

A QUALITATIVE APPROACH TO EXPLORE THE ROLE OF INTELLECTUAL CAPITAL PRACTICES (ICP) FOR BANKS' PERFORMANCES: A Knowledge Base Perspective**Wasim ul Rehman**

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ceo@superior.edu.pk**ABSTRACT**

This research study has twofold objectives, first to explore in depth knowledge base view of banks' professionals regarding the adoption of intellectual capital practices (i.e. human capital, structural capital and relational capital) and second to get know professionals subjective opinions about importance of such practices to obtain sustainable performances of banks in a competitive environment. Based on interpretive phenomenological approach (IPA) the study provides multidimensional realistic implications for top management echelons in banking industry and for future academic researchers. The findings of study reveals that intellectual capital practices are deeply addressed by banks' professionals. Banks are penetrating regarding the human capital (HC), structural capital (SC) and relational capital (RC) practices to build competitiveness through market share and profitability. Learning and education, employee's experience and expertise and their innovative and creative abilities are very key constructs of human capital. The study explores fore-mentioned abilities provide substantial contribution for banks' performance in the shape of market share and profitability. The study presents the subjective opinion of twelve participants from a geographical area (Lahore) however more sample size will provide the parsimonious picture about IC awareness and its implementations to link it with banks' performances.

Keywords: Intellectual Capital, Human Capital, Structural Capital, Relational Capital Banking Industry, Pakistan

1. INTRODUCTION

The financial sector is to perform a fundamental role in underpinning the economic development of Pakistan. At present, Pakistan's economy is facing severe turbulence since last more than a decade; recording less than 5 percent economic growth over the last 5 to 7 years. These pathetic downturns are due to none or slow transformation of input-driven to knowledge-driven economy up to late 1990s and lack of substantial foreign direct investment particularly in financial sector. However, since early 2000s this has attracted significant foreign investment and paved way into a knowledge driven sector because of substantial investment and transformation of knowledge assets. Although realizing the growing importance of sustainable economic growth and development, most of the Pakistan governments have failed to establish and develop strategic planning to shift the economy from input intensive to a knowledge oriented economy. In early 2000's Malaysia prepared and introduced (The Knowledge Economy Master Plan) which was published in 2001 to shift the economy into knowledge driven economy. Similar initiatives were introduced and implemented by (New Zealand Ministry of Economic Development, 1999), The Scottish Office in 1999 and in UK (Ministry of Trade and Industry in 1998).

In today's knowledge driven economies, organizations devote extensive financial and non-financial resource to get competitive advantage, value creation and firm performance through espousal of intellectual capital practices.

Knowledge and intellectual resources are very important for proven growth of organizations (Boedker et al., 2005; Abrahamson & Fairchild, 1999; Boisot, 1998) because “knowledge drives the organizations” (Bontis, 2000), therefore, management of knowledge resources (intellectual capital practices) is very important for sustainable growth and competitiveness of this sector and as well for economy (Huang and Liu, 2005). Pulic (2001) and Sharabati, Jawad and Bontis (2010) argued that one of the most valuable resources of organizations are intellectual, intangible and knowledge assets for the competitiveness of business. In early 2000’s this sector has transformed into knowledge-driven sector due invasion of foreign banks in Pakistan financial sector. That’s ways one of participant mentioned; “intellectual capital practices are first incorporated by foreign banks in Pakistan” (R10).

Based on interpretive phenomenological approach (IPA), the primary objective of this study is to be acquainted with how much banks’ professionals have knowledge about intellectual capital practices. Further, this study also explores their rich opinions regarding the implementation of these practices to enhance productivity, profitability and market share of banks. Extant of empirical literature devoted to explore and examine the relationship of IC with firm performance in knowledge base economies (Sharabati Jawad and Bontis 2010; Pew et al. 2007; Ting and Lean 2009; Joshi, Cahill and Sidhu 2010; Diez et al. 2010; Goh 2005, Rehman et al., 2011; Kamath 2008; Maditinos et al., 2011). However, there is a scarcity of literature in the context of methodology (qualitative approach), few studies were found where semi structured interviews were used as an instrument to get in depth subjective about on use and implementation of intellectual capital practices in hospitality industry (Carrington, 2009).

2. LITERATURE REVIEW

2.1. Intellectual Capital

Intellectual capital has gained the attentions of researchers, scholars, practitioners and authors and policy makers that have attributed different definitions of intellectual capital. It is a very important ingredient for business promotion and development. Therefore, Stewart (1997) and Itami (1987) illustrated that IC as knowledge, information and experience that can be found to generate wealth and profit for organization’s survival and competitiveness.

Intellectual Capital (IC) use as an intangible and knowledge base asset and this phenomena realized by contemporary researchers that organization’s success and survival is based on human capabilities, experiences and their skills (HC), innovation process and technology (SC) and relationship with external and internal stake holders (RC) since the beginning of its literature in 1980s (Itami 1987). Stewart (1997) and Lynn (1998) asserted that IC is knowledge, information, experience, intellectual property and intangible material that can be put to generate wealth while Booth (1998) argued that IC is people and non-people related assets and their ability to transform innovative ideas into products and services for value creation. Therefore, significant emphasize devoted to recognize its importance for business success, survival and competitiveness. These are the key valuable resources for business success and survival. Ross and Ross, (1997) pointed that shareholder’s wealth and business value creation is based on extant of intangible resources, easy to transform into knowledge and then into shareholder wealth and business’s value creation.

Plethora of literature revealed that IC used as both to generate value as well competitive advantage (Martinez and Garcia-Meca, 2005; Porter 1999; Stewart, 1997, Bontis, 2000).

So, Ordóñez de Pablos (2004) suggested that Intellectual capital is a key determinant for proven growth of business. Its theoretical mechanism described key IC practices (human capital, structural capital and relational capital) for business performance. Therefore, the current study is an attempt based on argument that “if you cannot measure it, you cannot manage it” (Ordóñez de Pablos, 2004, p. 643). So, this study explores professional’s opinions about IC practices, its importance and implementation for sustainable growth of business firms.

2.2 Intellectual Capital Practices

Researchers have identified three major practices for IC performance, and extant of literature have been published in an attempt to empirical examine the relationship of IC practices (human capital, structural capital and relational

capital) with firm performance (Tseng and Goo, 2005; Kamath, 2007 and 2008; Goh, 2005; Nazari and Herremans, 2007).

2.2.1. Human Capital Practices

Human capital is not the tangible or physical capital of the company. It is intangible asset of the company relating to people's knowledge, skill, experience, ability to generate value (Roos and Roos 1997; Edvinsson and Malone 1997). Human Capital has received substantial policy makers, academicians and practitioner's attention over the sphere for last decades. There has been remain an increasing trend to appreciate the strategic position of human capital and played a dynamic role in turbulent business environment. Therefore, it is always required substantial investment to upgrade the skill of HC among the firms who believes that HC is a valuable asset for future growth of business. It is inherited skill, knowledge, proficiency of employees where organizations sparkle it through continuous learning and trainee programs (Sharabati, Jawad and Bontis, 2010). More competent HC means more efficient the organization (Goh, 2005). Human capital efficiency has positive and significant relation with firm performance, therefore considered more strategic valuable resource for sustainable growth of business (Rehman et al., 2011; Peteraf, 1993).

2.2.2. Structural Capital Practices

Structural Capital (SC) is another important component of Intellectual Capital (IC). The supportive infrastructure processes and databases of the organization enable the human capital to function properly. Structural capital is a valuable tactical asset which is composition of non-human assets. It is recognized as all procedures, organizational structures, database, systems, patents, trade mark, copy rights, technology etc. which is very essential for performance and reputation. Sharabati, Jawad and Bontis (2010) define structural capital as systems and programs, research and development (R&D) and intellectual property rights (IPRs) are the non-human warehouses of knowledge. However certain elements of SC can be protected in form of patents and copyrights (Roos et al., 1997).

2.2.3. Relational Capital Practices

The relational capital is recognized as the relationships with customers, suppliers and stakeholders that influence the company's life. Relational capital is strategic alliances, licensing and agreements, customers and supplier relations and customer knowledge argued by (Sharabati, Jawad and bontis (2010). Cheng et al., (2010) argued that to maintain customer relation is a crucial factor in competitive advantage which result an increase of corporate performance. The maintenance of customer's relation is a knowledge embedded component which influences the business performance. The effective marketing strategies build up customer relations and customer relations build up relational or customer capital argued by Bontis (1998).

Prahalad and Ramaswamy (2000) found that the customers are the source to increase the competency of organizations. So, it is the embedded knowledge of relations with internal and external stakeholders (Roos et al., 1997).

3. RESEARCH DESIGN

The selected instrument for this study is interpretive phenomenology to find rich insights (Creswell, 2003; Bryman and Bell, 2008) from participants (banking professionals) about to capture the adoption of intellectual capital practices and its importance for banks' performance. The rationale for adoption of this methodology is to explore and critically evaluate the phenomena of intellectual capital practices which will help the researcher to more deeply understand knowledge base perspective of professionals. For that purpose, a purposive sampling technique was used and semi structure interviews of banks' professionals were conducted who have the experience of more than 7 years at diverse positions of banks. Each interview was taped and transcribed with the assent of interviewee. The interview transcriptions were sent to participants to ensure its authenticity and trustworthiness whether it reflects the true picture of interviewee opinions. This research design facilitates the research inquiry to meaning the participant's narrative discussions, probing and establishing rapport with interviewees will little flexibility to interviewee (Weiss, 1995; Silverman 2006; Bernard 2005) and how professionals contextualize their experiences about phenomena and its role for bank performance. So, the instrument (interview) was used to enlighten the detailed examinations of each professional response about the understanding of IC practices and how banks' management implements these practices to improve the performance of banks.

Participants	Age	Gender	Qualification	Professional Experience	Designation
R1	38	Male	MBA	13	Manager Trade finance
R2	37	Male	Master	12	Assistant Manager Agrim Finance
R3	30	Male	M.com	8	Credit Manager
R4	30	Male	M.com	7	Manager Business Process
R5	37	Male	MBA	13	Branch Manager
R6	40	Male	Master	10	Branch Manager
R7	33	Male	MBA	7	Relationship Manager
R8	40	Male	MBE	15	Branch Manager
R9	31	Male	MS	12	Branch Manager
R10	35	Female	MBA	15	Branch Manager
R11	49	Male	MBA	17	Area Manager
R12	41	Female	M.Com	15	Branch Manager

Table 1: Demographic Profile of Participant

The above table represents the demographic information of the participants. It shows that more 80% of the professionals have working experience of more than 7 years. All the participants are well educated, highly qualified and working on key management positions.

4. FINDINGS

The respondent's rich information is grounded under different themes to address the research questions.

4.1. Conceptualizing Intellectual Capital Practices in Banking Context:

4.4.1. Human Capital Practices

Learning and Education:

The interview data reveals that every respondent conceptualized and interpreted that intellectual capital practices (ICP) are desired to achieve the sustainability of the bank. These further suggest that term ICP has different meaning for respondents which vary from bank to bank. Some respondents expressed that human capital efficiency is one of the integral part of intellectual capital practices (R1, R5 and R8). It is the employee's competence or ability which banks normally consider while assigning any duty. Employees are intense to increase their competencies through continuous learning and education programs because banks by and large prefer "right people for right place".

"Carefully observes and evaluates the capabilities of employees and assigns them to appropriate roles within the bank; recognizes, builds, and leverages diversity of skills, ideas and personalities within the bank"(R5).

"Certainly, the competence level that I have is in concurrence to the bank's requisite level. Rather I am performing beyond the domain of my JDs and it is because of the competence level that I have gained over the period of time during my job" (R2).

In consequence thereof, effective training programs provide an important platform for employees to enhance learning capabilities of employees. Now days, "Knowledge drives the organizations" (Bontis, 2000) therefore, learning and employee's education plays a significant role to keep employees more knowledgeable. For that purposes the banks often offer very effect trainee programs for employee's learning and education. "Bank normally has an internal portal/website where employee enrolls you and selects the courses according to its need and importance for their job" (R1). "Bank is focusing to a larger extent to enhance the skill level of the employees for which perpetual training courses are being conducted and these courses and training programs are of diversified nature, benefiting all the employees carrying out different banking assignments" (R2). Human capital is one of the valuable assets for banks performance and therefore banks pay more attention to preserve its competence level through continuous learning and education programs. "Bank gives more stress to increase the competence level of the employees for which consecutively training courses are being conducted and deliver training lectures (monthly ,weekly) these are beneficial for all the employees and also having different projects like loyalty of customer , to make cash more efficient etc"(R5).

Learning process never ends and keep on learning from the colleagues to carry out different banking assignments is very important to enhance the competency of employees as well as the banks. “We learn a lot from our colleague and seniors because in branch banking we have to deal with different customers they come from different background and problems, and we have to solve their problems. Even, though we have to consult with and outside the branch including the head office to resolve their problems” (Learning and Education) (R1).

Feedback is one of the significant elements for better of learning and output and it provides a valuable opportunity for improvement. Feedback evaluation always leads toward learning and education improvement. “Customer feed is much important for banking industry and bank set their service level or standard according to customer feedback and information. Bank normally prefers to get customer feedback for its continuous learning and education” (Learning and Education) (R1). I think customer’s feedback plays a vital role in our learning and education because they directly engaged of banking transaction. His feedback definitely educates us to make more efficient our weak areas of the banking and we learn that where we are not able to fulfill the customer’s needs” (Learning and Education) (R5).

So, continuous learning and education programs play a vital role to enhance banks performance. If banks have more learned bankers with different education backgrounds then they work better for the betterment of bank results, increase the market share and profitability.

“I think, learning program is not individual’s willingness for sake of raise the market share of the bank, in fact if the learning is going on in true manner like learn from other competitors, which type of schemes they used. Then we can enhance the brand image which ultimately leads to enhance bank’s market share and profitability” (Learning and Education) (R5).

“Continuous learning program are being provided to employees to keep them up to date and to take market competitive edge to have up to date human capital. People (Human capital) at different level will be more equipped to take good decision based to current/ updated knowledge. So, good decision definitely raises the market share of the bank” (Learning and Education) (R4).

Experience and Expertise:

Human capital may be interpreted as the knowledge, experience and expertise of employees use to add value to the institutions. It plays vital role for the success and survival of the firms. “Banks normally hire more experience people and their practical exposure vary from seat to seat as per bank requirement” (Experience and Expertise) (R6). Bank’s performance standards are set by top management and experienced staff is used to meet standards results which generate more value for banks performance. So, a bank performance is directly proportional to individual’s performance and their experience. A bank while setting their performance standards keep in view “Performance always link with individual goals and objectives. These individuals’ goals and objective are ultimately link with organizational strategic goals and objectives. Individual goals and objectives are set for each and every employee against whom their performance is being evaluated” (R4).

“They are the experience people of bank who perform their targets more efficiently and bank give them special privilege in shape fringe benefits” (R5). Therefore, “bank acknowledges that more the experience people are more the bank profitability and market share” (R9). So, experience human capital always performs a vital role in growth and performance of an organization.

“Human capital always remains a competitive edge in the growth of organization and increase market shares. It’s people who make good or bad decision for the organization. More experience and expert employees may be able to take better and strategic decisions for the organization. Timely and accurate decision always leads toward incase the market share of the bank” (R4).

Innovation and Creation:

Banks always prefer intellectual human capital that has bounties of innovative ideas. These innovative ideas generate more value and give competitive advantages to firms. It has been remain a healthy activity and there should have always been room available in the organizations to promote and welcome the innovativeness for improvement. Few participants mentioned the role of innovation and creations for banks as follows;

“Our bank always encourages the innovative ideas that is given by employees and I especially call a meeting with my subordinates and then we all think about the best solutions through new ideas” (R6).

“Throughout, the bank innovative ideas are supported. Bank has created special communication channels through which innovative and knowledgeable ideas can be shared and discussed”(R4). So, banks have effective innovative policies and used different platform to share these ideas. “Every individual employee is free to share his innovative ideas in the bank’s portal which must be admired” (R7). Innovation and creativity is one of the key success factors to increase the market share. Bank is search different venues and services through which customer can be attracted.

“Definitely, more innovative people bring more creative ideas for development of new products which increase the capitalization of banks. When bank’s market share increase due to development of new products then bank’s able to increase its sale that influence the profitability of banks”(R2).

4.4.2. Structural Capital Practices

Systems and Programs:

Structural capital is one of the integral parts of intellectual capital practices. It is non-human asset and consists of systems and programs, research and development, intellectual property rights of an organization (Sharabati, Jawad and Bontis 2010). Banks pay more intension to preserve its structural capital resources. Banks have very effective systems and programs relating to succession training programs, effective recruitment polices, rewards systems and supportive infrastructure for work.

“Bank has a comprehensive training programs (on the job and in house) to train and prepare succession. Beside this bank have a proper business continuity department/ office that are updated on real time and continuously making effort how to provide uninterrupted services to its customers” (R4).

“Bank has equal employment opportunity for every one without any discrimination. The candidate who fit for required job description will be selected without any gender or other discriminating” (R6).

The statements show that banks have effective and succession training programs for employees. Different departments have their own trainee programs and systems. Like, cash, credit, trade finance departments. Most of banks have trainee programs are at basic level, some are intermediate level and other are at advance level which are deeply sequential. Banks normally use very realistic approach and policy while recruiting their employees. These policies are much consistent according to requirement of bank and qualification of employees. Few participants argued that our banks have attractive rewards systems;

“Banks provide different incentives and benefits and bonuses to employees and it is totally based on their performance appraisal” (R4 and R6). A participant shared that effective systems and programs substantially accelerate the market share and profitability of the banks. “Effectiveness and the extent to which the system is user friendly, definitely increases the market share of the bank. Market share and profitability are directly proportional to each other...once market share is increased through efficient system in place; the profitability automatically increases” (R2).

Research and Development:

Research and development is very important to introduce new products for banking industry. Banks are very keen and have effective policies for development of new products because more innovative people bring more creative ideas for development of new products which increase the capitalization of banks. “Since management is at the helm, therefore management has the predominant role to work out a product, best fitted in the contemporary banking sphere” (R2). “Some banks are performing leading in R&D as far as pace of brining in new products is concerned” (R2 and R6). So, research and development not only influences market share of banks (developing new products) but also excel the profitability of banks due to increased market shares.

Intellectual Property rights:

Intellectual property rights are one of the integral parts of bank’s structural capital. It contains all the innovative ideas of top management of the banks. Innovative procedure and policies are the part of Intellectual property rights that help the banks to increase the value creation efficiency. “Few participants described that Banks have very clear

policies to manage and protect its IPRS...and inform to employees to protect and maintain its secrecy” (R8 and R5). “IPRS can play a positive role in encouraging bank development, rationalization of inefficient industry, and inducing technology acquisition and creation and banks have their own policies to manage and protect IPRS” (R4). One participant mentioned “As banks consider IPRS very important so bank has productive and innovative ways of IPRS which normally use to increase their income” (R4).

4.4.3. Relational Capital

Strategic Alliances:

The interview data reveals that strategic alliances are very also important to build the relational capital of firms. Strategic alliances are very important for bank performance, to generate value and profitability. One of the participant mentioned that “When we go for a strategic alliance bank normally takes and gives service of third party which is helpful to generate profitability like money gram, western union for sending and receiving the foreign remittances and debit and credit card (Visa cards) are strategic alliances to become a customer base bank”(R1). “Likewise, most of banks our bank is also working on strategic alliances and agreements (mergers and acquisitions) providing more diversify products that increase the market share as well profitability of banks” (R8).

Customer Relations:

Banks are devoting a significant time and effort to build long standing relations with customers because they know that survival of organization depend upon customers relations. A participant told “bank is very much concern if the customer feeling is something (like not satisfied with bank”) (R1). Therefore, banks prefer customization and continuously striving to resolve their problems.

Customers contribute a lot towards bank’s growth. “Bank makes out all efforts and devotes substantial time to establish the profound relationship with the customers” (R2). If the customer is unaware about banks products and services then it is difficult for bank to win market share. So, positive customer relations increase the market share besides the profitability of bank.

Customer Knowledge:

Customers knowledge is very important to keep update those regarding products features and bank’s policy. Few participants elaborated that “Bank has a very effective information system and use to inform customers through different mediums like we call them, sending emails and fax about customers queries” (R1). Banks also share the knowledge with customers “through advertisement in shape of pamphlets, circulars, publications” (R7 and R3). Banks normally delivers the knowledge to its customers about products and service, more importantly the changes policies of bank. A participant mentioned;

“Definitely, customer contributes a lot towards bank’s growth and market share. If customer is unaware about bank products or services then how it would be possible for bank to win market share” (R7).

5. DISCUSSION AND CONCLUSION

Intellectual capital has gained the attentions of many researchers, scholars and practitioners. It is a very important ingredient for business promotion and development. It is recognized as, knowledge, experience and innovativeness of employee’s that can be used to generate value and profit for organization’s survival and competitiveness (Itami, 1987; Stewart, 1997; Pulic, 2001; Goh, 2005; Sharabati et al., 2010). Therefore, role of study to be acquainted with that how much bank’s professionals use intellectual capital practices, second to explore and observe rich subjective opinions of professionals about adoption of these practices to enhance profitability and market share of banks. The findings of interview data exposed uniqueness of this study because IC practices are not well recognized by most of the bank professionals. This study has unique setting particular in context of approach and sector therefore, reveals different understanding for different professionals. Few participants argued;

“Intellectual Capital (IC) presents as a knowledge base asset and this phenomena realized by bank’s management that organization’s success and survival is based on human capabilities, experiences and their skills (HC), innovation procedures, systems and technology (SC) and relationship with external and internal stake holders (RC)” (R1,R7,R3).

This statement shows that IC is a resource based phenomena for bank's management and more keen for implementation of its practices, for employee's awareness and performance of organizations. This finding support extant literature reported by (Stewart, 1997; Kamath, 2007 and 2008; Walsh, Enz and Canina 2008; Goh, 2005).

Human capital is one of the valuable resources for banks performance; banks are paying more attentions to preserve employee's competence level through continuously learning and education programs. Banks are conducting different training courses for employees learning and education which are diversified in nature, benefiting all the employees. So, banks are to a larger extent focusing on effective training programs to the enhance employee's skill level and competency, which support the findings of (Roos and Roos 1997). Employees learn from bank's schedule training programs, colleague and through customer's feedback. As one of the participants mentioned "Customer's feedback is also very important for banking industry because banks set their services level as per customer needs" (R1). So, employee's learning and education is very important for bank's performance. If the banks have more learner and competence employees, they would be able to satisfy the customer's better which, not only increase the market share of banks as well profitability which corroborate the findings of (Chen and Lin, 2004; Cheng et al., 2010).

There is always demand for banks to higher more experience and expert employees. Experience employees are very help full to make productive decisions which increase the efficiency of banks. Banks hire experience people because more the human capital efficiency, more the customers are satisfied which increases the market share and profitability of banks. Therefore, this study provides a unique set of contribution in context of financial sector of Pakistan that banks are investing a substantial amount of capital to enhance the human capital efficiency in terms of learning and education, experience and expertise and innovativeness of employee through effective training programs, colleague's learning and customer's feedback. So, banks financial efficiency is dependent on human capital efficiency that validates the findings of (Tan et al., 2007; Goh 2005; Joshi et al. 2010; Rehman et al., 2011; Ahangar 2011).

Innovative and wealth of ideas performs positive role to augment intellectual capital performance which determines the future performance of organizations (Sharabati et al., 2010). Therefore, banks prefer to hire intellectual people because they bring innovative knowledge and ideas for discussion. "Every employee is free to share his innovative ideas in the bank's portal which must be admired" (R2) which increases the learning abilities of employees. So, innovative people bring creative ideas for development of new products which increase the market share and profitability of banks.

Banks have very effective systems and programs; relating to employees training, research and development of new products, rewards systems, databases, software's and for protection of intellectual property rights. It is collectively recognized as structural capital of banks. Structural Capital (SC) is another important component of Intellectual Capital (IC). The supportive infrastructure processes and databases of the organization enable the human capital to function properly. Banks deeply focus to make the environment most adaptive to work because culture and environment at the top level trigger down the impact throughout the organization. Strong ethical culture and control environment is being followed throughout the hieratic of the banks. So, effective systems and programs, research and development and IPRs provide unique practices to work in each branch, providing favorable environment for employees and customer to increase the market share and profitability of banks.

Recently, banks are working diverse strategic alliances. Strategic alliances and agreements are very important for bank's performance to generate value and profitability. When banks go for strategic alliances usually takes and gives service of third party which is helpful to generate profitability like money gram, western union for sending and receiving the foreign remittances and debit and credit card (Visa cards) are strategic alliances to become customers' base banks. Bank works on acquisitions and mergers to increase efficiency and profitability and protect the rights of each other.

Finding of study also reveals that banks are sustaining long standing relations with customers by providing variety of products that suits best to the requirements of the customers tagged with immaculate services. This is quite obvious that bank enhances its market share by adding satisfied customers in its bucket; therefore banks make out all efforts and devote required time to establish the profound relationship with the customers to increase the market share and profitability of banks that support the findings of (Prahalad and Ramaswamy, 2000).

The study provides real theoretical and practical implications for researchers and policy makers. The findings of study supported the already published empirical literature (Ting and Lean 2009; Joshi, Cahill and Sidhu 2010; Diez et al. 2010; Goh 2005) and argued that banks are more intense to use human capital and relational capital practices as compare to structural capital practices. The study also suggested that structural capital is developed, planned and implemented by bank's higher management. Bank's procedures, manuals, policies, systems, software's and product knowledge are only shared with branch management after its development. So, there is least involvement of branch's management for the improvement of structural capital. One of the participant mentioned that "branch's management feedback is very important for the perfection and advancement of structural capital" (R10). They can further add the value in structural capital in shape of more innovative and effective systems, procedures, policies and R&D. This study among of few to explore the IC practices based on interpretive phenomenological approach (IPA) in financial sector of Pakistan. This ground-breaking effort in Pakistan also suggests that intellectual capital practices are embedded from foreign banks in early 2000s and then incorporated by private and state owned commercial banks.

So, it is concluded that intellectual capital practices are very imperative for bank's performance and banks to a larger extent adopt IC practices to get competitive advantage in the market. The results of this study corroborate the previous empirical finding that was undertaken in different national and international contexts (Bontis, 1998; Bontis et al.2000; Bollen et al. 2005; Wang Chang 2005).

6. LIMITATIONS AND FUTURE DIRECTIONS OF STUDY

In the light of academic results, this study also not without limitations and suggests certain directions for future researchers and practitioners. It is an attempt to bridge the research gap using interpretive phenomenological approach (IPA) and contributes to extant literature on IC practices from a banks professional's perspective. The study presents the subjective opinion of twelve participants from a one geographical area (Lahore); more sample size will provide the clear picture about IC awareness and its implementations to link it with bank performances.

Validity of this study is contained to particular this setting to dig out the emerging themes. However, banks to a larger extent are focusing on management and implementation of intellectual capital practices, but still there is lot of room to focus on it. There is least involvement of branch's management for the development and improvement of structural capital. Their feedback is very important for the perfection and advancement of structural capital. So, banks should consider branch's management feedback while developing its structural capital for proven growth of banks.

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APPENDIX:

Part A: Background Information

Date _____	Time of the interview _____
Interviewee Name _____	Total Professional Experience _____
Qualification of Interviewee _____	Age of Interviewee _____
Gender _____	Name of Bank _____
Experience in this Bank _____	Designation _____

Part Two: Interview Question:

General Question: Overall, what do you think about intellectual capital and its importance for organization's success?

A. Human Capital:

a) Learning and Education:

1. What about the competence of you being a bank employee? Do you think that it is equal to most ideal level that bank require?
2. Tell me about bank's effective trainee programs for employees relating to their jobs?
3. What kind of continuously learning from your colleagues?
4. Do you think that customers feed is important for your learning and education?
5. What about your option that bank policies help to update your knowledge?
6. Do you think that continuous learning programs raise the market share of the bank?
7. What type of continuous learning and education programs increase the profitability of the bank?

b) Experience and Expertise:

1. In your opinion, what sort of expertise normally required for your job.
2. What kind of performance requirements of the bank?
3. Can you explain the maximum input for the bank that differentiates you from other colleagues?
4. What about your colleague's professional experience?
5. Do think that more experience and expert employees increase the market share of the bank?
6. How does the experience and expertise of employees increase the profitability of the bank?

c) Innovation and Creation

1. How do you realize yourself more intellectual (innovative and creative) as compare to other bank's employees?
2. What about support to bring innovative knowledge and ideas for discussions?
3. Describes the bank's effective innovative policies and programs?
4. Do you think that employee's innovation and creation increase the market share of the bank?
5. How does employee's innovation and creation increase the profitability?

B. Structural Capital:

a) Systems and programs

1. What about the bank succession training programs for every employee?
2. Tell me about bank's culture and environment for work (supportive to work)?
3. What about your opinion for bank recruitment policies to select best employees available for job?
4. Tell me about bank's proper reward systems?
5. How does effective systems and programs increase market share of bank?
6. Do you think efficient systems and programs increase profitability?

b) Research and Development:

1. What about bank's plans for research and development (regarding new products)?
2. Do you think that bank performs a leading role for research and development (Products and Innovation)?
3. How much systems and procedures of bank are supportive for innovation?
4. What is the role of top management for research and development (more keen)?
5. How about the role of R&D for bank to increase profitability and market share?

c) Intellectual Property Rights

1. Can you describe the bank's strategies and policies to manage IPRS?
2. How does the bank cope up actively to increase the income from IPRS?
3. How much bank's management keen for IP to increase value creation?
4. Do you think IPRS increase bank's profitability and market share?

Rational Capital:**a) Strategic Alliances:**

1. Tell me about the bank currently working on joint projects.
2. In your opinion, how much strategic alliances and agreements are important for bank?
3. Do you think that bank's emphasize on diverse alliances of marketing and services to generate output.
4. Have the bank consult outside people for decision making?
5. What about role of strategic alliances and agreements to generate value.
6. Do you think alliance and agreements affect bank's performance (Market share and Profitability)?

b) Customer Relations:

1. How does the bank sustain long standing relations with customers?
2. How does the bank devote significant time on customer's relations?
3. How does the bank prefer customization and continuously strive to resolve their problems?
4. In your opinion, does the bank feel pride on their customer's relations?
5. Do you think that positive customer's relation increase bank's performance (Market share and Profitability)?

c) Customers Knowledge:

1. How does the bank share knowledge with their customers?
2. What is the role of effective information systems for customers?
3. What type of knowledge normally delivers to customers?
4. Do you think that customer's knowledge influences bank performance (Market share and Profitability)?