

THE ROLE OF INTELLECTUAL CAPITAL VALUE IN THE ORGANIZATION

Nima Kanani

Master of Executive Management, Islamic Azad University, Rasht Branch, Rasht, Iran

Abstract

In today's knowledge-based economy, intellectual capital has more important value compared to physical capital so that this capital can be a strategic tool for all organizations. Intellectual capital is the knowledge that an organization is able to use it in its business processes in order to create value for the company. Intellectual capital is created by science and can play the most effective role in the success of the organization. Intellectual capital management is crucial for long-term success of company.

Keywords: Intellectual Capital, Human Capital, Structural Capital, Relational Capital, Organization

1. Introduction

Studies show that gaining competitive advantage and superior performance of organizations is related to the acquisition, maintenance and use of strategic assets (tangible and intangible) that creates a competitive advantage and achieving strong performance. In recent years, intellectual capital is known as a key source for performance and value creation. In the new economy, intellectual capital is the main source of economic development and other traditional factors of production are important in the next stage. Under these conditions, intellectual capital has become a key factor in improving organizational performance (Mousavi & et al, 2013). In today's knowledge-based societies importance of intellectual capital returns applied is much more than financial return on capital applied; this means that compared with the intellectual capital, the role and importance of financial capital have slowed considerably in determining sustainable profitability (Anvari Rostami & Seraji,2005; Shamakhi & et al, 2015).

2. Intellectual Capital

In today's knowledge-based economy, intellectual capital has more important value compared to physical capital so that this capital can be a strategic tool for all organizations. (Gilaninia,et al, 2011a) For the first time in scientific circles the term of intellectual capital in 1969, was raised by the famous economist John Kenneth Galbraith to explain the gap between the book value and the market value institutions (Ren, 2008). Intellectual capital includes all processes and assets that are usually not shown on the balance sheet and also includes all processes and intangible assets (such as trademarks, patents and product exploitation and trade names) which are considered in modern accounting methods. In opinion of Zeghal and Maaloul (2010) intellectual capital is the knowledge that an

organization is able to use it in its business processes in order to create value for the company. Intellectual capital is not limited to the knowledge available to people, but also include the knowledge stored in enterprise databases, business processes and communication (Osareh & et al, 2014). The main focus of this capital is in systems that create value for the organization (Herremans & et al, 2011).

3. Components of intellectual capital

Intellectual capital is divided three broad areas of human capital (in the area of individual merit), structural capital (in the field of internal structure) and relational capital or customer (in the area of the external structure) as follows: (mesa, 2010)

1) Human capital: Human capital represents the share of knowledge workers in the organization. Human capital forms the basis of intellectual capital and without it, intellectual capital cannot be implemented. (Gilaninia,et al .2013) Since human capital is belongs to employees of organization, it can be argued that this type of capital is not belongs to organization and so, with the turnover of employees, this capital is taken from the organization. Therefore, organizations are seeking to prevent the outflow of capital by converting it to other kinds of capital (Babasheikhali & et al, 2014).

2) Structural capital: Structural capital includes the organizational structure and plans, processes, physical layout, technologies, tools and work space (Ghorbani & Et Al, 2012).

3) Relational capital: Including the current value and future potential value of organization relationships with customers; for this reason mainly customer capital is as marketing knowledge and customer relationships and hence this capital includes items such as trademarks, market share, customer information, relationships with customers, available Centers of customers, commercial contracts (Mesa, 2010; Totifar Tehranpour, 2014).

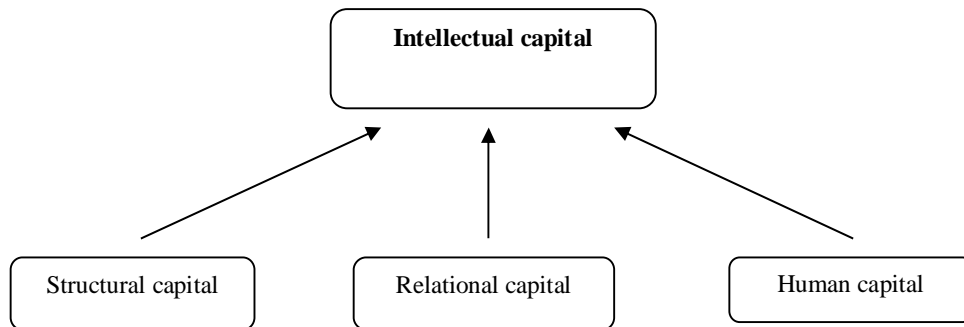


Figure 1) Components of intellectual capital (Bontis, 1999)

4. Models of Intellectual Capital

1- Sandra Cohen & Orestes Vlismas after to study in 92 systems of local government in Greece that was conducted through structured questionnaire. (Talegani,et al ,2011) The financial information was gathered through accrual accounting financial statements, concluded that local government system with high intellectual capital perform better than local government systems with low intellectual capital (Cohen & Vlismas, 2011:1).

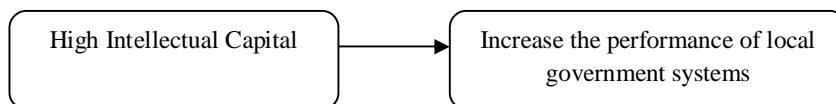


Figure 2) Cohen & Vlismas, 2011

2- Model of Jack Shih-Chieh Hsu & et al

They studied their research on the 750 project manager, team leader or senior members from 113 companies by questionnaire (Hsu & et al, 2014)

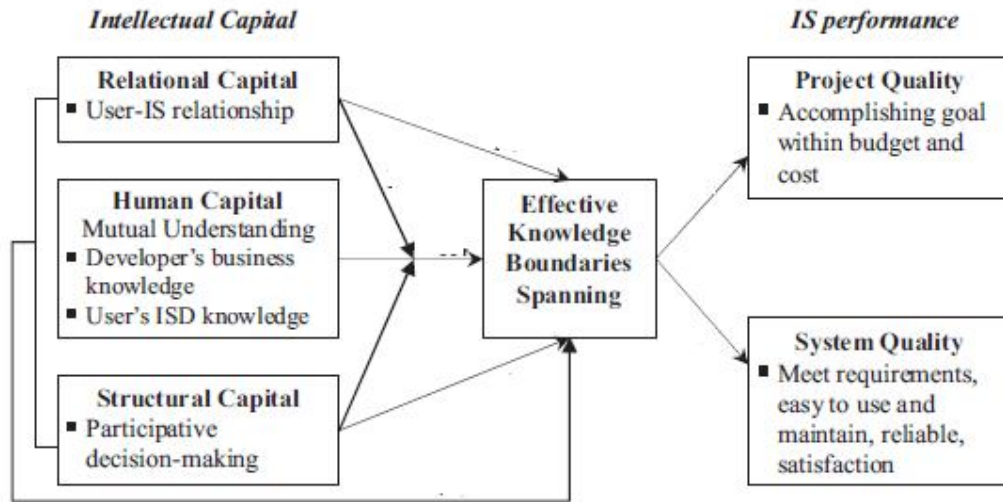


Figure 3) Jack Shih-Chieh Hsu & et al (2014)

3- Model of Lu.,Wang.,Long Kweh,

After evaluating the performance of 34 Chinese life insurance Company during the years 2006 to 2010 using regression approach short, it was found that intellectual capital is positively and significantly correlated with efficiently company operations as well as are confirmed that intellectual capital is caused to wealth in company.

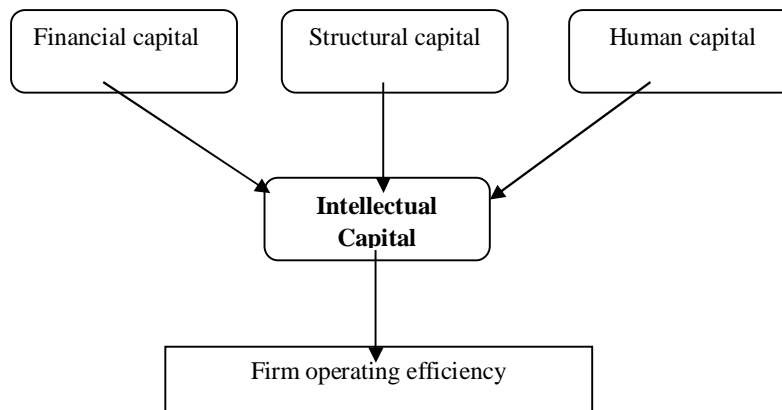


Figure 4) Model of Lu.,Wang.,Long Kweh (2014)

4- Intellectual Capital model of Edvinsson

The Skandia Value Scheme was presented in 1997 by Edvinsson (Alcaniz & et al, 2011:110)

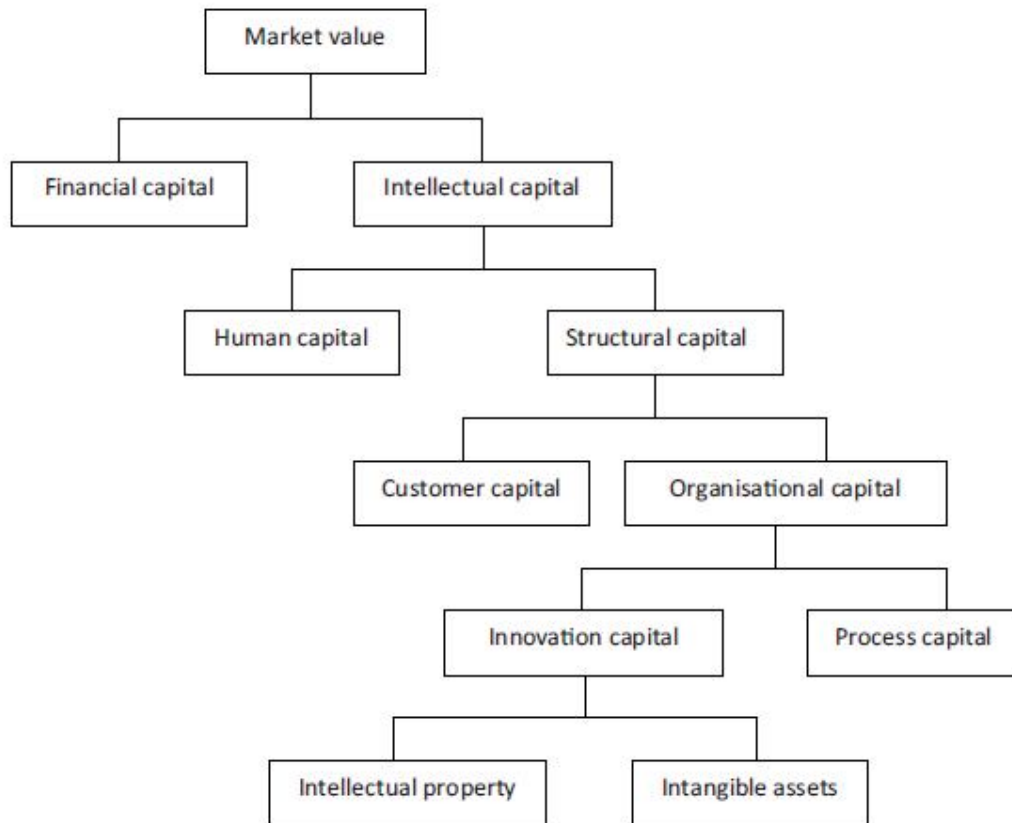


figure 5) The Skandia Value Scheme (Alcaniz et al, 2011)

5- Model of Cañibano & et al

Model of Cañibano & et al was presented in 2002:

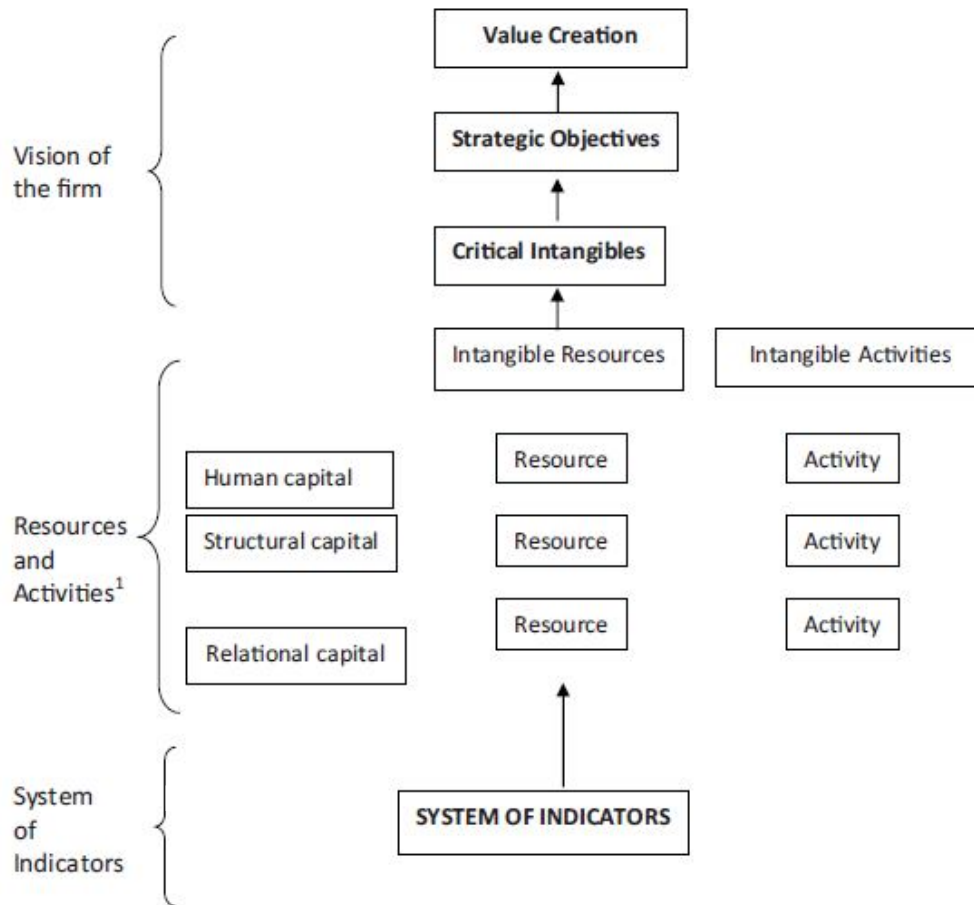


Figure 6) The Meritum Project's scheme for the presentation of intellectual capital (Alcaniz et al, 2011)

6. Model of Intellectual Capital Index

This model was proposed in 1997 by Ross and et al that are also among the approaches of scorecard (Nooralizad & Rezaei, 2014)

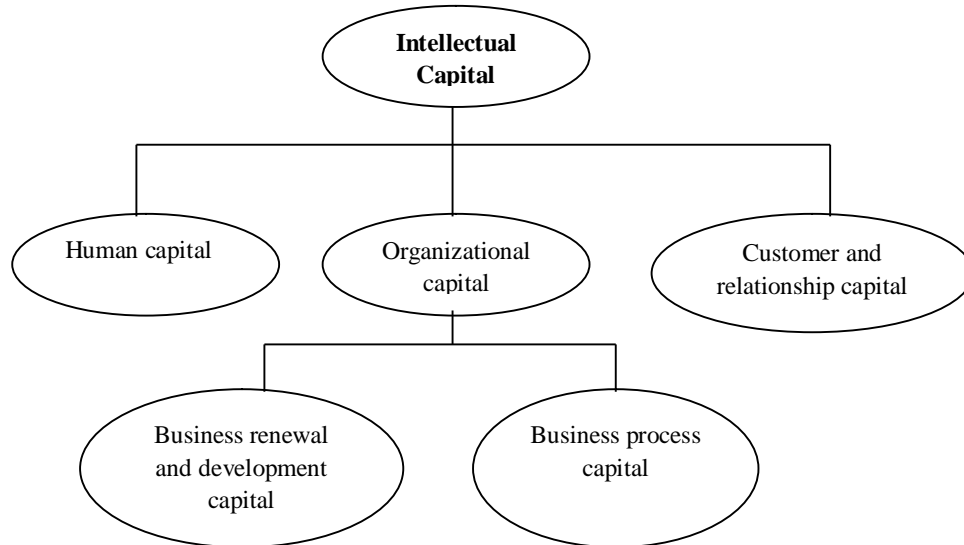


Figure 7): Intellectual Capital Index (Roos & et al, 1997)

5. Importance of Intellectual Capital in Organization

Intellectual capital in innovation, productivity, growth, business competitiveness and economic performance has fundamental importance (Lim & Dallimore, 2004). These assets will improve opportunities of organization (Sudarsanam & et al, 2006). Measurement of intellectual capital is an important step in determining how to improve overall productivity of the organization (Nooralizad & et al, 2014). Bontis (2003) knows the intellectual capital as the main pillars of creating organization. In his opinion, an organization with high ability employees, but poor systems and procedures, won't have successful performance. Intellectual capital is created by science and can play the most effective role in the success of the organization. Intellectual capital management is crucial for long-term success of company. Intellectual capital is hidden sources (intangible) of organization that it consists of all knowledge-based assets and can be distinguished between organizational factors (human resources and communications) and infrastructure (virtual or physical) (Gandomani & Mohajerani, 2012).

6. Discussion and Conclusion

In today's knowledge-based societies importance of intellectual capital returns applied is much more than financial return on capital applied; this means that compared with the intellectual capital, the role and importance of financial capital have slowed considerably in determining sustainable profitability. The main focus of this capital is in systems that create value for the organization. Intellectual capital in innovation, productivity, growth, business competitiveness and economic performance has fundamental importance. These assets will improve opportunities of organization. Measurement of intellectual capital is an important step in determining how to improve overall productivity of the organization.

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