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Importance of scientific and practical tools in managing the components of intellectual capital of an enterprise

Annotation

Socio-economic and scientific-technological progress, informatisation and intellectualisation of labour activity increase the role of intellectual capital in the activity of business entities of all types and forms of ownership. In the conditions of knowledge economy it is exactly cognitive components of human capital and various types of intangible assets that become determinant while ensuring competitiveness and increase in value of enterprises.

Efficient management of a company's intellectual capital is ensured on the grounds of adequate assessment and continuous monitoring of the dynamics of the company's development, and on the identification of upward trends for specific types of intangible assets, which is implemented in the course of the company's financial and economic activity. The systematic monitoring of this invaluable asset ensures obtaining of important information for making managerial decisions.

However, methods of intellectual capital monitoring allow to only state the current condition of specific components of intellectual capital at a certain point in time. They merely form informational base for managerial decision making and for the development of specific ways to increase the efficiency of use and to activate accumulation of intellectual capital.

Monitoring alone is insufficient for the comprehensive management of intellectual capital. It is necessary to develop the tools which would give an opportunity to not only evaluate the current condition of different components of intellectual capital at an enterprise, but also to develop specific directions of its improvement, which will result in significant benefits (profit growth or cost reduction) for an enterprise.

To develop a strategy of efficient intellectual capital management of an enterprise it is essential to, firstly, identify its strategic and tactical goals and, secondly, to work out relevant tools, which will make it possible to not only evaluate the current condition of different components of intellectual capital, but also to develop the strategy of their development.

To meet the set objectives the Author proposes the strategy of multi-vector management of intellectual capital. The strategy includes three main directions: human capital development, market capitalization increase, structure capital accumulation.

The proposed strategy of multi-vector development will enable an enterprise to comprehensively analyse each component of its intellectual capital, to identify the projects which are aimed not only at the gaining of long-term economic benefits, but also at the achievement of the full capitalisation of investments in each component of intellectual capital.

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Keywords

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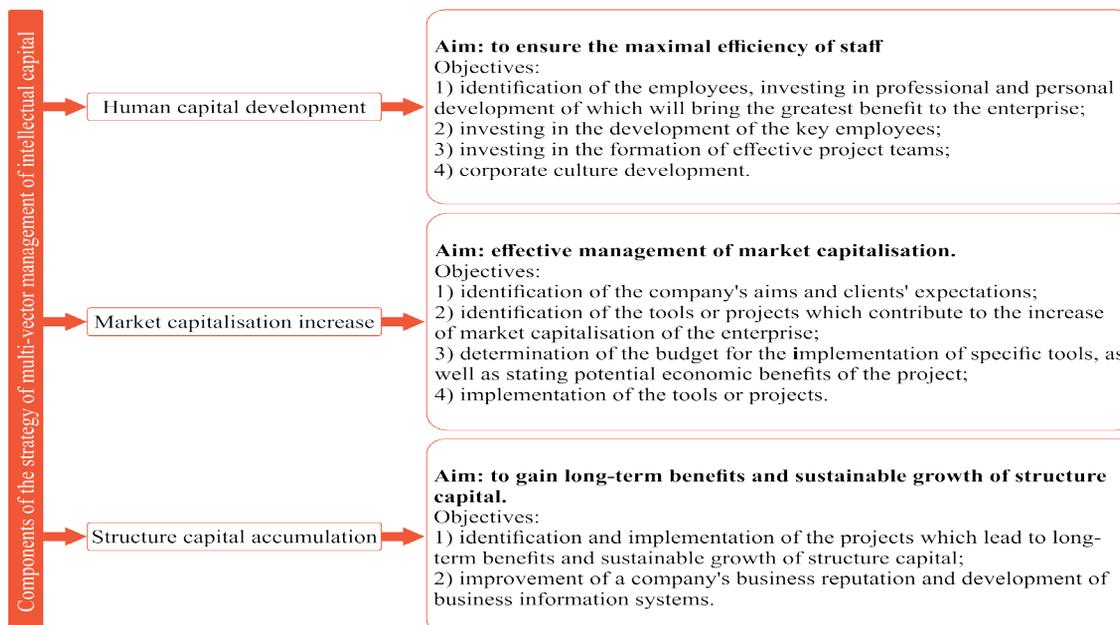


Figure 1 Components of the strategy of multi-vector management of intellectual capital

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While forming the strategy of intellectual capital management of an enterprise it is necessary to focus on the added value that each component of intellectual capital can provide.

To meet the set objectives the Author proposes the strategy of multi-vector management of intellectual capital. The strategy includes three main directions: human capital development, market capitalization increase, structure capital accumulation (Figure 1).

In the context of ensuring the high efficiency of human capital management the most important is to balance the investments aimed at the personal and professional development of employees, on the one hand, and the expected benefits from such investments – on the other. A strategy of human capital development should primarily include a set

of actions, which are aimed at the identification of the employees, the investments in whose personal and professional development will bring the greatest benefit to the enterprise.

Strategy of human capital development is worked out based on the general corporate strategy. It should be realised in compliance with the classical strategies of an enterprise:

- 1) 1functioning strategy (cost leadership, differentiation, focus);
- 2) 2development strategy (growth, moderate growth, reduction).

When an enterprise chooses cost leadership strategy, the strategy of human capital development should focus primarily on the ensuring of personal and professional development of employees of mass professions and medium qualification. The attraction of highly qualified specialists who are capable of generating innovative solutions and creating new products is counterproductive, since the cost of their labour is high and to reduce expenses it is necessary to reduce the costs of not only raw materials and supplies but wages as well. Differentiation strategy includes focusing the effort of an enterprise on several priority areas, where the

enterprise should take the leading positions.

Therefore, the strategy of human capital development, unlike the previous version, should be oriented on the personnel with narrow specialisation and highest possible qualification – developers, scientists, researchers, creative employees, who are capable of the most successful performance in the field of their activity.

In the framework of focus strategy an enterprise selects a particular segment of the market and implements either cost leadership or differentiation strategy. The corresponding strategy of human capital development should be oriented on the preparation of employees with narrower specialisation, especially in the case of following the differentiation strategy.

The implementation of development strategy (growth, moderate growth, reduction) foresees the active development of human capital as well as obtaining of correspondent competitive

advantages, which are ensured by the unique competences of the key employees of an enterprise.

While implementing the growth strategy, Human Resources policy should be aimed primarily at the attraction and ensuring of the subsequent professional training of highly qualified personnel with creative and entrepreneurial abilities. The formation of personnel's entrepreneurial spirit is an important condition for the successful growth of an enterprise, maximal use of development opportunities, which are available on the market, and for the expansion of the existing business. Continuous professional development, ensuring of the opportunities for career and intellectual growth are important components of the strategy of human capital development while realising the growth strategy.

In the implementation of moderate growth strategy the timely training and the provision of opportunities for personal and professional development of personnel are important.

Table 1 The choice of the strategy of human capital development depending on the added value that employees generate for business

Employee classification parameters	Added value that an employee generates for business	
Easy to replace the employees of a particular specialisation	Difficult to replace, low added value → low priority regarding the investments in the human capital	Difficult to replace, high added value → market capitalisation of human capital, allocation of resources for its development
	Easy to replace, low added value → automate activity data	Easy to replace, high added value → assign employees to outsourcing

Source: composed by the Author based on [1]

Reduction strategy necessitates changes in the personnel structure of an enterprise, which is related primarily to the reduction of the number of employees, retraining of individual employees, and with the realisation of measures to increase labour productivity.

When choosing a strategy of human capital development, it will be useful to differentiate employees into four subgroups, as it is presented in Table 1.

Human capital development strategy should focus on capitalisation and accumulation of human capital of the employees, who, on the one hand, generate significant level of added value, and on the other hand, it is labour- and time-consuming to replace such employees (particularly – top management, Research and Development, supplies, and finance departments personnel). If it is difficult to replace the employees of specific professions, but they generate low level of added value, the measures aimed at the professional development of such employees should be implemented in the second turn.

As for the employees who are easy to replace and the added value of their labour is low, it is reasonable to automate to the maximum the operations they perform, thus reducing the role of human factor. It is not reasonable to invest in the human capital of this subgroup of employees.

But if the added value generated by these employees is significant, it will be reasonable to assign them to outsourcing, which allows to use the resources with maximal efficiency, and minimize the labour costs and investments in the human capital development of this employee subgroup, who will still provide high quality services (the employees of project, sales, logistics and legal departments)

Thus, the proposed approach makes it possible to clearly define the employees, the investments in the development of human capital of which will have a maximum expediency for the success of the company as a whole.

Priority potential tools of human capital improvement foresee an employee's self-development and the use of a company's in-house training opportunities (the improvement of foreign language, the use of information technology, presentation, project management, time management, Microsoft Excel, and other skills).

The effective acquisition, consolidation and active use of new skills requires material, educational and organisational incentives for employees – raising salary levels, career growth (promotion of the most loyal and promising specialists), internship abroad, if necessary and is available.

After the defining of the priority tools for the

investment in the human capital of each employee, it is necessary to consolidate the obtained results and to state 2-4 tools, which are of the greatest relative weight for the enterprise as a whole; these tools will be included in the next year action plan of the human capital development.

Thus, it will be possible to not only clearly identify the tools for employees' development, but also to define the prospective directions of the investments of resources and funds, which will allow to obtain the maximum level of economic returns and will lead to significant accumulation of the human capital of a company as a whole.

After the formation of the strategy of human capital development the next step is the formation of tools to increase market capitalisation of an enterprise. To achieve this aim it is reasonable to perform the following steps:

- systematisation of clients,
- setting the objectives, which an enterprise aims to achieve through cooperation with a client, as well as the identification of clients' expectations;
- identification of the tools or projects which

contribute to the increase of market capitalisation of an enterprise;

- determination of the budget for the implementation of specific tools, as well as stating potential economic benefits of the project, taking into account that the project aims at the increase of market capitalisation of an enterprise a whole;
- implementation of the tools or projects.

The generalised form of the table of the increase of market capitalisation of an enterprise should combine all the main aspects (Table 2).

After the identification of priority tools for the increase of market capitalisation of an enterprise it is necessary to perform a similar complex of iterations for structural capital. According to L.Edvinsson, structure capital is the part of intellectual capital which is relevant to the organisation as a whole. These are the procedures, technologies, management systems, technical and software support, organisational structure. Structural capital is divided into client and organisation capital. The value of client capital is in the relationships with clients.

Table 2 Generalized form: Table of the increase of market capitalisation of an enterprise

Client type	Enterprise objectives	Client objectives	Tools for mutual meeting of objectives and accumulation of market capital	Budget for implementation	Potential benefits
Large retail chains					
Small regional chains					
Retail outlets					
HoReCa (hospitality industry services)					
End users					

Source: composed by the Author

Organisation capital is divided into innovation and process capital. Innovation capital consists mainly of legal rights (patents, licensing agreements), intellectual property and other intangible assets and values, which ensure a company's ability for renewal and innovation. Process capital represents a company's infrastructure (information technologies, business processes, etc.).

Therefore, in regard of this aspect it is necessary to pay attention to the projects which will result in the increase and accumulation of capital. Priority should be given to those tools, which will lead to long-term benefits and sustainable growth of structure capital.

As a result, we receive the list of projects on enterprise's structure capital accumulation, represented in the form of the table (Table 3).

Table 3 Form of the result-table for project management on structure capital accumulation

No.	Project before implementation	Time limit for implementation	Potential level of additional monthly income	Estimated budget of the project
1.	Project 1	date, month		
2.	Project 2	date, month		
...				

Source: composed by the Author

Thus, the effective management of the intellectual capital of an enterprise as a system is only feasible through the strategic synthesis of the main directions of optimisation of the individual components of intellectual capital.

The proposed strategy of multi-vector management of intellectual capital will enable an

enterprise to comprehensively analyse each component of its intellectual capital, to identify the projects which are aimed not only at the gaining of long-term economic benefits, but also at the achievement of the full capitalisation of investments in each component of intellectual capital.

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