Chapter 5
A Knowledge Assets Mapping Methodology to View Organizational Knowledge-Based Value Creation Dynamics

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ABSTRACT

Nowadays knowledge assets are widely recognized as organizational resources that play a pivotal role in company’s value creation. However, the mechanisms through which these assets take part in value creation are not yet well understood. This critical issue must be faced to enable managers to make better informed decisions with regard to knowledge assets allocation and management. This chapter describes a methodology aimed both to identify a company’s knowledge assets that significantly contribute to create value and analyze how these assets, through cause-and-effect mechanisms, activate value creation dynamics. The proposed methodology draws upon cognitive mapping principles and gathers insights from the strategic management literature. Moreover, it is based on the application of multicriteria decision support methods. The chapter presents three illustrative case examples that show how the proposed methodology can be applied in practice.

INTRODUCTION

Nowadays knowledge assets are widely recognized as resources that play a pivotal role in value creation dynamics of organizations (e.g. Grant, 1996; Itami and Roehl, 1987; Nahapet and Ghoshal, 1998; Schiuma et al., 2007; Teece, 2000). Increasingly, companies’ competitiveness is associated to the strength and capacity to create value for stakeholders by developing and exploiting organizational knowledge assets (e.g. Boisot, 1998; Grant, 1996; Hall, 1993; Liebowitz, 1999; Teece, 2000). In today’s business landscape organizations are aware that the mere ownership and protection of knowledge assets are not enough to
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guarantee sustainable competitiveness. It is likewise important to properly exploit, combine, and continuously develop the organization’s knowledge assets domains. In fact, from the combination and management of knowledge assets derive those organizational capabilities that ground the company’s capacity to perform business and deliver targeted value propositions.

In the last decades, a large body of literature has investigated the management of knowledge assets (e.g., Grant, 1996; Spender and Grant 1996; Teece, 1998; 2000) providing a plethora of models, approaches, practical and theoretical insights.

What remains yet poorly investigated is how knowledge assets convert into improvement of company’s performance and, as result, in the creation of value.

Especially, there is a need for a better understanding of the mechanisms through which knowledge assets take part in value creation dynamics (Daum, 2002; OECD, 2007; 2008).

Certainly, understanding in depth how knowledge assets create value is quite challenging. Nevertheless it is highly important both for strategic and managerial purposes. It is at basis of a better formulation and/or understanding of the assumptions concerning the exploitation and development of knowledge assets against strategic objectives. It can also support managers in allocating and properly managing company’s knowledge assets. More generally, a better understanding of how knowledge assets can be converted into value helps to overcome causal ambiguity of how value is created by investing in the development of knowledge assets.

A review of literature reveals that, in the last years, scholars have investigated the interrelationships between intangible resources and organizational performance by focusing on different questions. For example, Carmeli and Tishler (2004) have examined how organizational intangible elements, independently, complementarily and interactively, enhance organizations performance in the public sector. Kaplan and Norton (2004) have addressed the role of intangible assets in value creation, mainly according to a strategic view. The authors identify intangible assets in the balance scorecard’s learning and growth perspective and describe and analyze them as the foundation of any organization’s strategy. Roos et al. (2005) have given hands-on instructions on how to incorporate intangibles thinking in everyday business and how to use the tools for the management and measurement of intangible resources. While, Teece (2007) has analyzed the importance of intangibles for value creation, by investigating the nature and microfoundations of the dynamic capabilities that are necessary to sustain superior enterprise performance.

The academic and practitioner interest on knowledge assets as value drivers is growing and the research on this emergent subject appears still widely open to new theoretical and practical contributions. Especially, more actionable approaches and tools, able to disentangle the complex dynamics through which knowledge assets take part to company’s value creation need to be addressed (Adams, 2008; Carmeli and Tishler, 2004; Daum, 2002).

This chapter describes a knowledge assets mapping methodology aimed both to identify company’s knowledge assets that significantly contribute to create value, i.e. key knowledge assets value drivers, and understand the ways through which knowledge assets are involved in company’s value creation dynamics, in accordance to cause-and-effect mechanisms.

The proposed methodology draws on cognitive mapping principles (e.g. Novak, 1998; Tolman, 1948) and gathers insights from the strategic management literature, regarding the use of the strategy maps (Kaplan and Norton, 2000; 2004) and the success maps (Neely, 2002).

The application of the methodology provides a visualization and a description of the causal links between knowledge assets and organizational performance outcomes and allows to understand the dynamics through which knowledge assets
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