INTTELACIAL CAPITAL AS MANAGEMENT SOURCE

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Abstract

The aim of this paper is to point out the importance of knowledge management and its relationship to intellectual capital. In the majority of cases the effort for adequate intellectual capital administration is linked with the knowledge management. Nowadays the term of the knowledge management is accepted generally this term is based on the knowledge linked possibly with the structural capital constituent which may be assessed by the dissemination rate of the knowledge necessary for provision of quality of the critical processes in the internal corporate environment. The intellectual capital represents the potential prospective effect taking shape in connection with the knowledge management. The companies should create a high-quality base as support for the intellectual capital and the knowledge management not only from the human aspect, but also from the technological, strategic and procedural points of view.

Keywords: management, intellectual capital, knowledge management, human capital.

JEL Classification: M14, Z13.

Introduction

Nowadays the level of corporate management is essential for corporate success. This level is deduced from the state of intellectual capital in the company in question. The intellectual capital is divided by different authors in principle into the human capital, structural (organizational) capital and customer (relational) capital. All three components of the intellectual capital can contribute to increase of corporate performance by a different way. The human capital is the set of productive knowledge, skills and motivations. Human knowledge, abilities and skills (in particular the tacit knowledge). We are speaking about the potential hidden in human heads which does not need to be captured anyhow, but sharing and utilization of this potential is extremely desirable and important for the company. The term of the knowledge management accommodates corporate management and/or human activities in general, based on utilization of the knowledge as a new productive economic source. It is the effective link of those who know with those who need to know by converting the personal (mainly hidden and/or tacit) knowledge into the organizational (mainly explicit) and/or formal knowledge, namely in the form of communication, involvement and sharing. There is still a lot of versions of the basic definition depending on the sector where the knowledge management should be applied. Mutual relation of the intellectual capital and the knowledge management should be reflected in particular in increase of the corporate performance.

Aim of the article and research questions: Reminder of importance of the knowledge management and its relation to the intellectual capital is the very objective of this paper. The knowledge management is used just for better capture and administration of the intellectual capital.

Methods used in research: Rational intellectual consideration, i.e. explicitly qualitative methods, represent the key formal instrument. The consideration is based on the simplest possible quantification - only the trends are known.

Conclusions: The intellectual capital represents the potential /prospective effect taking shape in connection with the knowledge management. Human capital is one of important constituents of the intellectual capital. For purpose of increase of the corporate level of intellectual capital all those participating in the process should develop capabilities and professional skills of individuals, working teams and the whole company as well.

Intellectual capital

Currently, the long-held opinion about people being that the decisive factor for economic success of a company is greatly emphasized. No authors that we know who would dispute that assertion. The importance of intellectual capital, which is regarded as one of the components of intangible capital, is being emphasized. Intellectual capital is a general term for human capital, structural capital and relational capital. Intellectual capital is also defined as the difference between market and book value.

Human capital is a set of productive knowledge, abilities and motivations. It includes
– personal intellectual competences, general and special skills, talents and gifts
– creativity and knowledge, information and skills (e.g. employees of different companies)
– patents,
– licenses
– intellectual property, intangible assets.

Knowledge, skills and abilities of people (especially tacit knowledge) are generally recognized as extremely important. This is the potential hidden in people's heads, which may not be captured, but it is highly desirable for the organization to be able to share this potential and make use of it. It is also important to be able to convince workers to be willing to share especially the mentioned tacit knowledge which they usually consider their property.

Structural capital includes the mechanisms and processes promoting efficiency and innovation, information and communication systems, patents, inventions and trademarks.

Structural capital (often understood as the organizational capital) consists of information and formalized and knowledge stored in computer databases (i.e. explicit knowledge), it also includes the existing know-how captured in the form of organizational and procedural arrangements, problem-solving skills, basically the accumulated experience of the organisation that are somehow preserved and used in normal operation and development of the organization.

Relationship capital is a summary of contacts with customers, suppliers, partners, owners, investors and creditors. The knowledge management is unthinkable without the intellectual capital, and the knowledge management includes processes of greater completeness than the intellectual capital. The effectiveness of KM impacts the effectiveness of investments into IC (intellectual capital). In literature you can find information about the huge differences between the market and book values of some of the world’s leading companies (Microsoft, IBM, Lotus, Oracle a j.). It is a result of the successful goal-directed development and management of the resource of intellectual capital wealth. IC continues to push the traditional sources of wealth, characteristic of the period of industrial revolution (fixed assets, financial assets, stock etc.) more and more out of the priority influence zone. This change requires a new method of managing the current business factors, among which the intellectual capital plays an increasingly important role.

According to author (Katolický, 2006), who divides the intellectual capital into 4 basic kinds of capital: innovative, customer, process and human capitals.

**Using intellectual capital by company management**

Management takes over the level of intellectual capital reached, especially the human capital. Knowledge management is an already widely recognized reality. The recognized rule that people are valuable for the development of the organization is accepted, it however gets a new dimension in that it is not just any people, but people with specific skills that are useful for the organizations and that can help them meet their targets. Knowledge is the ability of humans or any other intelligent system to store, communicate and process information in systematic and hierarchical knowledge structures.

From knowledge we come to management. This can be regarded as a multidisciplinary activity that blends other managerial activities and thus contributes to their overall consistency and improved efficiency. It arose from the need for faster and more efficient assessment of the situation, mobilisation of available resources and more intense communication and cooperation.

Knowledge Management (KM) is a discipline that ensures the extension of individual knowledge throughout the entire organization which enables it to generate higher levels of knowledge - knowledge of the organization.

According to authors however, (Bureš; Čech,2007) knowledge management has many more various definitions:
Knowledge management is a relatively new discipline, which represents the amalgamation of concepts borrowed from different fields of human activity, including for example, artificial intelligence, creation of knowledge systems and software engineering in general, business process reengineering, human resources or organizational behaviour.

According to (Collison & Parcell, G., 2005), the management of knowledge is a hybrid discipline: this is not purely a science or a specific skill. In terms of function it may interconnect the areas of learning and development of organization, management of human resources and information technologies (IT).

Author (Malhotra, 2006) defines the management of knowledge which deals with critical aspects of adaptation, survival and competence of organizations faced with ever increasing discontinuous changes in their environment. It includes mainly those processes in an organization which produce the synergy of information technologies potential within data and information processing with creative and innovative abilities of human individuals.

In practice, it is necessary to make the distinction between the terms "knowledge management" and "management of knowledge" (Bureš, 2007). The reason is that both concepts are seen as two different levels of work with knowledge. While "management of knowledge" is seen as tampering with specific objects, such as knowledge, "knowledge management" is more of a knowledge-based management of any organization, respectively knowledge-oriented corporate governance. In contrast, "knowledge management" uses the outputs of "management of knowledge" activities for its own activities and for achieving their own objectives, which are in most cases on the organization or individual level.

Parallels can be seen for example in the English term "project management", which can be translated either as "managing a project" or "project management". While the first term suggests management of a specific project, management in the sense of setting, implementing and monitoring of its time, financial and material challenges, the use of software applications, using available tools, techniques or methods, the second term, project management, means project-oriented company management, i.e. management of individual contracts in the organisation and operation of the organisation based on individual projects. It is therefore clear that in both cases these are different concepts. Just as managing a project is a necessary part and a subset of project management, managing knowledge is the foundation for knowledge management.

Knowledge is becoming one of the strategic resources for the 21st century, which should ensure their stable performance growth and competitive advantage. Therefore, their management becomes ever more important. For this reason, knowledge management and related activities are currently getting often used in different organisations. Thanks to knowledge management, organisations can build their competitive advantage for example on knowledge that captures the best practices used in the organization or knowledge representing the latest advancements in the development of the domain in which the company operates. However, many changes are connected with the era of knowledge and knowledge management. These changes are quite substantial, covering many areas ranging from information technology to human resources management. All these changes should be monitored and used by organizations to achieve the primary goals of knowledge management, which should also include effective use of intellectual capital and organisation’s performance improvement.

KM priority according to an author (Křižová, 2007) is focused especially on three activities: dissemination, further development and use of knowledge. This is not mere accumulation of information, characterized by mutual connection, but rather the coverage of specific needs of the real process of managing and providing all necessary functions for the company.

We can imagine the concept of dissemination of knowledge in a company in activities such as training new employees when taking up their employment (educating employees). Further development consists of expanding already acquired knowledge with new perspectives on issues, increased knowledge of the linkages
between the information already obtained, adopting new procedures and methods related to the set of already acquired knowledge, etc. The use of knowledge is the most important activity of KM. What use are the highly qualified experts in the field, who fail in using their knowledge in their profession efficiently. The employment of such persons leads to inefficient management of corporate finances. It is necessary to employ highly skilled workers, who not only have the desire to constantly improve their skills, but who also properly apply the acquired knowledge for the benefit of his employer - the company.

KM in the enterprise serves to remove barriers to the development of knowledge while actively promoting their mutual cooperation within the enterprise management system.

In the Czech environment, we can also rely on the interpretation which presents knowledge management as a practical training activity focused on using knowledge in decision-making and management processes supported by information and communication technologies. It deals with the design, implementation and operation of knowledge management systems, that include processes of acquisition, representation and processing, storage, retrieval and derivation, presentation, sharing and distribution of knowledge. The theoretical background consists of cognitive science and artificial intelligence applications (e.g., knowledge engineering), methods and techniques are derived from the practice of information management.

At this point it is appropriate to mention the **knowledge value chain**, which in essence moves from the individual to a team:

*create – clarify – classify – communicate – comprehend*

For example, if we need to increase sales of a product or hire new people or to increase customer satisfaction, we have two ways of acquiring the knowledge needed to resolve this issue.

- One way is that we find out what others know - we find these people and we speak to them, and it often leads us to a network of contacts and other tips – a certain work community.

- The second way is that we find out what is known - what has already been published or recorded on this issue in the form of certain information which we could exploit.

**Mutual relation of knowledge management and protection of knowledge property**

To ensure the sharing of particularly tacit knowledge, management must take care of the ownership protection of such knowledge. Intellectual property is understood as intangible assets resulting from the process of human thinking. It can include summaries of the more or less original ideas, suggestions, guidelines and solutions to change or modify the ambient or the inner world of man. Intellectual property, however, may be just what is unique, unrepeatable and original enough.

The value of intellectual property rights depends on the degree of its consequent benefit for the individual and society and the ability to induce production of other products (material and immaterial). Intellectual property in its lawfully stipulated form may be traded, used, but also protected. Legislation on intellectual property can be divided into two units - copyright law, which is represented by copyright, and industrial property which are enshrined in more incremental legislation.


- United International Bureaux for the Protection of Intellectual Property (BIRPI)
- World Intellectual Property Organization (OMPI - WIPO)

The Czech Republic is a member of WIPO (World Intellectual Property Organization), which is an important international organization in the field of intellectual property, and the party to a number of multilateral international treaties on protection of industrial property managed by that organization. The Czech Republic is also a member of the European Patent Organisation (EPO) and the Convention on the Granting of European Patents, which is managed by the EPO. It is also a party to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) administered by the World Trade Organization.
Conclusions

The VUT Brno, Faculty of Business develops knowledge management particularly in doctoral theses by Bureš, Bačík, Klusák who have successfully completed their doctoral studies.

Intellectual capital cannot be perceived as a philosophical expression of issues, but rather in conjunction with applied knowledge management. To strengthen the willingness to share tacit knowledge, it is necessary to create an environment where workers will share their knowledge. It is appropriate to use the legal conditions of intellectual property protection to the full. Equally important to the enterprise is to support business strategies through the emergence of a certain social climate in their internal environment. A successful implementation of the company business plan requires that all involved in this process develop their abilities, knowledge and skills. These conditions can be achieved only by creating opportunities for further learning, education and training - in order to increase the competences of individuals, work teams and the entire enterprise. In order to increase the level of intellectual capital.

References

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