Chapter V

Corporate Social Capital and the Intelligent Enterprise

This chapter is concerned with building up the concept of Corporate Social Capital (SC) as a critical firm resource in terms the governance of multisourcing relationships. The establishment of Corporate SC as a performance related concept draws from the related concepts of Social Networks (SN), Intellectual capital (IC) and Corporate Reputation (CR). The relevance of the relationship aspects of SN has been established in chapter III (Figure 12). Also addressed in that review was the knowledge based theory of the firm, that will be developed in more detail through an exploration of the IC literature and the CR literature, each seen as contributing to a foundation for Corporate SC and ultimately impacting IT Governance and multisourcing relationships.

While the importance of the relationship aspects of Corporate SC to IT Governance is well established (Kern & Willcocks, 2001; Willcocks & Cullen, 2006), the impact of IC and CR on IT Governance is less understood. If one reflects on the key objective of IT Governance, being to maximise the business value achieved through investments in IT (PriceWaterhouseCoopers, 2007; Williams, 2007), then it becomes clear that “business value” can have a far broader interpretation than has traditionally been viewed for IT. The traditional use of IT has been to help streamline or automate business processes and hence achieve business value through improved efficiencies. To a large extent IT has been able to achieve this. However, as the business value equation moves toward a greater reliance on intangibles and
intangible valuations, restricting IT applications to process improvement will substantially limit its ability to generate significant business value in the future. For example, much of today’s business value is captured within the IC of firms. Early shareholders in companies like Google, Microsoft, Yahoo and eBay have grown wealthy on the back of the IC that these firms have developed, more so than the efficiency of their internal systems. Therefore this begs the question of how can IT contribute to the business value of IC and CR development?

Figure 20 provides an overview of the linkages between Corporate SC and IT Governance and their common focus on generating business value. The impact of IT to a firm’s IC developments, and the consequent relevance to IT Governance, is a significant movement from traditional thinking in which IT is only seen as a vehicle for process efficiency, and even worse, as a commodity utility service (Carr, 2004). The evolution of IT as a process efficiency aid to the facilitation of collaborative relationships and new forms of IC, and hence business value, is addressed in more detail in Chapter XI. In this chapter however, the theoretical foundations are being established for the remainder of the book. Initially a formulation for Corporate SC is built and then used as a framework for exploring the literature around Social Capital, Corporate Reputation, Alliance Networks and Human Networks. This is followed by a section on the measurement and valuation of intangibles, specifically, SC. For IT Governance to be effective, value measurement schemes for intangibles like Corporate SC will be important. Finally the integration of Intellectual capital and Social Capital literature is achieved through reviewing the major “schools of thought” credited with their respective development. The value of viewing IC through the lens of SC is then argued, prior to completing the chapter with a linking of Corporate SC to multisourcing governance.
Measuring Return on Investment from Implementing ITIL: A Review of the Literature
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