capital and service quality”, therefore we accept the alternative hypothesis when stated. This goes along with the study of (Ramezan, 2011) who found that organizational capital is the combination of explicit and implicit, formal and informal knowledge which in an effective and efficient way to structure and develop the organizational activity of the firm, that includes culture implicit and informal knowledge, structure explicit and formal knowledge and organizational learning implicit and explicit, formal and informal renewal knowledge processes. Therefore, this study found that structural capital has significant effect on service quality. This means that the service quality of an organization improves considerably when banks introduce and implement the use of structural capital as it helps to facilitate culture, system amongst others in order to achieve competitive advantage for the organization through the service quality achieved.

Also, in examining the effects of relational capital on efficiency, the study result revealed that brand loyalty, relationship with customers and relationship with employees as factors of relational capital all have significant effect on efficiency as a measure of competitive advantage. It is also clear from table 2 that relational capital has a standardized beta value and P value of 0.785 and 0.000 on efficiency which its r^2 (coefficient of determination) indicates 0.616, that is, 61.6% approximately 62% on efficiency indicating that relational capital as a factor of intellectual capitals has significant effect on efficiency as a measure of competitive advantage. Thus, we reject the null hypothesis which states that “There is no significant effect between relational capital and efficiency”, therefore we accept the alternative hypothesis when stated. The finding of this study disagrees with that (Rudez and Mihalic 2007) who found that Customer capital can be broadened to relationship capital, which also includes relationships with other subjects such as

business partners, tourism promotion organizations, government, local community, competitors, creditors, special interest groups, the media and the public. Therefore, this study found that relational capital has significant effect on efficiency. This means that the competitive advantage of any bank increases when it adopts and implement the use of relational capital in form of brand loyalty, relationship with customers and relationship with employees as it influences its level of efficiency positively.

5.0 Conclusion and Recommendations

Based on the various data collected and analyzed on intellectual capitals and service quality of GTB, human capital must be highly considered when discussing factors affecting innovation as it had significant impact on innovation. Also, structural capital had a significant influence on service quality. Structural capital such as culture, strategy, and system are an important factor affecting service quality of GTB. Lastly, the findings showed that relational capital had significant influence on efficiency. Relational capital like brand loyalty, relationship with customers, and relationship with employees are important factors affecting the efficiency.

As regards the findings given above, to enhance performance level of GTB, GTB should take advantage of human capital it possesses to improve on its level of innovativeness. This can be done by ensuring that it create room for its employees to come up with ideas which are tested to check its validity before implementation while criticism is minimized, this is to enhance employees’ creativity. Gtb should as well ensure effective implementation of structural capital as it helps to ensure quality service delivery to its customers. Lastly, GTB should harness relational capital at its disposal in the form of brand loyalty, relationship with customers and relationship with employees so as to improve the bank’s level of efficiency.

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