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# Intellectual Capital

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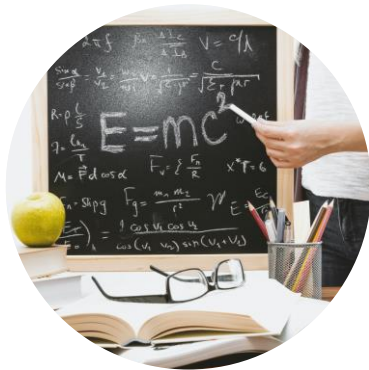


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# Intellectual Capital (IC) – what is it?



- Knowledge = basis of IC
- IC resources = intangible assets
- IC >>> strategic resources for innovation, competitive advantage and growth;
- IC management relies on knowledge management supported by technology;
- IC management >>> dynamic capabilities >>> adjustment to changes in the organisational environment.

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## What is Intellectual Capital?

Knowledge created by individuals, integrated and managed at the organization's level constitutes intellectual capital (IC). IC resources are regarded as intangible assets, because they are immaterial. They are the primary strategic resources nowadays to achieve innovation, competitive advantage and growth.

Intellectual capital is a crucial factor in the overall assessment of a company's market value, though it cannot be precisely appraised with financial instruments.

Various authors have proposed a variety of intellectual capital components. It is widely agreed that IC comprises mainly human, structural and relational capital. In other taxonomies, renewal capital and social capital are seen as additional or overlapping components.

Organisational IC management integrates human, structural and relational capital through knowledge management processes and practices and is supported by technology.

Adequately managing IC leads companies to develop dynamic capabilities by reconfiguring knowledge resources, which allows them to adapt to changes in their environment.

## Intellectual Capital structure layout



Source: Photo by [8926](#) from [Pixabay](#)

- Human Capital
- Structural Capital
- Relational Capital
- Renewal Capital
- Social Capital



### *Intellectual Capital components entail:*

Human Capital comprises rational, emotional, and spiritual knowledge, skills, intelligence, wisdom, competencies, motivations, innovativeness, and entrepreneurial spirit.

Structural Capital includes regulations, process procedures, management philosophy, organisational culture, and intellectual property.

Relational Capital consists of internal and external stakeholder relationships, knowledge about customers, brands, and reputation.

Renewal Capital embodies organisational learning, creativity, knowledge creation, and innovation capacity.

Social Capital encompasses collective knowledge and knowledge capabilities, knowledge networks, and crowdsourcing.

# Intellectual Capital (IC) – Knowledge Management (KM) Relationship



Source: Photo by [Gerd Altmann](#) from [Pixabay](#)



- Knowledge = primary IC resource;
- IC's potential >>> value in products and services;
- KM >>> value creation, organizational growth and performance, competitive advantage;
- KM systems + knowledge strategies >>> efficiency & knowledge loss prevention;
- Intangible resources prevail in KIBS.

## *The relationship between Intellectual Capital and Knowledge Management*

The knowledge that flows from the intellect of the human capital constitutes the fundamental part of any type of organizational intellectual capital. It is shared between individuals and transformed by organisations into structural capital by codification and routines aimed at increasing performance and innovativeness.

The intangible potential of the organisational IC can be transformed into an active intellectual potential capable of producing value through products and services.

Knowledge management is the engine of the transformation of intangible resources into value creation, organizational growth and performance, and achieving competitive advantage.

Organisations identify, acquire, create, codify, store, transfer, protect, and apply knowledge to achieve competitive advantage, performance and growth.

To ensure access to available knowledge, efficiency and prevent knowledge loss, organisations develop knowledge strategies and knowledge management systems.

Knowledge management is particularly important in Knowledge Intensive Business Services (KIBS), as they rely on technical knowledge and provide professional services promoting innovation.

## Sources to find out more!

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We recommend checking these resources for additional information on Intellectual Capital.



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More about the project:  
[knowmanproject.eu](http://knowmanproject.eu)

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