Chapter III
Strategies for Assessing Organisational Knowledge Assets

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ABSTRACT

Today’s global business is characterised by interconnectedness, interdependence, and an increasing level of complexity that force organisations to be flexible, proactive, and dynamic. In this emerging global scenario most of the traditional strategies, approaches, and policies no longer work the way they used to. The new challenge, particularly for companies coping with global business, is the ability to drive their transformation into intelligent organisations, that is, organisations that are able to leverage their intellectual capital to achieve their business objectives and envision new development paths. This chapter, assuming that the organisational intellectual capital corresponds to the knowledge assets attributed to a company, discusses the “What,” “Why,” and “How” of the knowledge asset assessment. First, the subprocesses of the assessment are discussed, highlighting the main features of the assessment of knowledge assets as well as the twofold nature of the knowledge asset assessment, distinguishing between stock and flow perspective of the evaluation. Second, the managerial reasons at the basis of the implementation of measurement systems for disclosing organisational knowledge resources are discussed. Finally, on the base of a distinction between the assessment approaches and the evaluation architectures, four main knowledge-asset assessment strategies are defined.
INTRODUCTION

Why do companies need to formulate strategies for assessing organisational knowledge assets? And particularly, which is the role of these strategies for global business? These two questions are strictly interdependent and represent an issue for those organisations operating on global scale and aiming to improve their competitiveness. Starting from the recognition of the strategic relevance of assessing and managing intellectual capital in today’s global business, the aim of this chapter is to delineate the possible strategies that organisations can put in place to assess the knowledge assets driving value-creation dynamics.

The relevance of assessing and managing intangible and knowledge assets is emerged as a key concern. Managers have recognised that the competitiveness of their organisations no longer resides in traditional financial and tangible resources. Although they can still represent relevant assets, they are not able to guarantee sustainable and differentiating competitive advantages. The 21st century organisations are realising that most of their capacity to create value does not reside into the traditional tangible and financial assets, but rather on the ownership and development of organisational intellectual capital (Carlucci, Marr, & Schiuma, 2004; Carmeli & Tishler, 2004; Schiuma et al, 2007). Indeed, the concept of intellectual capital is risen as a key interpretation to denote the overall intangible and knowledge resources at the basis of company’s competencies (Barney, 1991; Carlucci & Schiuma, 2007; Grant, 1991; Liebowitz, 1999; Rumelt, 1984; Wernerfelt, 1984).

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The intellectual capital assessment and management is at the cornerstone of the development of new business models that, through the valorisation of intangible and knowledge resources, are able to prompt creativity, imagination, energy, and passion within organisations. These represent the new competitive factors for creating value in the global business.

Traditionally companies have measured economic, financial, and operational performances, while they have disregarded the intangible and knowledge dimensions of their business. As result the value incorporated in a company, as well as the company’s capability to create value, have been usually underestimated. Nowadays, successful companies are those that continuously innovate, take advantage of new technologies, and utilise the skills and know-how of their employees, rather than those companies that leverage their physical assets. In this context, knowledge assets represent the key value drivers in global business. They need to be assessed and managed. In particular, the assessment of knowledge assets plays a fundamental role in global business both to manage the value creation capabilities and to disclose and communicate the value of corporate components.

The chapter is structured, as depicted in Figure 1, and discusses the “What,” “Why,” and “How” of the knowledge asset assessment. The first section is concerned about the “What” of the knowledge asset assessment and is aimed to set some relevant conceptual issues related to the meaning and contents of the assessment of knowledge assets. In particular, the subprocesses of the assessment are discussed, highlighting the main features of the assessment of knowledge assets. Then the