Chapter 3

The Management of Knowledge Resources within Private Organisations: Some European “Better Practice” Illustrations

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ABSTRACT

National economies have rapidly moved from their industrial economic base and shifted towards a knowledge base, in which wealth creation is associated with the ability to develop and manage knowledge resources (KR) (see, among others, MERITUM, 2002; EC, 2006). Several national and international institutions have produced various Intellectual Capital (IC) frameworks and guidelines (e.g. MERITUM, 2002; SKE, 2007; EC, 2006) to guide in the management, measurement and reporting of IC. However, there appear to be few studies of private company practices (Guthrie & Ricceri, 2009). The above informed the following two research questions of our study: (1) In what ways, did the private companies express their strategy and the role of KR within it? (2) What tools, including ‘inscription devices’, were used for understanding and managing KR within a specific organisation? This chapter answers these questions by providing illustrations of KR and their management in practice in a variety of private companies.

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INTRODUCTION

National economies have rapidly moved from their industrial economic base and shifted towards a knowledge base, in which wealth creation is associated with the ability to develop and manage knowledge resources (KR) (see, among others, MERITUM, 2002; SKE, 2007; EC, 2006; Guthrie et al., 2007).

For instance, Drucker (1993, p.42) observed over a decade ago:

... knowledge is the only meaningful resource today. The traditional ‘factors of production’— land (i.e., natural resources), labour and capital — have not disappeared, but they have become secondary. They can be obtained, and obtained easily, provided there is knowledge. And knowledge in this new sense means knowledge as a utility, knowledge as the means to obtain social and economic results.

The role of KR as the engine of organisational activities has become widely recognised and there is no doubt that successful organisations tend to be those that continually innovate, relying on technologies, and the skills and knowledge of their employees, rather than hard assets such as plants or machinery (Guthrie et al., 2007).

It is widely recognised (e.g., Roos et al., 2005) that the management of KR creates value; not so clear is the connection between their management and organisational performance. The need to investigate the management of KR in more depth is well established in the literature (Guthrie & Ricceri, 2009). According to Mouritsen (2004, p. 258) “… we struggle to specify how decisions can develop knowledge and translate this into desirable effects”.

Several practitioners and academics have attempted to provide managerial and reporting tools that aim to facilitate an understanding of KR, their management, and links to organisational performance. These tools include ‘inscription devices’ that focus on understanding KR and making them manageable (Mouritsen et al., 2001, p. 736) by using metrics, narratives and visuals, such as figures, tables and pictures.

Several national and international institutions have produced various Intellectual Capital (IC) frameworks and guidelines (see, Ricceri & Guthrie, 2009). These frameworks aim to guide in the management, measurement and reporting of IC. However, a gap exists in the literature as there are few examples of actual practices, rather than just reporting studies (Guthrie & Ricceri, 2009). Also there appear to be few studies of private company practices, however publicly listed and other types of organisations are represented in the literature (Guthrie & Ricceri, 2009). Therefore, the objective of the paper is to explore how a number of private companies are managing their KR. This will be the empirical focus of this chapter.

The above informed the following two research questions of our study:

1. In what ways, did the private companies express their strategy and the role of KR within it?
2. What tools, including ‘inscription devices’, were used for understanding and managing KR within a specific organisation?

This chapter answers these questions by providing illustrations of KR in practice in a variety of private companies. An analytical frame is used to examine each company (Ricceri, 2008). The illustrations were found in a variety of reporting media, including sections in Annual Reports, Corporate Responsibility Reports and stand-alone IC Statements. However, due to the difficulty of accessing internal documents such as strategic plans, business plans and financial resource plans, these were not examined. Therefore, the information set is limited to external documents provided by an organisation. These examples demonstrate how the management of knowledge resources (MKR) has been applied in actual organisations and the