Chapter XVI

Managing Organizational Knowledge by Diagnosing Intellectual Capital: Framing and Advancing the State of the Field

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Since organizational knowledge is at the crux of sustainable competitive advantage, the burgeoning field of intellectual capital is an exciting area for both researchers and practitioners. Intellectual capital is conceptualized from numerous disciplines making the field a mosaic of perspectives. Accountants are interested in how to measure it on the balance sheet, information technologists want to codify it on systems, sociologists want to balance power with it, psychologists want to develop minds because of it, human resource managers want to calculate an ROI on it, and training and development officers want to make sure that they can build it. The following chapter represents a comprehensive literature review from a variety of managerial disciplines. In addition to highlighting the research to date, avenues for future pursuit are also offered.

He that hath knowledge spareth words;  
and a man of understanding is of an excellent spirit. 
Bible, Proverbs 17:27

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Management academics strive to conduct rigorous research from which knowledge can be transferred to future generations of managers. Thus, their role is twofold: one of theorist as well as educator. This logic has some inherent implications. First, rigorous research is required to clear the publication hurdle. This generally leads to newer academics pursuing the path of least resistance. Typically, these paths are described as having voluminous amounts of researchers and even more voluminous amounts of past research to draw on. The second implication lies in the notion that something out there exists to be examined. The debate of whether academics lead or lag the real world has been argued for centuries. The answer, of course, rests with which group you associate. Finally, academics must teach relevant conceptualizations in the classroom. With rising tuition costs and increasing alternatives, students are in a position to carefully scrutinize where their hard-earned money will go. Within the context of the aforementioned implications, this chapter’s objective is to frame and advance the field of intellectual capital. In attempting to conceptualize the phenomenon from a variety of perspectives and for different audiences, the intellectual capital field can take stalk of where it has been and where it is going. This is necessary in order for it to continue its trajectory.

As the third millennium approaches, how has the burgeoning field of intellectual capital developed? A variety of perspectives will be used to answer this question. First, the field of intellectual capital initially started appearing in the popular press in the early 1990s (Stewart, 1991; 1994). Intellectual capital was described by Stewart as a “brand new tennis ball—fuzzy, but with a lot of bounce.” However, this statement acts as a detriment for the survival of this field in academia. Most “bouncy” topics that are researched extensively (e.g., re-engineering, quality circles, management by objectives) are sometimes frowned upon in academic circles because they are considered nothing more than popular fads. Due to their temporal shortcomings, they are deemed not worthy of serious study. On the other hand, the “fuzzy” aspect of intellectual capital captures the curious interest of practitioners who are always on the prowl for finding solutions to difficult challenges. Hence, the popularity of this topic during its genesis has been sponsored by business practitioners. It is for this audience that the conceptualization of intellectual capital resonates most.

Academics wishing to study this phenomenon face tremendous challenges. A so-called “hot topic” is just that. It has no legacy, no world-renowned researchers and no publication trajectory to follow. This becomes a very risky proposition for developing a publication portfolio. The academic state of this field is in its embryonic stage. It is being pursued by those academics who have a very strong managerial focus and a strong appetite for a field devoid of shape or direction.

The study of the field of intellectual capital is akin to the pursuit of the “elusive intangible.” Academics and practitioners alike recognize and appreciate the tacit nature of organizational knowledge. Furthermore, intellectual capital is typically conceptualized as set of sub-phenomena. The real problem with intellectual capital lies in its measurement. Unfortunately, an invisible conceptualization—regardless of its underlying simplicity—becomes an abyss for the academic researcher. To make matters worse, intellectual capital is conceptualized from numerous disciplines making the field a mosaic of perspectives. Accountants are interested in how to measure it on the balance sheet, information technologists want to codify it on systems, sociologists want to balance power with it, psychologists want to develop
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