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Intellectual Capital for
Communities
In the Knowledge Economy

Intellectual Capital for Communities in the Knowledge Economy Emerging Worlds, Growing Intangibles



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Intellectual Capital, Knowledge Management Practices and Value Creation in Firms: A Comparative Study of 8 Countries

Prof. Aino Kianto

School of Business

Lappeenranta University of Technology

Finland

aino.kianto@lut.fi



Background

- **Organizational performance is increasingly grounded on knowledge-related issues**
- **The two key academic discussions addressing knowledge in organizations:**
 - **Intellectual Capital (IC)**
 - **Knowledge Management (KM) literatures**
- **However, very few earlier studies systematically combining these approaches to examine the key knowledge-related factors impacting value creation in firms**
 - => How do IC resources and their management practices interact to create value?**

Intellectual capital literature

- **Focuses on intangible resources that contribute to value creation (e.g. Edvinsson & Malone 1997; Sullivan 1998)**
 - **“knowledge-based resources that contribute to the sustained competitive advantage of the firm”**
 - **“knowledge that can be converted into profits”**
- **Typically divided into three categories: human, structural and relational capital (e.g. Bontis 2001; Guthrie 2001)**
- **The IC literature helps in identifying the kind of intangible resource stocks there are in firms and in assessing their level**
- **HOWEVER**
 - **Are the 3 elements sufficient?**
 - **Renewal capital, trust capital, entrepreneurial capital?**
 - **What about the utilization and management of the resources?**
 - **=> KM literature**

Knowledge management literature

- **KM focuses on the processes and practices for dealing with the intangibles**
- **A plethora of more specific research foci: knowledge processes, contextual issues, tools, etc. (e.g. Edwards et al 2009; Heisig 2010)**
- **KM practices = intentional management activities aimed to support efficient and effective utilization of knowledge for organizational benefit (Foss & Michailova 2009; Andreeva & Kianto 2012)**
- **(At least) eight types of KM practices:**
 - **Strategic management of knowledge**
 - **Leadership**
 - **Structural arrangements**
 - **HRM practices**
 - **External knowledge acquisition practices**
 - **Learning mechanisms**
 - **ICT practices**
 - **Knowledge protection**

Static (IC) vs. dynamic (KM) approaches to knowledge in organizations

IC resources

- **Knowledge as a static asset, stock**
- **What the organization owns**
- **Identification and valuation of existing intangible assets**

KM practices

- **Knowledge as socially constructed emergent process**
- **What the organization does**
- **Capabilities for using, developing and modifying assets**

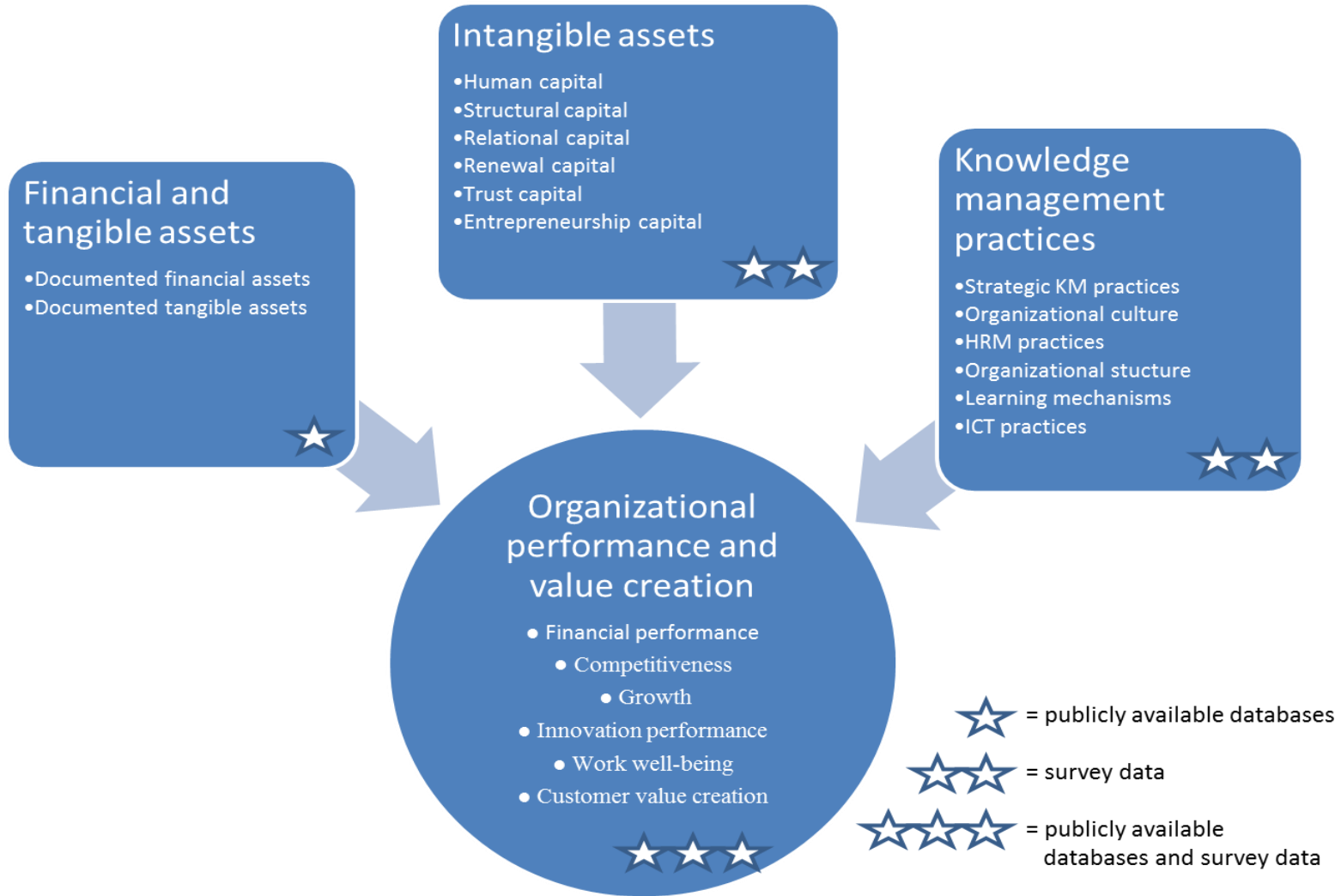


The research project:

“Intellectual Capital and Value Creation”

- **Examines the current state of IC stocks and KM practices, and how these interact in firms’ value creation**
- **Funded by Tekes (the Finnish Funding Agency for Technology and Innovation)**
- **Duration 2013-14**
- **Survey research strategy**
- **Partners in 8 countries**
 - **Lappeenranta University of Technology, Finland (The Core Team)**
 - **Hong Kong Polytechnic University, China**
 - **University of Rome 3, Italy**
 - **Deusto Business School, University of Deusto, Spain**
 - **Universidade Lusiada, Portugal**
 - **St.Petersburg University Graduate School of Management, Russia**
 - **Educons University, Serbia**
 - **Academy of Economic Studies, Bucharest, Romania**

Research design



Conclusion

- **The project will produce knowledge on**
 - **The current state of intellectual capital stocks and knowledge management practices in 8 countries**
 - **The impact of IC and KM on various performance issues**

=> Guidelines for company managers and for policy makers for advancing value creation through intangibles
- **Data collection in Autumn 2013, results in 2014**