

# Intellectual Capital and Staff Performance in Islamic Azad University, Pharmaceutical Sciences Branch, Tehran, Iran

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**Abstract:** Intellectual capital is knowledge that is of value to an organization. Its main elements are human capital, structural capital, and customer capital. We investigated the main factors affecting on intellectual capital and association between intellectual capital and staff performance in Islamic Azad University, Pharmaceutical Sciences Branch. In this exploratory study, 161 employees were surveyed. Standard questionnaire was used in our study. Reliability and validity of questionnaire was also evaluated using routine statistical method. Following collecting data, the data were analyzed using Exploratory Factor Analysis through SPSS and AMOS software. Our results indicated that staff believed that organization development (which includes creativity, knowledge and education level) was the most important factor influencing their performance. Organization structure and function were subsequent factors influencing staff performance, respectively.

**Keywords:** Intellectual capital, Staff performance

## 1. Introduction

The most widely used definition of intellectual capital is “knowledge that is of value to an organization.” Its main elements are human capital, structural capital, and customer capital. That definition suggests that the management of knowledge (the sum of what is known) creates intellectual capital. [1] Intellectual capital (IC) is a key driver of innovation and competitive advantage in today’s knowledge based economy. At the same time, knowledge management (KM) is recognized as the fundamental activity for obtaining, growing and sustaining IC in organizations.

Today IC is recognized as a key strategic asset for organizational performance and its management is critical for the competitiveness of organizations. The management of IC involves: identifying key IC which drive the strategic performance of an organization; visualizing the value creation pathways and transformations of key IC; measuring performance and in particular the dynamic transformations; cultivating the key IC using KM processes; and the internal and external reporting of performance.

When organizations have mapped the value creation pathways they can develop performance indicators that help them to understand whether the organization is successful in implementing its strategy. Building measures around the business hypothesis allows organizations to test the assumptions about how the business works. [2]-[5]

Components of intellectual capital consist of human capital, structural capital and external (customer) capital.

Human capital is defined as the knowledge, skills, experience, intuition and attitudes of the workforce. Intellectual capital can be increased by increasing the capacity of each worker. Human capital is the knowledge, skill and capability of individual employees providing solutions to customers. [1]

Structural capital consists of a wide range of patents, concepts, models, and computer and administrative systems. These are created by the employees and are thus generally ‘owned’ by the organization, and adhere to it. [6] According to Van Buren, structural capital consists of innovation capital (the capability of an organization

to innovate and to create new products and services) and process capital (An organization’s processes, techniques, systems, and tools). [7]

External capital is also named relational capital and customer capital. External - relational capital refers to the organization’s relationships or network of associates and their satisfaction with and loyalty to the company. Customer and supplier loyalty, target marketing, longevity of relationships and satisfaction are all measurable elements of this form of intellectual capital. [1]

Intellectual capital has important value for organizations. Knowledge also has been recognized as a valuable resource by researchers. Success of organizations depends on creating , discovering, capturing, disseminating, measuring knowledge. If organizations enhance their organizational learning, they will increase their knowledge and intellectual capital. According to importance of intellectual capital in growing of organizations, this study was exerted in Islamic Azad University-Pharmaceutical Branch to investigate the variables influencing intellectual capital resulting in enhancement of staff performance effectiveness.

## 2. Materials and Methods

In this exploratory study, 161 employees were surveyed. Standard questionnaire was used in our study evaluating 15 variables including creativity, knowledge, skill, behavior, motivation, education level, organization culture, intellectual property, value system, organization management, communication within the organization, staff trust to organization, organization technology, and staff training. Reliability and validity of questionnaire was also evaluated using routine statistical method. Following collecting data, the data were analyzed using Exploratory Factor Analysis through SPSS and AMOS software.

## 3. Results

All Table I and figure I show the total ranking of variables.

TABLE II. Variables ranking

Rank	Variables	Weight	Sign
1	Creativity	0.359	S13
2	Knowledge	0.249	S12
3	Organization Culture	0.116	S23
4	Education Level	0.115	S11
5	Value System	0.051	S22
6	Staff Trust	0.039	S32
7	Intellectual Property	0.037	S21
8	Management	0.022	S31
9	Motivation	0.011	S33

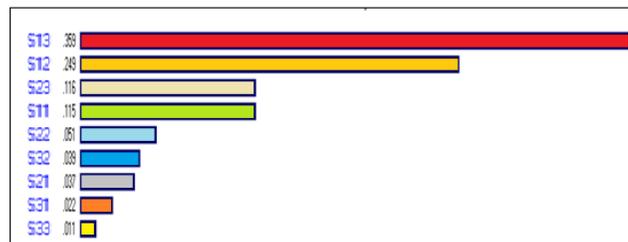


Fig 1. Ranking of variables

Our findings show that creativity and motivation were ranked as highest and lowest variables, respectively. Table II also shows components influencing staff performance.

TABLE II. Components influencing staff performance. Org indicates organization.

Dependent Variable	Exploratory Components	Significance Coefficient
Staff Performance	Org Development	.940
	Org Structure	.605
	Org Function	.667

Our findings also revealed that organization development, structure and function influence staff performance, among which organization development was of higher significance.

## 4. Discussion

Our results indicated that staff believed that organization development (which includes creativity, knowledge and education level) was the most important factor influencing their performance. Organization structure and function were subsequent factors influencing staff performance, respectively.

If Organizations enhance creativity, education level and knowledge and organizational learning, they can increase their intellectual capital and value by which organization can upgrade its rank and staff utilization. Knowledge utilization is a collaborative process. Whether between workers within a firm or in the transfer and utilization of knowledge between firms, knowledge-based approaches cannot succeed without effective collaboration. [8] On the other hand, an organization with strong structural capital will have a supportive culture that allows individuals to try, fail, learn and try again. A culture that unduly penalizes failure, will have minimal success. [9]

## 5. Conclusion

Our results indicated that staff believed that organization development was the most important factor influencing their performance.

## 6. Acknowledgements

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