



## RELATIONAL CAPITAL DEVELOPMENT AND FIRMS RESILIENCE AMONG TRAVEL AGENCIES IN PORT-HARCOURT

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**Abstract:** The study explores the mechanism of the relationship between relational capital and firms resilience among travel agencies in Port Harcourt. The study sample comprised N = 345 employees working in 27 different travel agencies in Port Harcourt. Data were collected with the help of self-administered questionnaire through systematic random sampling. Three hypotheses were developed and tested with Rho by the aid of statistical package for social sciences (SPSS) version 18. The results provide empirical evidence for the positive relationship between relational capital dimensions (customer, suppliers and employees relationships) and firm's resilience among travel agencies in Port Harcourt. The paper recommended that the travel agency operations being a highly interactional, employees should be highly trained on both emotional and social intelligence to improve their social capital in the job.

**Keywords:** Relational Capital Development, Firms Resilience, Customer Relational Capital, Suppliers Relational Capital, Employee Relational Capital.

### Introduction

One of the critical challenges facing firms is to achieve competitiveness, sustainability and growth. On this, firms try to be viable and flexible using their resources, capabilities that are rare, non-substitutable and difficult to imitate to be able to withstand changing business environments.

In this regard, a firm's creation of knowledge and wealth is rooted in its relationship with customers and suppliers, and coping with changes either reactively or proactively (Barney 2006). Most firms try to build a strong collaborative relationship with their suppliers and customers to achieve and remain competitive. This relationship built may stand as an opportunity to enhance resilience within the firm operating environment. Relational capital is an aspect of social capital that finds its source in the structure and content of relationships, the influence, information, and solidarity created (Scarborough &

Swan, 2004). It is mostly assumed that relational capital influences the resilience of an organisation.

Relational capital and firms resilience is rooted in the relationship a firm has with its customers, suppliers and employees of an organization, including all stakeholders. According to Scarborough, & Swan, (2004), the theoretical implication of relational capital on firm's resilience among travel agencies has never been exhausted in the literatures, however there is far from enough empirical that have research that have investigated this issue. The purpose of this research is to investigate the impact of relational capital on firm's resilience among travel agencies in Port Harcourt.

### LITERATURE REVIEW

#### Relational Capital

As an aspect of intellectual capital, relational capital, structural capital and human capital derive their relevance from the



economic philosophy of human capitalism. This disposition bears its effect from Johnny (2006) contention that a company is a mere dusty legal framework without the human asset. The relational capital also known as relational resources refers to the assets created and leveraged through relationships rooted in trust, solidarity norms, and identification. The relational perspective suggests that organisations will derive complex, personal, noneconomic satisfactions and engage in social exchange from harmonious relationship with its stakes, particularly customers. It can be assessed by the degree of mutual respect, trust and close interaction that exists between actors in the relationship (Cousins, Handfield, Lawson, & Petersen, 2005). These assets are in effect embedded in the relationships and bonds between actors, and this concept is not new to the strategic management but it has lacked extensive application and testing. According to Dyer & Singh (1998) in the relational view of the firm, relational capital acts as an important governance mechanism embedded in relationships and as a form of capital which is inherently difficult to measure. In another view, Meritum (2002) argued that relational capital refers to all resources that are linked with an external relationship of the firm; it covers both institutions and business, this includes customers, suppliers, Research & Development, partners, and public institutions. Thus, a good characterization of relational capital is that it refers to the quality and sustainability of the external stakeholders and also the potentiality of generating new agents in the future. These aspects are vital to the success of a company. Relational capital consists of the link a company has with its competitors and other institutions in the market. It is the value derived from harmonious links with alliances, which also covers image, loyalty, satisfaction, commercial power, environmental activities and so on expressed in goodwill.

#### **Firms Resilience**

Organizational resilience as a positive adjustment to challenging conditions, responses as either resilient being more likely in the presence of enabling conditions or rigid, being more likely in the absence of enabling conditions (Sutcliffe & Vogus, 2003). Such a construct yields two possible consequences, either positive or negative adjustment. The ability to learn from mistakes and to quickly process feedback are highlighted, but the actual core requirements for building a resilience capability in a firm that currently doesn't possess such capability remains unclear.

Learning under conditions of ambiguity, where causation between events are inferred from individual beliefs, individual actions and resulting organizational actions, requires trusting relationships between key actors within the firm (March & Olsen, 1975). Also undefined are the dynamics of capability adjustments over time under different contexts of threat response.

Consequently, building adaptive agility under stressed circumstances is key in developing resilient capacity of the firm. Dynamically re-inventing business models and strategies as circumstances change may sound straight forward (Hamel & Valikangas, 2003) but such re-invention may not be possible. The reality is that firms face many competing or incompatible strategic forces with unknowable consequences; but incorporating these forces in a climate of uncertainty requires more than just a desire for renewal. Renewal as a response to hard times, can result to a series of constantly changing short-term fixes for a cascade of emerging issues and crises. Schemes for building organizational resilience have been deciphered, involving management of a sub-set of assets being human resources. (Lengnick-Hall, Beck, & Lengnick-Hall, 2011), a focus on cognitive frameworks for adapting to environmental conditions (Watts & Paciga, 2011), a focus on reducing vulnerabilities by reducing the propensity to disruptive events (Sheffi, 2005) and the desirability of various dynamic states (1,2,3) (Limnios, 2014). Further, learning experiences derived from routine actions serve as a means to incorporating individual skills into collective actions (Levitt & March, 1988). Nevertheless, the aggregation of these framework give the basis to build robust resilience capabilities that can be applied to a firm across a range of conditions.

#### **Theoretical Framework**

##### **Social Capital Theory**

Social Capital Theory has been argued to be the most significant way of theorizing the nature of connection and cooperation between organization (Adler & Kwon, 2002; Starkey & Tempest, 2004). It helps to characterize an organization's complete set of relationships, whilst its focus on the flow of resources between organizations enables the explanation of performance differences between organizations (Koka & Prescott, 2002). Social Capital Theory suggests that actors gain access to different kinds of resources due to their engagement in

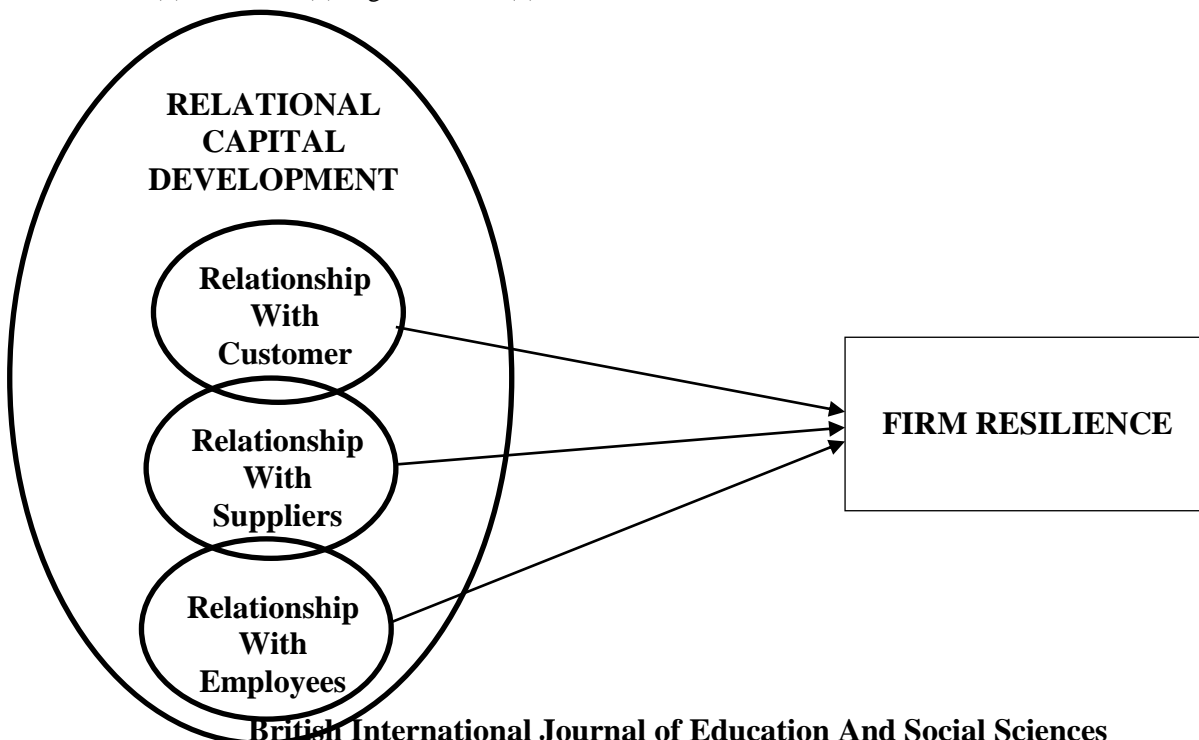


various types of relationships. This research focuses on social capital at an organizational level of analysis and thus adopts the view of (Koka & Prescott, 2002) who define social capital as ‘the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit’. This view emphasizes social capital as a resource that can be actively generated and transferred across firm boundaries. Social capital is similar to other forms of capital in that it has productive value and enables organizations to achieve goals that would not be possible in its absence social capital but it is a complex to identify and therefore manage in the context of a business relationship. The intangible relationship and nature of social capital have implications on its transferability in that it cannot be traded easily and it is therefore uniquely tied to the relationship from which it was created, interpersonal trust and shared understandings are not something that can readily be passed from one relationship to another (Burt, 1992).

Whilst this study concentrates on the relational dimension of social capital, it is necessary to identify the other dimensions of social capital. It is a multifaceted concept and its dimensions are interrelated. Social capital at an organisational level has three main dimensions: (1) structural, (2) cognitive, and, (3) relational.

Building on the work of Granovetter (1992), the structural dimension of social capital focuses on the location of firms within a certain social structure. Symbolic of the overall pattern of connections between firms, the structural dimension can be analyzed via network ties, the configuration of the network, and appropriable organization. The structural dimension represents the central theme of Social Capital Theory that network ties provide access to resources (Hazelton & Kennan, 2000). In short, the configuration of ties within a network or organizations will affect the level of social capital created.

The cognitive dimension of social capital is symbolic of shared goals and codes between actors in a social system (Tsai & Ghoshal, 1998). Nahapiet and Ghoshal (1998) describe it as the resources which encourage shared representations, interpretations and systems of meaning between actors in a relationship. The cognitive dimension facilitates the common understandings of collective ideologies and outlines appropriate ways for actors in a relationship to coordinate their exchange. The relational dimension (relational capital) of social capital addresses the role of direct links between actors and the relational outcomes of interactions (Inkpen & Tsang, 2005), that enhance mutual and harmonious coexistence, with goodwill that enables economic values.





**Figure 1: Conceptual Framework on Relational Capital and Firms Resilience**

The conceptual model above shows that the dimensions of relational capital development are over-lapping. This shows interaction which collectively contribute to enhance the firms resilient capacity in the face of environmental perturbation.

In individual and organizational contexts, authors agree that resilience is a capacity that reflects in behaviour, deals with change; and relates to overcoming some unwanted situation (Paul &Garg, 2012).Resilience measures at the organizational level include behavioural and attitudinal dimensions when predicting overall resilience. An understanding of resilient individuals provides an appropriate starting point for defining resilient organizations, since actions and interactions among organization and customers underpin the emergence of a firm’s collective capacity for resilience (Lengnick-Hall, Beck & Lengnick-Hall, 2011).

Literature provides strong evidence that experiences of difficult situations, negative events or stressors at the workplace can lead to poor employee outcomes and may result in burnout. Resilience as a resource capacity may help employees bounce back from such situations when there is a relationship with the firm and the employees. Paul & Garg, (2012) explained that organizations who encourage employees on the importance of perseverance or the act of persistence despite adversity or discouragement; self-reliance or belief in oneself with a clear understanding of own capabilities and limitations; equanimity or balanced perspective of life and experiences which might be viewed as sitting loose and taking what comes, thus moderating extreme responses to adversity; and existential aloneness or the realization that each person is unique and that while some experiences can be shared, others must be faced alone led to healthy outcomes after a stressful situation determined the resilience processes.

#### **Methodology**

The aim and purpose of this study was to examine the relationship between relational capital development and firms’ resilience among travel agencies in Port Harcourt.The research question we aim to answer was to determine the relationship

between relational capital and firm’s resilience among the travel agencies in Port Harcourt. The study sample comprised employees (N = 345) working in 27 travel agencies in Port Harcourt. A cross sectional survey design were adopted for this study; secondary and primary source of data were used for primary source data were collected with the help of self-administered questionnaires through systematic random sampling. The content scope of this study covers supplier’s relationships, customer’s relationships, employee’s relationships and firm’s resilience and the geographical scope of this study is Port Harcourt and the unit of analysis is the individual. The study involved the test of the following hypotheses:

HO<sub>1</sub>: Supplier relationships does not significantly relate with firms resilience among travel agencies in Port Harcourt.

HO<sub>2</sub>: customer relationships does not significantly relate with firms resilience among travel agencies in Port Harcourt.

HO<sub>3</sub>: employees relationships does not significantly relate with firms resilience of travel agencies in Port Harcourt.

In other to test the hypotheses, the statistical package for social sciences version 18 was used to conduct the analyses, the spearman rank coefficient was used to test the three hypotheses under the bivariate test and descriptive statistic was used to check the mean, standard deviation and percentages of the items under study.in other to check the instrument validity, a reliability test was conducted to check the scale measurement and a reliability of 0.7 and above was accepted.

#### **4.0 Data Analysis and Results**

Table 1: Reliability Test for Items Under Study

Variables	Number of Items	Reliability	Results
Customers relationships	5	0.858	Perfect
Suppliers relationships	5	0.783	Strong
Employees relationships	5	0.704	Strong
Firms resilience	5	0.814	Perfect

Source: SPSS Output 2018.



Table 1 shows the Cronbach Alpha Coefficient, the dimensions in Port Harcourt.

of relational capital value is above 0.70 with customer’s relationship having 0.858, supplier’s relationships having 0.783, employee’s relationships having 0.704, and Firms resilience having 0.814. This simply means that the items of questions are suitable and reliable for distribution and properly understood by the respondents.

**Table 2: Mean, Standard Deviation Score on Dimensions of Relational Capital and Variable of Firms Resilience**

S/N	SD (%)	D (%)	A (%)	SA (%)	Mean	Standard Deviation
Customers Relationships	31 (16.5)	28 (14.9)	83 (44.1)	46 (24.6)	2.77	1.00
Suppliers Relationship	38 (20.2)	58 (30.9)	51 (27.1)	37	2.50	1.50
Employees Relationships	41 (21.8)	58 (30.9)	52 (27.7)	63	2.50	1.04
Firms Resilience	9 (4.8)	28 (46.9)	88 (46.8)		3.09	0.82

Table 2: Shows analysis of items of dimensions of relational capital (customer’s relationships, supplier’s relationships, employee’s relationship and firm’s resilience of the respondents of travel agencies in Port Harcourt.

**Table 3: Spearman rank correlation hypotheses results**

Ho1: There is no significant relationship between customer’s relationship and firm’s resilience among travel agencies in Port Harcourt	R= 0.475 R2 = 0.225 p-value =.000	Rejected null Hypothesis Accept alternate hypothesis
H02: There is no significant relationship between supplier’s relationships and firm’s resilience among travel agencies in Port Harcourt.	R= 0.332 R2 = 0.110 p-value =.000	Rejected null Hypothesis Accept alternate Hypothesis
H03: There is no significant relationship between employee’s relationships and firm’s resilience among travel agencies	R= 0.494 R2 = 0.244 p-value =.000	Rejected null Hypothesis Accept alternate hypothesis

**Discussion of Findings**

Descriptive statistics and inter-correlations among the study variables as shown in Table 2 indicate that firm’s resilience correlates positively with relational capital dimensions (customer’s relationships, supplier’s relationships and employees’ relationships). Further, reliability coefficients were calculated to test internal consistency and are shown within parentheses in Table 1. Measures of all the study variables have reported an acceptable alpha value with more than 0.7 Cronbach alpha, according to Carmines & Zeller (1979) rule of thumb of reliability, which shows good internal consistency.

We hypothesize that Hypothesis 1: there is no significant relationship between customer’s relationships and firm’s resilience among travel agencies in Port Harcourt; Hypothesis 2: there is no significant relationship between supplier’s relationships and firm’s resilience among travel agencies in Port Harcourt. Hypothesis 3: There is no significant relationship between employee’s relationships and firm’s resilience among travel agencies in Port Harcourt.

The Spearman Rank Correlation Coefficient results in Table 3 shows that customers relationship is significantly and positively related to firms resilience with (r = 0.475 r<sup>2</sup>=0.225, p-value = .000), The result of hypothesis two shows that suppliers relationship has a moderate positive significant relationship with firms resilience travel agencies in Port Harcourt with P-value = .000 [r =0.332] and the correlation determination (r<sup>2</sup>) is 0.110 which implies that suppliers relationships helps to explain 11% of the variance respondents scores on firms resilience among travel agencies in Port Harcourt.

The result of hypothesis three shows that employees relationship has a moderate positive significant relationship with firms resilience among travel agencies in Port Harcourt with P-value .000 [r =0.494] and the correlation determination (r<sup>2</sup>) is 0.244 which implies that employees relationships helps to explain 24% of the variance respondents scores on firms resilience among travel agencies in Port Harcourt.



The three null hypothesis formulated were rejected and the alternate hypotheses accepted. According to Cooper and Schneider (2003) the benchmark for accepting or rejecting a null hypothesis using SPSS decision rules is as follows;

a) When the significant level of correlation (sig; 2-tailed) is less than the alpha value 0.05 (<0.05), reject the stated null hypothesis. b) When the significant level of correlation stated (sig; 2-tailed) is higher than the alpha value 0.05 (>0.05) accept the null hypothesis.

Results provide empirical evidence in favour of the positive relationship between relational capital and firm's resilience among travel agencies in Port Harcourt. This means that firms having higher levels of customers, suppliers and employees relationships are more likely to display resilience in the working environment. They can adapt to changes, self-confidence which further helps them sustain in harsh and challenging situations. Resilience increases the affective attachment of the individual towards the organization and its people. The present results are in line with those of the previous studies, particularly in Barney (2006); Harmel & Valinkangas(2003), Dyer & Singh (1998).

#### **Conclusion**

The following conclusion was drawn from the findings of this study. Relational capital is a strategic asset to sustainable competitive advantage, thus companies with high relational capital elements (customer's relationships, supplier's relationships and employee's relationships) are more likely to have higher levels of resilience. Relational capital elements are all interrelated as all elements have positive relationship with firm's resilience among travel agencies in Port Harcourt.

#### **Recommendations**

Based on the findings and conclusion of this study, the following recommendations are made

- a. Travel agencies should establish stakeholders relationship management units to handle customers, supplier and employees relationships.
- b. Periodic data should be collected on the relational value and goodwill of the firms to enable the stakeholders relationship management unit to address matters arising.
- c. Front-desk officers should undergo periodic training on customer relationship management to keep abreast on issues to enhance organization social capital.

- d. Managers of travel agencies should undergo routine training on relational capital particularly on employee and customer relations management.

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