
Intellectual Capital and Growth of Private Tertiary Hospitals in Rivers State

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Abstract: This paper sort to investigate the link between intellectual capital and growth in private tertiary hospitals in Rivers State. The Kregice & Morgan's table provided us with a sample of 159 drawn from a population of 270 employees of ten (10) private hospitals within the study area. A hundred and fifty-five (155) copies of the study instrument were retrieved and analyzed with the help of the Rho statistical tool via SPSS (v.20) at a.05 significance level. Results revealed a substantial positive correlation amid intellectual capital and growth of private tertiary hospitals within Rivers State. It was thus recommended that administrators of private tertiary hospitals should create policies with human capital measurement and management, and develop various but suitable approaches to resolving issues connected with human capital in so as to enhance growth. Administrators of private tertiary hospitals should familiarize structural capital management technique and management should make efforts to organize workshops on structural capital and its role in the overall growth. Tertiary private hospitals through intellectual capital should increasingly enhance its key role in contributing to positive private health outcomes which will boost growth in Nigeria's gross domestic product, and bring about new opportunities for investment in and expansion of the private health sector.

Keywords: Intellectual Capital, Human Capital, Structural Capital, Growth

1. Introduction

Rivers State has a strong and growing private, for-profit health sector. Despite several discrepancies in existing data and elucidations, available resources validate the existence of a growing; heavily utilized private health sector that offers several services and that is categorized by variable quality levels. The private sector covers the entire range of tertiary, secondary, and primary health care facilities, patent medicine vendors, drug sellers, and traditional practitioners.

At the tertiary level, health insurance and other health financing schemes are primarily available to individuals who are formally engaged, private, for-profit facilities account for a high percentage of health expenditures [3]. Growth, within the purview of private tertiary hospitals represents increase in size occasioned by development either organically or through merger or acquisition.

On the other hand, size is a by-product of growth as well-organized markets and macroeconomic stability is essential for economic advancement [10].

It has also be argued that the growth of the sector in question is largely based on the kind of policies that guides their operation, reward system, and organizational aptitude that characterize the standard and evenhandedness of human capital development; level and persistence of economic investment; stride and extensiveness of novelty; the efficacy and flexibility of employee protections; comprehensiveness and sufficiency of social insurance schemes; class and extent of access to infrastructure and basic amenities; integrity of the trade and the political process; and span and depth of intellectual capital building [10].

On the other side, the indispensability and value of intellectual capital to any institution have been extensively highlighted by a myriad of scholars. It is the intangible asset of an organization dubbed to be worth triple the physical book value of its balance sheet and represents as high as 75% of its actual value [3, 5].

Founded on preceding literature, numerous strand of research [3, 9] have been delved into with a view to surmounting the problems associated with growth.

However, not much seems to have been done on how intellectual capital influence growth of private tertiary hospitals especially in Rivers State. Given the identified knowledge gap, our point of departure from earlier studies is concerned with empirically filling this void by scrutinizing the relationship between intellectual capital and growth in the Nigerian private health sector (specifically, Rivers State).

1.1. Statement of the Problem

The challenges bedeviling private hospitals in developing climes like the one under review are enormous. In specific terms; these challenges ranges from poor infrastructure, deficient manpower (this occurs at several levels; from deficiency of specialist to non- specialist), unmanageable patient load (tertiary level private hospitals in Rivers State today is bursting with constant influx of patients without enough facilities to handle it at a go), to high expenditure, lack of functional referral systems, social exclusion, no information on gaining access to contemporary health-care services, and lack of purchasing power [8]. In an attempt to redress issues regarding growth in private tertiary hospital, this strand of research work tends to look at the ideal ways in which proper intellectual capital management could influence growth strategies of these private hospitals and what factors are necessary for effective intellectual capital management to succeed and aid the growth of tertiary private hospital in Rivers State.

1.2. Aim and Objectives of the Study

General purpose and exact objectives are as follows: The overall drive is to examine if there exist any relationship between intellectual capital and growth.

Precisely, the objectives are to:

- i) Examine if there exist any relationship between human capital and growth of private tertiary hospitals in Rivers State.
- ii) Ascertain if there exist any relationship between structural capital and growth of private tertiary hospitals in Rivers State.

1.3. Research Questions

In an attempt to realize the drive for this study, the research question below will be adopted.

- i) What is the relationship between human capital and growth of private tertiary hospitals in Rivers State?
- ii) What is the relationship between structural capital and growth of private tertiary hospitals in Rivers State?

1.4. Research Hypotheses

The following null hypotheses would guide the study:

H₀₁: Human capital does not influence the growth of private tertiary hospitals.

H₀₂: Structural capital does not have any significant impact on the growth of private tertiary hospitals.

1.5. Significance of the Study

The under listed reasons, substantiates the essence for this study:

- i. This strand of research will be of interest to medical professionals in private and public health institutions.
- ii. The study will aid organizations, especially health institutions, to sustain and enhance workable benefits in today's highly competitive business environment.
- iii. It will aid researchers in carrying out their assignment as it would provide sufficient insight into the relevance of the knowledge of intellectual capital and how it impacts on growth.
- iv. This element of research would highlight the germaneness of intellectual capital when it comes to stimulating growth which will enhance profitability of the medical/health institutions.
- v. The study will beef-up extant literature on intellectual capital and growth in organizations as it would enhance theoretical and methodological building in this regard.

2. Literature Review

2.1. The Concept of Intellectual Capital

It has been established that the intellectual capital of any institution can afford it competitive advantage. Empirically, it has been given that business successes can be partly explained by intellectual capital [12]. In their study of the subsistence of knowledge intensive organizations, [12] submitted that, intellectual capital is strategic for the competitiveness, success, survival, and eventual sustainability of organizations operating in an ever-changing environment.

[6] in providing a description on the concept, taking into account the intrinsic values of the human and structural capital in organizations, opined that intellectual capital is knowledge and other intangibles that breed or engender value in the present and also in the future.

2.1.1. Human Capital

The ability for employees to apply knowledge and dexterity in solving the problems of customers is what [7] describe as human capital. It is the basic foundation and elements for investigating intellectual capital [14]. It has to do with peoples' ability for problem solving. The ability is in the possession of the individual and not in the organization's possession. It has been described as the important element of intellectual capital upon which other dimensions rest [7]. Human capital is a potential source of idea generation and novelty for businesses, thus providing added value of undoubted importance [14]. The health, education, skills, knowledge, leadership and access to services constitute human capital.

2.1.2. Structural Capital

Structural capital is a support base that will able to operate human capital as capital structure in this sense includes all

events and interactions between people within the firm. Structural capital is the firm's structural capabilities to meet market requirements. It involves the firm's routines and structures that support employees' quests for optimum intellectual performance and, therefore, overall business performance. An individual can have a high level of intellect, but if the firm has poor systems and procedures by which to track his or her actions, the overall intellectual capital will not reach its fullest Potential [4]. [15] noted that structural capital consists of innovation capital which is the capability of a firm to innovate and to create new products and services and process capital which connotes a firm's processes, techniques, systems, and tools.

2.2. The Concept of Growth

[1] opined that the recognition and rebalancing of policy priorities suggests what is required for firms to respond more effectively to decelerating growth and rising inequality – to take seriously the social frustrations which is increasingly being expressed through the disposition of the government.

The implicit income distribution system within many firms is in fact severely underperforming or relatively underdeveloped, but this is due to a lack of attention rather than a policy that would enhance growth. A harmonized initiative along these lines is what is required to transform inclusive growth from aspiration into action – into a new growth programme that places firms at the center of national and international economic integration [2] Such an effort to reshape the assumptions and priorities of the way modern market economies organize themselves to generate socioeconomic growth can only be realized with the engagement of all stakeholders. This calls for a collective commitment to greater responsiveness and responsibility in

economic leadership by firm and business leaders alike, as the growth and social inclusion is intended to serve public-private cooperation [2].

3. Methodology

The population for this study involves all the employees of private tertiary hospitals in Rivers State, especially in Port Harcourt metropolis. Record from an investigation by the researcher showed a total of two hundred and seventy (270) management staff and subordinates among the ten (10) hospitals. The simple random sampling technique was used, in other to confirm that each associate of the subset has an equivalent probability of being selected. [13] sample size determination table was used for this study which gave a sample size (S) of 159 employees of the population size (N) 270 of the ten in privatetertiary hospitals selected. These private hospitals include the following: El-Specialist Hospital, Atinu Critical Care Hospital, C. Bennett Specialist Hospital and Endoscopy Centre, El-Bene Hospital, Calvary Hospital, Alphonso Hospital, Ridcol Hospital, Valentine Hospital, Destiny Hospital and Save a Life Mission Hospital, all in Port Harcourt. The instrument for this study was proportionately distributed according to the staff strength of the various Hospitals. The Statistical Package for Social Science (SPSS) version 21 was used to conduct the analyses.

4. Discussion of Findings

The study is aimed at examining the effect of intellectual capital on growth among private tertiary hospitals in Rivers State.

Table 1. Model Summary of Intellectual Capital and Organisation Growth.

| Model Summary | | | | |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .814 ^a | .662 | .658 | .284 |

a. Predictors: (Constant), Structural Capital, Human Capital

The results of the correlation analysis involving all indicators of intellectual capital exhibited positive correlation coefficient values among the variables. This is an indicative that they are appropriate dimensions of the variable. The results from the multiple regression analysis recorded the effect of intellectual capital on organizational growth. Thus;

Table 2. Dimensions of Intellectual Capital and Organisational Growth.

| Coefficients | | | | | |
|--------------|--------------------|-----------------------------|------------|---------------------------|--------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t |
| | | B | Std. Error | Beta | |
| 1 | (Constant) | 5.752 | .276 | | 20.857 |
| | Human Capital | .407 | .070 | .471 | 5.793 |
| | Structural Capital | .452 | .096 | .383 | 4.713 |

a. Dependent Variable: Growth

The two dimensions of intellectual capital: Human Capital ($\beta = .471$, $P < 0.01$) and Structural Capital ($\beta = .383$, $P < 0.01$) exhibited significant positive effect on growth within the organization.

Table 3. Reliability Test of the Statement Items.

| Reliability Statistics | | |
|------------------------|--|------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .872 | .896 | 2 |

The result provided support for the H_1 test result ($r=.000 < .05$) which indicated that there is a significant relationship between human capital and growth. This is in agreement with [11] view that growth of the firm as a whole depends on the framework of rules, incentives, and institutional capacities that shape the quality and equity of human capital formation; level and persistence of economic investment; pace and breadth of innovation.

The findings provided support for the result of H_2 ($r=.000 < .05$) which stated there is a significant relationship between structural capital and growth. This is supported by [1] assertion that studying the survival of knowledge intensive organizations submitted that, Intellectual capital is strategic for the competitiveness, success, survival, and eventual sustainability of the organizations in a dynamic operating environment.

5. Conclusion

On the premise of the results obtained via the analysis, we concluded that the elements of intellectual capital (i.e. human and structural capital) substantially impacts on growth of private tertiary hospitals, especially those private tertiary hospitals located within Port-Harcourt metropolis. In essence, intellectual capital consists of human and structural capital that influences firm's strategies, internal networks, systems, databases, and files, as well as its advancement towards technological processes that improves technological growth and other internal initiatives.

Recommendations

To this end, we recommend that:

- i) Administrators of private tertiary hospitals should create policies with human capital measurement and management, and develop various but suitable approaches to resolving issues connected with human capital in a bid to enhance growth.
- ii) Administrators of private tertiary hospitals should familiarize structural capital management technique and efforts should be made by the management to organize workshops on structural capital and how it enhances the overall growth of the firm.
- iii) Tertiary private hospitals through intellectual capital should increasingly enhance its key role in contributing to positive private health outcomes as this would enhance growth in Nigeria's gross domestic product, and bring about new opportunities for investment in and expansion of this private health sector.

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