

Work Culture Impact on Structural Capital in Intellectual Capital Management

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ABSTRACT

The various reformatory measures undertaken by the Indian Universities to bring into quality in education with standardization has led to various reforms through the university grants commission in India wherein knowledge which is treated as a quality aspect is quantified through various measures and the ever changing policies create a kind of culture shift and competition among the employees. A positive work culture improves the performance of an organization. With the ever changing reforms and policy changes especially privatization and globalization of education created a competition among the universities and survival is of prime importance in the universities. The institutions of higher learning especially universities look up for various reforms within the organization by building up a culture that is fit for the image building and survival of the institution in the ever changing world. Intellectual Capital Management is a concept of recent origin wherein the knowledge that resides in the individuals is transformed into utility which creates wealth. There are different sorts of classification by different authors on intellectual capital one such broad classification that is accepted widely is the three components classification of intellectual capital they are human capital, structural capital and relational capital. There are aspects under structural capital one such sub component is work culture Andriessen defines structural capital to include explicit, encoded knowledge, processes and procedural know-how, and all forms of culture, including organizational, personal and national.

Organization culture is a set of values, beliefs, norms, meanings, and procedures shared by organization members. To find the nature of work culture in the universities the following working conditions are analyzed like whether the work culture is people oriented or performance oriented, Are the employees under constant supervision, empowerment is seen in decision making, is there a conflict resolution system, whether your contribution adds value to the organization. This paper

purports to study the said forth factors which gives an insight to find out Work Culture importance in Structural Capital for effective performance which enriches the Intellectual Capital Management in Institutions of higher learning in select universities of Andhra Pradesh.

From this study it has been established that work culture variable of structural capital has impact on the intellectual capital management in institutions of Higher Learning.

Keywords

Work culture, Structural capital, Intellectual capital

1. INTRODUCTION

Intellectual Capital Management is one of the ground breaking techniques in the effective performance of institutions of higher learning. Many experts have drawn many components according to the nature of industry. It indicates that intellectual capital is complex aspect interwoven with many components. Intellectual Capital is a broad component of Knowledge Management. Intellectual Capital is knowledge that can be transformed for the benefit of the larger community. In the process of transformation of knowledge there is a strong need for the supporting structures which helps in codification of knowledge which constitutes the structure. The structural component of intellectual capital is the structural capital. Andriessen defines structural capital to include explicit, encoded knowledge, processes and procedural know-how, and all forms of culture, including organizational, personal and national. Hence for a strong structural capital good work culture is a prerequisite. In Institutions of higher learning Intellectual Capital broadly constitutes the human capital, structural capital and relational capital. There are various subcomponents in structural capital work culture is one of the subcomponents of structural capital of intellectual capital. For effective performance of

institutions of higher learning it is very essential to have amiable work culture.

2. NEED AND IMPORTANCE OF THE STUDY

Indian higher education sector is facing a number of changes that directly affect the conceptualization and functioning of universities. The study is being undertaken as there is a lacuna in the research field of intellectual capital management in universities with emphasis on work culture of structural capital. The practices of Intellectual Capital Management enhance the effective performance of Universities.

According to Hofstede Cultural dimensions power distance, refers to the power inequality between superiors and subordinates. In high power distance organizations, organizational hierarchy is obvious. There is a line between managers and subordinates work related superiority or leadership issues are the common features which any university personnel faces. A proper working environment always helps the organizations in building up a structure wherein appropriate climate is created for conducive working environment with good supervision. Hence the statement '**I am always under constant supervision**'.

Culture is of essential significance for organizational effectiveness and efficiency as it is a platform for the members in an institution with a support in which to deduce events. The culture provides organizations with a structure that supports members in an institution to function both as an independent body and as a group consecutively to accomplish the institutions objectives. Hence, the statements '**The supervision is people oriented**' and '**The supervision is performance oriented**'.

Culture is widely recognized by leaders, HR professionals and academics as a key driver of organizational performance. The right culture aids the execution of strategy, lifts productivity and innovation, and in doing so provides organizations with a form of competitive advantage which is very difficult to replicate. Empowerment of employees helps them in the execution of strategy which gives a competitive advantage. Hence the statement '**I am empowered to take decisions**'

A knowledge organization culture may be appropriate for a certain time and set of conditions. But times and conditions change. Foreign competition ,changes in government regulations, rapid economic shifts, and new

technologies are examples of forces that need a shift in culture because culture hinders its effectiveness and sometimes leads to conflict Hence the statement '**I agree that there is a conflict resolution system**'

Fostering a culture in which continual learning is rewarded and knowledge sharing is valued is very essential because it helps in risk taking in any activity to utilize the knowledge an environment has to be created which gives an opportunity to face challenging situations. Hence, the statement '**I have the opportunity to take up risk taking abilities in administration.**'

The exploration of Universities organizational culture has seen that many of the employees feel that a positive work environment is created when the rules are result oriented but not rule oriented and vice versa hence the statement '**I agree that the work culture is rule oriented**' & '**I agree that the work culture is result oriented**'

It is very essential that the university understands that the culture plays a vital role in the upliftment of the university. A work culture considered effective wherein the contribution of each and every employee is recognized and utilized for the welfare of the university. A good culture raises the profile of the university. Hence the statement '**I agree that my contribution adds value to the organization**'

3. OBJECTIVES OF THE STUDY

1. To identify the importance of work culture in structural capital in intellectual capital management in institutions of higher learning.
2. To analyze the factors of work culture in structural capital in intellectual capital management in institutions of higher learning.
3. To suggest measures for the effective performance of structural capital in intellectual capital management in institutions of higher learning with work culture.

4. RESEARCH HYPOTHESIS

H₁. There is an impact of work culture in structural capital in the intellectual capital management in institutions of higher learning.

5. NATURE OF RESEARCH

It is empirical and descriptive in nature.

6. TARGET POPULATION

Permanent teaching fraternity in select universities of Andhra Pradesh.

7. RESEARCH DESIGN

A three stage process is followed in the research design 1) Designing the questionnaire 2) Survey through Pilot Study 3) Actual Survey. The initial step involved the operationalisation of measures through literature review to measure the constructs and drafting the questionnaire for pretesting. In the second step 150 draft questionnaires are directly administered to the permanent teaching fraternity in select universities of Andhra Pradesh. Only 70 questionnaires were directly filled and mailed back. These questionnaires are subjected to reliability and validity measures using SPSS to finalize the questionnaire. The third step is final questionnaire is administered to the permanent teaching fraternity in select universities of Andhra Pradesh state in India.

8. SAMPLING TECHNIQUE

Simple Random Sampling technique is used to collect data from the respondents.

9. GEOGRAPHICAL AREA

Sample frame

Sample frame is confined to the universities located in the area of Rayalaseema region of Andhra Pradesh in India.

10. STATISTICAL DESIGN

The collected data is analyzed using SPSS. Both descriptive and inferential statistics is used in analysis. Reliability and Validity measures are performed.

Table 1. Reliability and Validity Tests

| | Reliability Statistics | Values | Analysis |
|---|--|----------|----------|
| 1 | Cronbach's Alpha | .862 | Good |
| 2 | Cronbach's Alpha Based on Standardized Items | .877 | Good |
| 3 | N of Items | 9 | Adequate |
| | KMO and Bartlett's Test | | |
| 1 | Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .687 | Minimum |
| 2 | Approx. Chi-Square | 3220.798 | Valid |
| 3 | Bartlett's Test of Sphericity df | 36 | Valid |
| 4 | Bartlett's Test of Sphericity Sig. | .000 | Valid |

Table 2. Responses of Respondents on 'Work Culture' Variable in Structural Capital with regard to Experience in Sample Universities

| S. No | Statements | χ^2 | D.F | Sig. lvl |
|-------|---|---------------------|-----|----------|
| 85 | I am always under constant supervision | 47.384 ^a | 9 | .000 |
| 86 | The supervision is people oriented | 8.910 ^a | 3 | .031 |
| 87 | The supervision is performance oriented | 24.855 ^a | 3 | .000 |
| 88 | I am empowered to take decisions | 8.403 ^a | 3 | .038 |
| 89 | I agree that there is a conflict resolution system | 17.716 ^a | 3 | .001 |
| 90 | I have the opportunity to take up risk taking abilities in administration | 16.607 ^a | 3 | .001 |
| 91 | I agree that the work culture is rule oriented | 71.977 ^a | 9 | .000 |
| 92 | I agree that the work culture is result oriented | 13.847 ^a | 3 | .003 |
| 93 | I agree that my contribution adds value to the organization | 8.292 ^a | 3 | .040 |

Source: Statistical results of field data.

χ^2 =Chi Square, D.F=Degrees of Freedom, Sig.lvl=Significance level.

Testing of Hypothesis

The **Table 2** presents Chi-Square values on various aspects of Structural capital especially pertaining to the nature of supervision whether it is people oriented or performance oriented, empowerment, conflict resolution system, pattern of work culture whether it is rule oriented or result oriented etc are higher than the table values. Hence the alternate Hypothesis which states that there is an impact of Structural capital on the effective performance of select universities is accepted.

Regression Analysis

The Durbin Watson table shows the values, DW = .509 falls below L = .95, the null hypothesis is not accepted, as the error terms are positively correlated. The Bell shaped curve is observed in histogram.

Table 3. Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .417 ^a | .174 | .145 | .87223 | .174 | 6.018 | 9 | 257 | .000 | .509 |

a. Predictors: (Constant), I agree that my contribution adds value to the organization, I agree that the work culture is result oriented, I agree that the work culture is rule oriented, I have the opportunity to take up risk taking abilities in administration, I am always under constant

supervision, The supervision is performance oriented, I am empowered to take decisions, The supervision is people oriented, I agree that there is a conflict resolution system

b. Dependent Variable: Experience

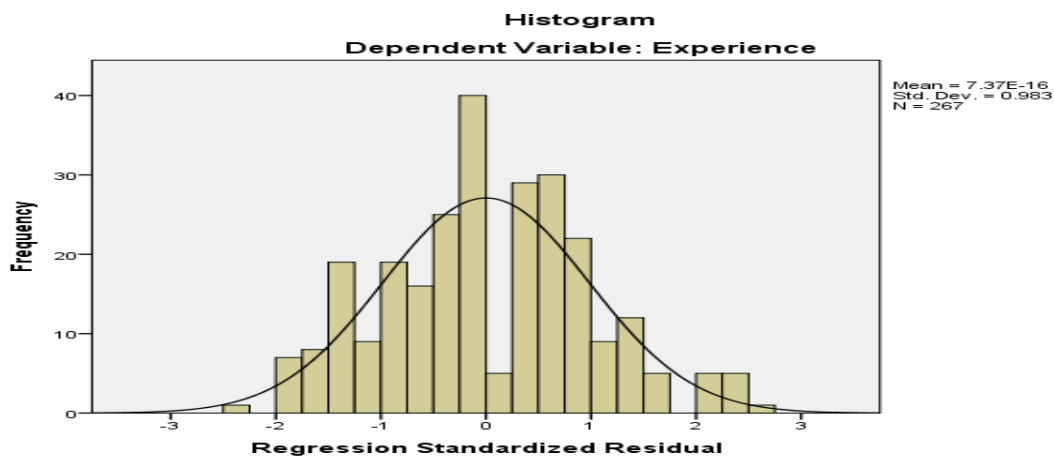
Table 4. ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1 | Regression | 41.207 | 9 | 4.579 | 6.018 | .000 ^b |
| | Residual | 195.520 | 257 | .761 | | |
| | Total | 236.727 | 266 | | | |

a. Dependent Variable: Experience

take up risk taking abilities in administration, I am always under constant supervision, The supervision is performance oriented, I am empowered to take decisions, The supervision is people oriented, I agree that there is a conflict resolution system.

b. Predictors: (Constant), I agree that my contribution adds value to the organization, I agree that the work culture is result oriented, I agree that the work culture is rule oriented, I have the opportunity to



Graph 1

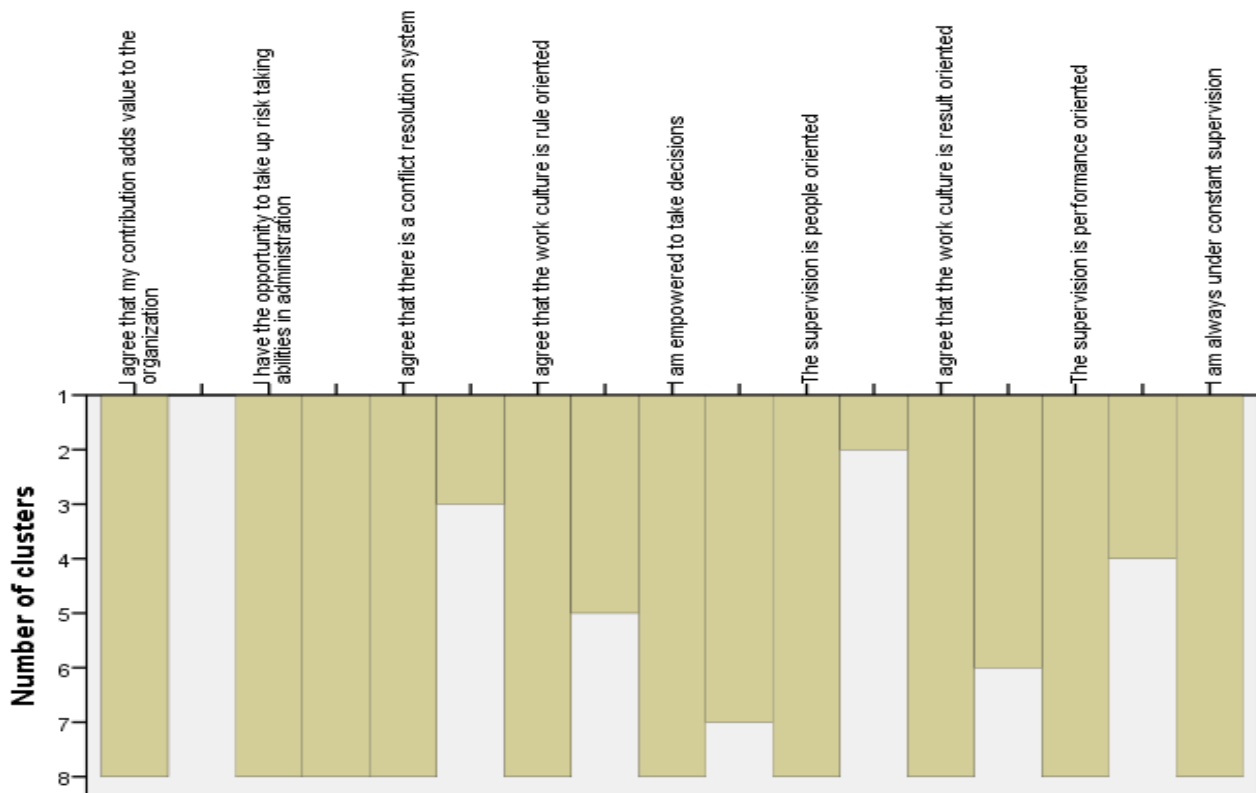
Cluster Analysis

Cluster Analysis is used to cluster the variables as work culture is a broad concept whether the intended variables are measuring the related concept or not is it measuring something else. Euclidean distance is used to find out the affinity of the work culture variable of structural capital in

intellectual capital management. The proximity of the variables is also known using the proximity matrix and the average linkage between clusters is known through agglomeration schedule. Three clusters pertaining to supervision, work culture and work climate is extracted using the dendrogram.

Table 5. Agglomeration Schedule

| Stage | Cluster Combined | | Coefficients | Stage Cluster First Appears | | Next Stage |
|-------|------------------|-----------|--------------|-----------------------------|-----------|------------|
| | Cluster 1 | Cluster 2 | | Cluster 1 | Cluster 2 | |
| 1 | 5 | 6 | 32.000 | 0 | 0 | 6 |
| 2 | 2 | 4 | 52.000 | 0 | 0 | 4 |
| 3 | 3 | 8 | 120.000 | 0 | 0 | 5 |
| 4 | 2 | 7 | 127.000 | 2 | 0 | 6 |
| 5 | 1 | 3 | 166.000 | 0 | 3 | 7 |
| 6 | 2 | 5 | 227.333 | 4 | 1 | 7 |
| 7 | 1 | 2 | 443.133 | 5 | 6 | 8 |
| 8 | 1 | 9 | 725.875 | 7 | 0 | 0 |



Graph 2 Clusters

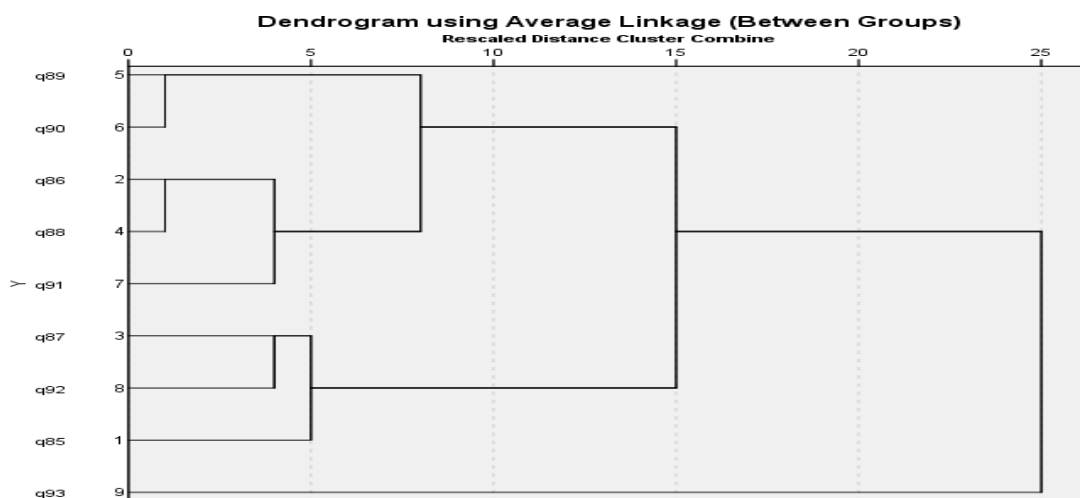


Table 6. Proximity Matrix Responses of Respondents on Work Culture variable of Structural Capital in Intellectual Capital Management

| Case | Matrix File Input | | | | | | | | |
|---|--|------------------------------------|---|----------------------------------|--|---|--|--|---|
| | I am always under constant supervision | The supervision is people oriented | The supervision is performance oriented | I am empowered to take decisions | I agree that there is a conflict resolution system | I have the opportunity to take up risk taking abilities in administration | I agree that the work culture is rule oriented | I agree that the work culture is result oriented | I agree that my contribution adds value to the organization |
| I am always under constant supervision | .000 | 292.000 | 192.000 | 240.000 | 170.000 | 228.000 | 499.000 | 140.000 | 723.000 |
| The supervision is people oriented | 292.000 | .000 | 648.000 | 52.000 | 154.000 | 166.000 | 143.000 | 528.000 | 379.000 |
| The supervision is performance oriented | 192.000 | 648.000 | .000 | 596.000 | 230.000 | 326.000 | 1027.000 | 120.000 | 1059.000 |
| I am empowered to take decisions | 240.000 | 52.000 | 596.000 | .000 | 154.000 | 166.000 | 111.000 | 476.000 | 483.000 |
| I agree that there is a conflict resolution system | 170.000 | 154.000 | 230.000 | 154.000 | .000 | 32.000 | 377.000 | 230.000 | 647.000 |
| I have the opportunity to take up risk taking abilities in administration | 228.000 | 166.000 | 326.000 | 166.000 | 32.000 | .000 | 347.000 | 302.000 | 777.000 |
| I agree that the work culture is rule oriented | 499.000 | 143.000 | 1027.000 | 111.000 | 377.000 | 347.000 | .000 | 855.000 | 712.000 |
| I agree that the work culture is result oriented | 140.000 | 528.000 | 120.000 | 476.000 | 230.000 | 302.000 | 855.000 | .000 | 1027.000 |
| I agree that my contribution adds value to the organization | 723.000 | 379.000 | 1059.000 | 483.000 | 647.000 | 777.000 | 712.000 | 1027.000 | .000 |

Note: Similar Higher value shows close affinity and vice versa.

SUGGESTIONS

1. There should be a combination of rule oriented as well as result oriented work culture in institutions of higher learning. A mixed approach helps in achieving greater results.
2. A middle approach of people oriented as well as performance oriented work culture creates a climate wherein a positive attitude towards the supervisor is developed which may lead to congenial work environment.
3. Risk taking abilities has to be encouraged in institutions of higher learning to bring in creativity and innovation at work place through empowerment practices.

CONCLUSION

In Institutions of higher learning intellectual capital management is interwoven in various processes and one such aspect is good work culture which creates a knowledge output which can be converted into value through various processes of structural capital in intellectual capital management. An efficient work culture creates conducive working environment which in turn impacts in efficient performance in the institutions of higher learning especially universities.

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