

UNIVERSITI TEKNOLOGI MARA

**ROLE OF INTELLECTUAL
CAPITAL ON ORGANISATIONAL
SUSTAINABILITY**

NUR HAYATI BINTI AB SAMAD

**MASTER OF ACCOUNTANCY,
FACULTY OF ACCOUNTANCY**

FEBRUARY 2015

AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any other degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Nur Hayati Binti Ab Samad
Student I.D. No. : 2013810588
Programme : Master of Accountancy
Faculty : Accountancy
Dissertation Title : Role of Intellectual Capital on
Organisational Sustainability
Signature of Student :
Date : February 2015

ABSTRACT

In order to successfully accomplish their social and business mission, social entrepreneurial non-profit organisations (NPOs), which are also known as social enterprises, need to identify the appropriate elements of resources that affect their performance, since the management of resources is important to ensure organisational sustainability in the future. Thus, this study aims to examine the role of intellectual capital, in terms of human capital (HC), structural capital (SC) and relational capital (RC) on the sustainability of social enterprise in Malaysia. Content analysis was used as the research instrument in order to measure the sustainability index from information disclosed in the annual reports by 210 organisations registered under the Registry of Societies (ROS) in Malaysia for the year 2010. Various statistical analyses were carried out to examine the relationship between IC and the sustainability of social enterprise. Based on the multivariate analysis, the results have highlighted that SC had significant positive influence on sustainability of social enterprise while HC and RC did not have a significant positive relationship with the sustainability of social enterprise. Overall, this study hopes to contribute to a better understanding on the role of IC on the sustainability of social enterprise. The findings offered several main implications for academicians, researchers, regulators as well as for the social enterprise itself by highlighted that SC was the most influential factor that was able to increase the sustainability of the social enterprise.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	i
ABSTRACT	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Preamble	1
1.2 Social Enterprise in Malaysia	3
1.3 Statement of Problem	5
1.4 Motivation of the Study	8
1.5 Objectives of the Study	9
1.6 Significance of the Study	9
1.7 Organisation of the Study	11
CHAPTER TWO: LITERATURE REVIEW	12
2.1 Introduction	12
2.2 Development of Social Enterprise	12

2.3 Resource-Based View Theory	18
2.3.1 Resource-Based View and Sustainability of Social Enterprise	18
2.3.1.1 Sustainability of Social Enterprise	20
2.3.2 Resource-Based View and Intellectual Capital	29
2.3.2.1 Intellectual Capital	29
2.3.2.2 Components of Intellectual Capital	31
2.3.2.2.1 Human Capital	31
2.3.2.2.2 Structural Capital	32
2.3.2.2.3 Relational Capital	33
2.3.3 Resource-Based View, Intellectual Capital and Sustainability of Social Enterprise	34
2.3.3.1 Human Capital and Sustainability of Social Enterprise	36
2.3.3.2 Structural Capital and Sustainability of Social Enterprise	37
2.3.3.3 Relational Capital and Sustainability of Social Enterprise	39
2.4 Summary	40

CHAPTER THREE: CONCEPTUAL FRAMEWORK, HYPOTHESES DEVELOPMENT, RESEARCH METHODOLOGY AND MEASUREMENT OF VARIABLES	41
3.1 Introduction	41
3.2 Conceptual Framework	41
3.3 Development of Hypotheses	43
3.3.1 Hypotheses for Testing Human Capital and the Sustainability of Social Enterprise	43
3.3.1.1 Human capital efficiency (HCE) and the sustainability of social enterprise	43
3.3.2 Hypotheses for Testing Structural Capital and the Sustainability of Social Enterprise	44
3.3.2.1 Structural capital efficiency (SCE) and the sustainability of social enterprise	44