
**RELATIONAL CAPITAL AND JORDANIAN PHARMACEUTICAL
MANUFACTURING ORGANISATIONS' BUSINESS PERFORMANCE****Dr. Abdel-Aziz Ahmad Sharabati, Prof. Abdul-Naser Ibrahim Nour & Dr. Sameer
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Abstract: *The purpose of this study is to investigate the influence of Relational Capital (RC) on Jordanian Pharmaceutical Manufacturing (JPM) Organizations' Business Performance (BP). Practical data were collected by means of a questionnaire. Statistical techniques such as descriptive statistics, t-test, ANOVA test, correlation, multiple regressions and stepwise regression were employed. To confirm the suitability of data collection instrument, a Kolmogorov-Smirnov (K-S) test, Cronbach's Alpha and factor analysis were used. The results of the study indicated a positive significant relationship between RC and JPM Organizations' BP. Moreover, findings suggest that the JPM Organizations' RC performance can clearly explain productivity and profitability more than market valuation. The use of a single industry study design limits its generalisability to other industries. The data is also limited to Jordanian Organizations; therefore, extending the analyses to other settings represents future research opportunities. The research results might help both academics and practitioners to be more ready to understand the components of RC and provide insight into developing and increasing them within their Organizations. RC is an important source of Organizations' wealth and therefore it should be taken into serious consideration when formulating the JPM Organizations' strategy.*

Keywords: Relational Capital (RC), Jordanian Pharmaceutical Manufacturing (JPM) Organizations, Business Performance (BP).

INTRODUCTION

Pharmaceutical sector represents Jordan's second leading sector (Kogan, 2006). The relationships with customers, suppliers and other stakeholders are very crucial for this sector. RC creates value added and differentiates Organizations from each other. The main objective of this research is to provide sound recommendations about performance measurement within RC context by identifying and defining the main attributes of quality and productivity of RC, i.e. to point out critical factors of RC and find suitable ways for measuring and management them.

Almost there is an agreement among scholars, researchers and practitioners about the definition and components of RC, but most of them consider only external relationship as RC while others consider both external and internal relationships as RC. Relational capital is "the knowledge embedded in the organizational value chain" (Bontis & Fitz-enz 2002). Relational capital represents all the valuable relationships with customers, suppliers, partners and other relevant stakeholders (Roos et. al. 2001). It comprises not only customer relations but also the organization's external relationships with its network of suppliers, as well as, its network of strategic partners and stakeholders (Zambon, 2002). Furthermore, Stewart (2003) defined customer capital as the value of organization relationships with the people with whom it does business (Roos, 2003). It consists of the knowledge embedded in external networks which consists primarily of knowledge about customers (Bontis, 2007). It is a knowledge embedded in valuable relationships with customers, suppliers and members of other networks (Sallebrant et. al. 2007). Relational capital is a fundamental prerequisite for organizational growth (Cabrita et. al. 2007). It refers to the organization's establishment, maintenance, and

development of public relations matters (Su et. al. 2009). In the modern competitive environment Organizations create the value generally using the relational capital (Titko & Lace 2010). Relational capital consists of communication with customers, suppliers, partners and competitors (Shakina & Barajas 2012).

Finally, RC represents organization level of knowledge (knowledge embedded in external relationships); it is an important and necessary factor for success; it is influenced by the organization and other parties that play part in the relationship; it represents all the valuable relationships with customers, suppliers, strategic partners (alliances, licensing, and agreements) investors (stockholders), stakeholders and the community at large.

REVIEW OF RELATED LITERATURE

Relational capital is a fundamental asset for firms, especially for those with high performing (Welbourne and Val 2009). The key influencing factors of relational capital were customer relationship and supplier relationship (Kontic and Cabrilo 2009). Maintaining and creating stable relational capital requires that a firm build up good interactive relationships with its stakeholders, customers, and suppliers (Allameh et. al. 2010). Among the three variables of intellectual capital, relational capital was the most effective variable on business performance (Sharabati et. al. 2010). As far as the relative importance of the four intellectual capital attributes is concerned, customer capital carried the heaviest weight for business performance (Ahmad and Mushraf, 2011). The most important element for every company is relational capital which brings all income and enables a company to continue its activities (Macerinskiene and Survilaite 2011). Human capital influences organizational performance indirectly and structural capital influences organizational performance directly and indirectly through the relational capital, finally, relational capital directly affects organizational performance (Ahmadi et. al. 2011). The relational capital originates from the value of the relationships that exist between companies and their stakeholders (Manfredi et. al. 2011). Relational capital signifies the relation between internal and external stakeholders (Mehralian et. al. Sadeh 2012). For relational capital, Organizations must create fruitful partnerships with relevant stakeholders and nurture customer relationships (Rahman 2012). The relational capital provides an extra growth rate (Loureiro and Dorrego 2012).

The relational capital plays the important role of alliance learning, and therefore, of knowledge-based competitive advantages (Liu et. al. 2010). Organization's performance is influenced by innovation capital, as well as, relational capital (St-Pierre 2010). The relational capital has a positive impact on innovation (Amiri et. al. 2011). The relational capital enhances the influence of process capital on innovational capital (Namvar et. al. 2011). There is a significant relationship between relational capital management and tendency to organizational innovation (Ghorbani et. al. 2012). Many relational capital factors were the most important for organization entrepreneurship (Macerinskiene and Aleknaviciute 2011 and Aleknaviciute 2011). The relational capital has positive and meaningful influence on organizational entrepreneurship (Talebi and Bahamir 2012). The relational capital has a meaningful effect on externalization of knowledge (Sharafi et. al. 2012). The relational capital significantly and positively affects new product development as well as organization's absorptive capability (Ahmadi et. al. 2012). Relational capital is positively associated with business performance (Cabrita and Bontis 2008). The relational capital and business performance exhibited significant R-squared values (Bontis and Serenko 2009). Relational capital has significant effects on economic performance (Rafiei et. al. 2011). Relational capital has a positive impact on knowledge sharing; knowledge sharing activity enhances the performance (Ngah and Ibrahim 2011). There was a strong relation between relational capital and business performance (Djilali et. al. 2012). The relationship between relational capital and performance was confirmed (Gilaninia and Matak 2012). There was a significant

relationship between social relational capital and firm performance (Sulait et. al. 2012). It was established that the correlations between relational capital components are associated with firm performance (Tumwine et. al. 2012).

Finally, many researches studied the impact of RC on Organizations' business performance from different perspectives. At the same time, they classified the RC components in different ways. The current research classified the RC components to three elements as follows: Alliances, Licensing and Agreements (S.ALA), Relations with Partners, Suppliers and Customers (R.PSC) and Knowledge about Partners, Suppliers and Customers (K.PSC) and studied the effect of these elements on Organizations' business performance from employee perspective.

Problem Statement, Elements and Hypotheses:

In the light of the above literature review, it is worth to study the effect of relational capital on BP in Jordan and Arab words. Thus the questions of this study can be developed and interpreted to the following hypothesis:

H0: Relational capital does not have a direct impact on JPM Organizations' BP.

The relational capital hypothesis can be divided into three hypotheses according to relational capital components as follows:

H0.1: "Strategic alliances, licensing and agreement" variable does not have a direct impact on JPM Organizations' BP.

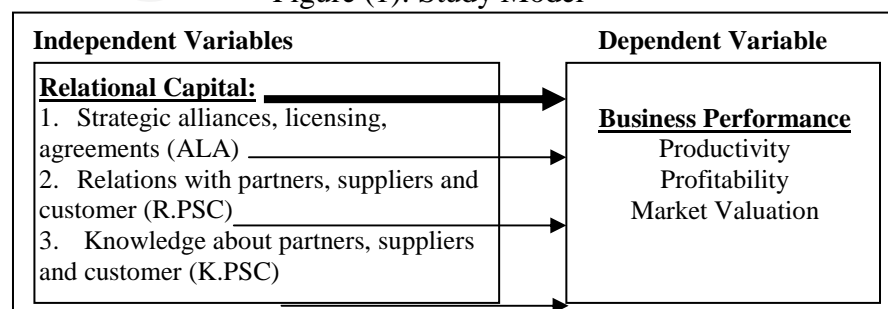
H0.2: "Relations with partners, suppliers and customers" variable does not have a direct impact on JPM Organizations' BP.

H0.3: "Knowledge about partners, suppliers and customers" variable does not have a direct impact on JPM Organizations' BP.

Study Model

In the current study relational Capital (RC) divided into three elements: Alliances, Licensing and Agreements (S.ALA), Relations with Partners, Suppliers and Customers (R.PSC) and Knowledge about Partners, Suppliers and Customers (K.PSC). The current research studies the effect of relational capital elements on JPM Organizations' business performance as shown in the study model figure (1).

Figure (1): Study Model



METHODS AND PROCEDURES

Study Approach and Design:

Secondary data were collected from previous literatures, expert interviews and panel of judges. Primary data were collected by questionnaire; the actual number of questionnaires

analyzed was 122, which collected from the 15 JPM Organizations and verified through the SPSS 20 software for further tests.

Independent Variable: Relational capital is divided into three variables; each was tested by 10 questions: "Strategic alliances, licensing and agreements"; "Relationships with partners, suppliers and customers"; "Knowledge about partners, suppliers and customers". While **Dependent variable:** JPM Organizations' business performance was measured through 10 items as indicated in the questionnaire. All variables were measured by five-point Likert-type scale.

Normality: Table (1) shows that all the independent and dependent variables are normally distributed, where significance for each variable is more than 0.5.

Table (1): Normality Test: One-Sample Kolmogorov-Smirnov (Z) Test

Variables	(K-S)Z	Sig.
S.ALA	1.265	0.082
R.PSC	0.883	0.417
K.PSC	0.883	0.589
RC	0.656	0.783
BP	0.933	0.348

Reliability: Table (2), the results of Cronbach's alpha were registered acceptable (more than 0.7). This result matches with previous studies, such as; Miller et. al. (1999), Moslhi et. al. (2006), Bin Ismail (2005), Ahmadi et. al. (2011), Khalique et. al. (2011) and Santos (2012).

Table (2): Cronbach's Alpha for Study Variables:

Variables	Alpha
S.ALA	0.887
R.PSC	0.871
K.PSC	0.853
RC	0.926
BP	0.901

Validity: Two methods were used to confirm validity: First, multiple sources of data were used to develop and refine the model and measures. Then, Pearson's Principal Component Factor Analysis was conducted. The factor loading value below 0.4 should be removed. Following tables (3,4,5,6,7) show that all variable items were valid, since their factor loading values were more than 0.4.

Table (3): Factors Loading for RC Variables

RC Variables	Extraction	Factor
S.ALA	0.547	0.740
R.PSC	0.776	0.881
K.PSC	0.776	0.881

Table (4): Factor Loading for S.ALA Variable Items

S.ALA Variable Items	Factor
Joint projects	0.752
Distribution channels	0.687
Strategic alliances	0.787
Diverse alliances	0.791
Decision making consultations	0.554
Learn & add value through partners	0.686
Partnership orientation	0.854
S.ALA affect productivity	0.854
S.ALA affect profitability	0.713
S.ALA affect market valuation	0.522

Table (5): Factor Loading for R.PSC Variable Items

R.PSC Variable Items	Factor
Customers' loyalty & satisfaction	0.768
Customers' selecting company's products	0.780
Customers' wants & needs	0.823
Devoting time to select suppliers	0.759
Long standing relationship with suppliers	0.720
Reduce time solving customers' problems	0.527
Customer will continue dealing with us	0.807
R.PSC affect productivity	0.589
R.PSC affect profitability	0.621
R.PSC affect market valuation	0.386

Table (6): Factor Loading for K.PSC Variable Items

K.PSC Variables Items	Factor
Knowledge sharing with partners	0.610
Feedback from customers	0.699
Customer knowledge is widely distributed	0.698
Customer data continuously updated	0.815
Complete data about suppliers	0.717
Continuously meets with customers to find needs	0.711
Useful & updated information system	0.736
K.PSC affect productivity	0.599
K.PSC affect profitability	0.569
K.PSC affect market valuation	0.420

Table (7) Factor Loading for BP Indicators

BP Indicators	Factor
Industry leadership	0.679
Future outlook	0.649
Overall response to competition	0.696
Success rate in new launches	0.783

Overall business performance and success	0.822
Employee productivity	0.625
Process (transaction) productivity	0.676
Sales growth	0.796
Profit growth	0.806
Company market valuation	0.741

DATA ANALYSIS AND RESULTS

Relational Capital (RC) Variables: Table (8) shows that the average means of the respondents' perception about the implementation of the relational capital variables were ranging from 3.37 to 3.59, with standard deviation that ranges from (0.612 to 0.752). The result indicates that there is a significant implementation of the relational capital variables, where ($t=9.447 > 1.645$).

Table (8): Mean, Standard Deviation and One-Sample T-Test Results for RC Variables

Variables	Mean	Std. deviation	T value	T tabulated
S.ALA	3.39	0.752	5.993	1.645
R.PSC	3.59	0.612	11.136	1.645
K.PSC	3.37	0.622	6.870	1.645
RC	3.45	0.550	9.447	1.645

Alliances, Licensing and Agreements (S.ALA) Variable Items: Table (9) shows that the average means of the respondents' perception about the implementation of the alliances, licensing and agreements variable were ranging from 3.06 to 3.86, with standard deviation that ranges from (0.957 to 1.164). The result indicates that there is a significant implementation of the alliances, licensing and agreements variable, where ($t=5.993 > 1.645$).

Table (9): Mean, Standard Deviation and One-Sample T-Test Results for S.ALA Variable Items

No	Statement	Mean	Std. Deviation	T value	T tabulated
1	Joint projects	3.28	1.114	2.890	1.645
2	Distribution channels	3.55	1.021	6.222	1.645
3	Strategic alliances	3.06	1.164	0.598	1.645
4	Diverse alliances	3.07	1.120	0.699	1.645
5	Decision making consultations	3.13	1.122	1.319	1.645
6	Learn & add value through partners	3.41	0.957	4.913	1.645
7	Partnership orientation	3.18	1.069	1.955	1.645
8	S.ALA affect productivity	3.75	0.984	8.760	1.645
9	S.ALA affect profitability	3.86	1.012	9.715	1.645
10	S.ALA affect market valuation	3.64	1.100	6.646	1.645
	Mean Total	3.39	0.752	5.993	1.645

Relations with Partners, Suppliers and Customers (R.PSC) Variable Items: Table (10) shows that the average means of the respondents' perception about the implementation of the relations with partners, suppliers and customers' variable were ranging from (3.15 to 4.14), with standard deviation that ranges from (0.802 to 0.993). The results indicate that there is a

significant implementation of the relations with partners, suppliers and customers' variable, where ($t=11.136 > 1.645$).

Table (10): Mean, Standard Deviation and One-Sample T-Test Results for R.PSC Variable Items

No	Statement	Mean	Std.	T	T tabulated
11	Customers' loyalty & satisfaction	3.31	0.909	3.925	1.645
12	Customers' selecting company's products	3.29	0.993	3.332	1.645
13	Customers' wants & needs	3.48	0.903	6.069	1.645
14	Devoting time to select suppliers	3.39	0.889	5.092	1.645
15	Long standing relationship with suppliers	3.78	0.859	10.438	1.645
16	Reduce time solving customers' problems	3.15	0.977	1.782	1.645
17	Customer will continue dealing with us	3.48	0.912	6.013	1.645
18	R.PSC affect productivity	4.07	0.803	15.291	1.645
19	R.PSC affect profitability	4.14	0.802	16.387	1.645
20	R.PSC affect market valuation	3.84	0.923	10.465	1.645
	Mean Total	3.59	0.612	11.136	1.645

Knowledge about Partners, Suppliers and Customers (K.PSC) Variable Items: Table (11) shows that the average means of the respondents' perception about the implementation of the knowledge about partners, suppliers and customers' variable were ranging from 2.89 to 3.89, with standard deviation that ranges from (0.841 to 1.057). The result indicates that there is a significant implementation of the knowledge about partners, suppliers and customers' variable, where ($t=6.870 > 1.645$).

Table (11): Mean, Standard Deviation and One-Sample T-Test Results for K.PSC Variable Items

No	Statement	Mean	Std.	T	T tabulated
21	Knowledge sharing with partners	3.19	1.042	2.088	1.645
22	Feedback from customers	3.32	0.935	3.908	1.645
23	Customer knowledge is widely distributed	2.89	0.902	-1.351	1.645
24	Customer data continuously updated	3.17	0.904	2.215	1.645
25	Complete data about suppliers	3.45	0.841	6.107	1.645
26	Continuously meets with customers to find	3.23	0.995	2.711	1.645
27	Useful & updated information system	3.07	1.057	0.741	1.645
28	K.PSC affect productivity	3.87	0.868	11.525	1.645
29	K.PSC affect profitability	3.89	0.867	11.843	1.645
30	K.PSC affect market valuation	3.63	1.037	6.968	1.645
	Mean Total	3.37	0.622	6.870	1.645

Business Performance Indicators (BP): Table (12) shows that the average means of the respondents' perception about the role of BP indicators were ranging from 3.30 to 3.95, with standard deviation that ranges from (0.785 to 0.946). The result indicates that there is a significant role of BP indicators, where ($t=8.173 > 1.645$).

Table (12): Mean, Standard Deviation and One-Sample T-Test Results for BP Indicators

No	Statement	Mea	Std.	T	T tabulated
31	Industry leadership	3.48	0.886	6.186	1.645
32	Future outlook	3.95	0.927	11.734	1.645
33	Overall response to competition	3.39	0.889	5.092	1.645
34	Success rate in new product launches	3.30	0.931	3.647	1.645
35	Overall BP and success	3.54	0.833	7.422	1.645
36	Employee productivity	3.37	0.785	5.430	1.645
37	Process (transaction) productivity	3.38	0.737	5.909	1.645
38	Sales growth	3.39	0.946	4.691	1.645
39	Profit growth	3.45	0.944	5.442	1.645
40	Company market valuation	3.33	0.904	4.141	1.645
	Mean Total	3.46	0.641	8.173	1.645

Relationships between the Study Variables:

A Bivariate Pearson's correlation coefficient (r): was carried out to test the correlation among relational capital variables and with JPM Organizations' BP indicators. Table (13) shows that the relationships among the relational capital variables are strong, where r ranges from 0.461 to 0.711. This indicates that the relational capital variables are strongly related with each other. The matrix also shows that the relationship between the relational capital variables and JPM Organizations' BP is strong, where r ranges from 0.375 to 0.729.

Table (13): Bivariate Pearson's Correlation Coefficient (r) Among RC Variables, and With BP

Variables	1	2	3	4
1 ALA				
2 R.PCS	.461**			
3 K.PCS	.462**	.711**		
4 RC	.801**	.849**	.851**	
5 BP	.375**	.729**	.609**	.670**

* Correlation is significant at the 0.05 level. ** Correlation is significant at the 0.01 level

Hypotheses Testing

Multiple Regressions:

Main Hypothesis: H0: Relational capital variables do not affect the JPM Organizations' BP.

Table (14): Results of Multiple Regressions Analysis: Regressing RC variables against BP

Variables	r	R ²	ANOVA F- Value	Sig.
RC variables	0.740	0.548	51.788	0.000

Table (14) shows that the three variables together explained 54.8 percent of the variance, where (R² =0.548, F=51.788, Sig.=0.000). Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. It indicates that the relational capital variables affect the JPM Organizations' BP.

Table (15): Un-standardized and Standardized Coefficients of Multiple Regression Model for RC Variables

RC Variables	Un-standardized Coefficients		Standardized Coefficients	t-value	p
	B	Std. Error	Beta		
(Constant)	0.548	0.245		2.236	.027
S.ALA	0.016	0.058	0.019	0.272	.786
R.PSC	0.622	0.091	0.594	6.862	.000*
K.PSC	0.184	0.089	0.178	2.058	.042*

*Sig < 0.05

The conclusion of table (15), shows that the relations with partners, suppliers and customers variable has the highest effect on JPM Organizations' BP, where (Beta=0.594, sig.=0.000). Thus, it indicates that the relations with partners, suppliers and customers variable is the most significant and it is positively and directly regress to the JPM Organizations' BP, followed by the knowledge about partners, suppliers and customers variable, where (Beta=0.178, sig.=0.042), while the alliance, licensing and agreements variable has the lowest effect, where (Beta=0.019, sig.=0.786).

The relationship between the dependent and independent variables derived by this model can thus be expressed as:

$$\text{Relational capital} = 0.548 + 0.622 (\text{R.PSC}) + 0.184 (\text{K.PSC}) + 0.016 (\text{S.ALA}).$$

Table (15) shows that there is **no** significant effect of the alliances, licensing and agreements variable on the JPM Organizations' BP, where (Beta=0.019, sig.=0.786). Since (t=0.272, $P > 0.05$), therefore, the null hypothesis is **accepted**, which indicates that the alliances, licensing and agreements variable does not affect the JPM Organizations' BP at $\alpha = 0.05$. Furthermore, it shows that there is a positive direct effect of the relations with partners, suppliers and customers' variable on the JPM Organizations' BP, where (Beta=0.594, sig.=0.000). Since (t=6.862, $P < 0.05$), the null hypothesis is rejected and the alternative hypothesis is accepted, which indicates that the relations with partners, suppliers and customers variable affects JPM Organizations' BP at $\alpha = 0.05$. Finally, result shows that there is a positive direct effect of the knowledge about partners, suppliers and customers' variable on the JPM Organizations' BP, where (Beta=0.178, sig.=0.042). Since (t=2.058, $P < 0.05$), therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, which indicates that the knowledge about partners, suppliers and customers variable affects JPM Organizations' BP at $\alpha = 0.05$.

1.1.1. Stepwise regression: To determine which variables are important in this model, the researcher used stepwise regression model shown in following table:

Table (16): Stepwise Regressions (ANOVA) for RC Variables

Model	r	R ²	F	Sig.	RC Variables
1	0.729 ^(a)	0.531	147.457	.000	R.PSC
2	0.740 ^(b)	0.548	78.205	.000	K.PSC

From table (16) above, the first model of stepwise regression shows the importance of the relations with partners, suppliers and customers variable, where (R²=0.531, F=147.457, Sig.=0.000). The second model of stepwise regression shows the importance of the relations with partners, suppliers and customers variable plus the knowledge about partners, suppliers and customers variable, where (R² =0.548, F=78.205, Sig. =0.000). The following table (17) shows the relation between the relational capital variables and JPM Organizations' BP:

Table (17): Stepwise Regressions Model for RC Variables

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	.712	.229		3.106	.002
	R.PSC	.764	.063	.729	12.143	.000
2	Constant	.566	.236		2.400	.018
	R.PSC	.627	.088	.599	7.109	.000
	K.PSC	.189	.087	.183	2.174	.032

*sig. <0.05

From table (17) above, the first model of stepwise regression shows that there is a positive direct relation between the relations with partners, suppliers and customers' variable and the JPM Organizations' BP, where beta equals 0.729. The second model of stepwise regression shows that there is a positive direct relation between the relations with partners, suppliers and customers' variable plus the knowledge about partners, suppliers and customers' variable with JPM Organizations' BP where beta equals 0.599 and 0.183, respectively. Such results indicate that the relations with partners, suppliers and customers' variable is the most important variable, followed by the knowledge about partners, suppliers and customers' variable, while the alliances, licensing and agreements variable does not significantly impact the JPM Organizations' BP.

DISCUSSION OF RESULTS

Relational Capital variables:

Evidence from the study shows that there is a significant implementation of the relational capital variables, where ($t=9.447 > 1.645$). Evidence seems to suggest that the JPM Organizations are implementing all the relational capital variables. It appears that the respondents are aware of the role of relational capital variables in JPM Organizations' BP and they strongly believe that the relational capital variables affect JPM Organizations' BP positively. It seems that the JPM Organizations have a strong interest towards a high level of all relational capital variables.

Table (18): Comparison between the Variables Means of Different Studies

Study	RC	BP
Current Study	3.45	3.46
Miller et. al. 1999 Canada	3.47	3.02
Sofian et. al. 2004 Malaysia	3.89	3.20
Bin Ismail 2005 Malaysia	3.36	3.01
Moslehi et. al. 2006 Iran	3.85	2.4
Salleh & Salamat 2007 Malaysia	3.83	
Ahmadi et. al. 2011	3.43	3.22
Macerinskiene & Aleknaviciute (2011)	3.72	3.90
Santoso (2012)	3.69	2.49
Djilali et. al. (2012)	3.86	4.14

Table (18) shows that Sofian et. al. (2004), Bin Ismail (2005), Salleh and Salamat (2007), Miller (1999), and Moslehi et. al. (2006), Ahmadi et. al. (2011), Mačerinskiene & Aleknavičiūtė, Santoso (2012), finally, Djilali et. al. (2012) supported the current study results. Moreover, Bontis (1999), Bontis (2001), Bontis et. al. (2000), Westhuizen (2005), Bollen et. al. (2005) Chen (2004), Gallego & Rodrygues (2005) and Firer & Stainbank (2003)

results are supporting the current study results. It seems that almost all Organizations regardless of the industry type, country or culture perceive the importance of the relational capital.

The results also indicate that there is a significant implementation of the alliances, licensing and agreements variable, where ($t=5.993 > 1.645$). It appears that the respondents are aware of the role of the alliances, licensing and agreements in JPM Organizations' BP, and strongly believe that the alliances, licensing and agreements affect JPM Organizations' productivity, profitability and market valuation. Bin Ismail (2005) and Heimeriks & Duysters (2003) work support the above results. Furthermore, results indicate that there is a significant implementation of the relations with partners, suppliers and customers variable, where ($t=11.136 > 1.645$). It appears that the respondents are aware of the role of the relations with partners, suppliers and customers in JPM Organizations' BP, and strongly believe that the relations with partners, suppliers and customers affect JPM Organizations' productivity, profitability and market valuation. Moreover, the results show that they have strong interest towards the relations with partners, suppliers and customers' variable. The above result is supported by Bin Ismail (2005), Miller et. al. (1999), Cuganesan (2005), Salleh & Salamat (2007), Bollen et. al. (2005) and Moslehi et. al. (2006), Ahmadi et. al. (2011), Mačerinskienė & Aleknavičiūtė, Santoso (2012), finally, Djilali et. al. (2012). Finally, study results show that there is a significant implementation of the knowledge about partners, suppliers and customers variable, where ($t=6.870 > 1.645$). It appears that the respondents are aware of the role of the knowledge about partners, suppliers and customers in JPM Organizations' BP, and strongly believe that the knowledge about partners, suppliers and customers' affect JPM Organizations' productivity, profitability and market valuation. The above result is supported by Bollen et. al. (2005), Bin Ismail (2005), Sofian et. al. (2004), Miller et. al. (1999), Moslehi (2006) and Salleh & Salamat (2007) Ahmadi et. al. (2011), Mačerinskienė & Aleknavičiūtė, Santoso (2012), Djilali et. al. (2012).

Business Performance Indicators:

Results indicate that there is a significant role of the BP indicators, where ($t=8.173 > 1.645$). Evidence seems to suggest an improvement in JPM Organizations' BP. Therefore, the JPM Organizations are directed and strongly leaning toward performance improvement, and the respondents are aware of the role of BP indicators. As compared with previous studies, table (18) shows that Miller (1999) study rated (3.02), Sofian et. al. (2004) study rated (3.20), Bin Ismail (2005) study rated (3.01), Moslehi et. al. (2006) study rated (2.4), Ahmadi et. al. (2011) study rated (3.43), Mačerinskienė & Aleknavičiūtė (2011) rated (3.72), Santoso (2012) rated (3.69), finally, Djilali et. al. (2012) rated (3.86).

Hypothesis Analysis Results Discussion:

Regarding relational capital, the results of the multiple regression analysis show that the null hypothesis is rejected and the alternative hypothesis is accepted, which indicates that relational capital variables affect JPM Organizations' BP, where ($R^2=0.548$, $F=51.788$, $Sig.=0.000$). It also shows that the three relational capital variables together explained 54.8% of the variance. Results also show that the relation with partners, suppliers and customers' variable has the highest effect on JPM Organizations' BP, followed by the knowledge about partners, suppliers and customers' variable. While the alliance, licensing and agreements variable does not have significant effect on JPM Organizations' BP. The result also shows that for Alliances, Licensing and Agreements variable: The null hypothesis is accepted which indicates that the alliances, licensing and agreements variable does not affect JPM Organizations' BP at $\alpha =0.05$. While, for Relations with Partners, Suppliers and Customers' variable: The null hypothesis is rejected and the alternative hypothesis is accepted, which indicates that the relations with partners, suppliers and customers variable affects JPM Organizations' BP at $\alpha =0.05$.

Table (19): Correlation (R^2) Between RC Variables and BP for Different Studies

Variable	RC-BP
Current Study	0.548*
Bontis 1999	0.249*
Bollen et. al. 2005	0.455*
Bin Ismail 2005	0.401*
Wang & Chang 2005	0.483*
Ahmadi et. al. 2011	0.470*
Khalique et. al. (2011).	0.457*

And for Knowledge about Partners, Suppliers and Customers' variable: The null hypothesis is rejected and the alternative hypothesis is accepted, which indicates that the knowledge about partners, suppliers and customers variable affects JPM Organizations' BP at $\alpha = 0.05$. Table (19) shows that the above results are supported by Bontis (1999), Bollen et. al. (2005), Bin Ismail (2005) and Wang & Chang (2005), Ahmadi et. al. (2011) and Khalique et. al. (2011).

Relationships and Interactions: Pearson correlation matrix shows that the relationships among relational capital variables are strong, where r (0.461 to 0.711). Moreover, result shows that the relationship between relational capital variables and JPM Organizations' BP are varied. The relationship between relations with partners, suppliers and customer's variable and JPM Organizations' BP is strong, and the relationship between the knowledge about partners, suppliers and customers' variable and Organizations' BP is also strong. While the relationship between the alliances, licensing and agreements variable and JPM Organizations' BP is moderate. Finally, the relationship between relational capital and JPM Organizations' BP is strong. As shown in the table (20) study result is supported by Bontis (1999), Bin Ismail (2005), Chen et al. (2004), Ahmadi et. al (2011), Khalique et. al. (2011), Santoso (2012), Dong et. al. (2010) and Djilali et. al. (2012).

Table (20): Correlation (r) between Total RC and BP for Different Studies

Study	RC-BP
Current Study	0.670*
Bontis 1999	0.639*
Bin Ismail 2005	0.641*
Chen et. al. 2004	0.793*
Ahmadi et. al. 2011	0.567**
Khalique et. al. (2011).	0.373**
Santoso (2012)	0.508**
Dong et. al. (2010)	0.521*
Djilali et. al.(2012)	0.495*

CONCLUSION

Empirical result indicates that there is a significant implementation of the relational capital items within JPM Organizations. Moreover, result shows that the relational capital variables together affect JPM Organizations' BP., while the effect of each variable on JPM

Organizations' BP is varied: the relation with partners, suppliers and customers' variable has the highest effect on JPM Organizations' BP, followed by the knowledge about partners, suppliers and customers' variable. While the alliance, licensing and agreements variable does not have significant effect on JPM Organizations' BP. Furthermore, Pearson correlation matrix shows that the relationships among relational capital variables are strong. Finally, findings suggest that the JPM Organizations' RC performance can clearly explain productivity and profitability more than market valuation.

Study Limitations/Recommendations for Future Research:

The sample of this study was restricted to pharmaceutical industry; it focuses on one type of industry. To increase the generalizability of the research results, investigations of at least one more industry is recommended. Further testing might consider a cross-sectional group of participants from a wide variety of industries. Second, the results are limited to Jordanian Organizations. Further empirical researches involving data collection over diverse countries are needed. Finally, measures may need to be refined. Although most variables used in this research have high measurement reliability and validity, some variables may have room for further instrument refinement.

Study Contributions/Practical Implications:

The research makes significant theoretical and empirical contributions to literature regarding influence of RC on the Organizations' BP. The research results might help both academics and practitioners to be more ready to understand the components of RC and provide insight into developing and increasing them within their Organizations. RC is an important source of Organizations' wealth and therefore it should be taken into serious consideration when formulating the JPM Organizations' strategy. This strategy formulation process can be enhanced by fully integrating RC into management practices. JPM Organizations should coordinate different perspectives of RC to improve JPM Organizations' BP and should assign scales for each of the three components of RC. Finally, the data suggest that a similar set of RC indicators could be developed for other Organizations and industries whether government, public or private, profitable or non-profitable Organizations.

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