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# Intangible Assets

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National University of Political Studies and Public Administration

# Intangible assets – what are they?



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- Intangible assets: non-physical assets (e.g., patents, brands);
- Knowledge-based resources;
- Market value - book value = intangibles' value.

## *What are the intangible assets?*

Unlike tangible assets (land, equipment or inventory), intangible ones are non-physical resources such as knowledge, intellectual property (trademarks, patents, copyrights, licenses), goodwill, brand reputation or technological know-how.

In the digital economy, intangible assets are essentially knowledge-based resources. They could offer significant competitive advantages to KIBS companies.

The monetary value of intangible assets is difficult to assess but can be reflected in a company's market value compared to its book value. Stakeholder value could be increased due to intangible assets. Additionally, their valorization leads to additional customer value.

## Intangible assets – core organizational resources



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- Intangible assets >>> competitive advantage & performance;
- Models for assessing and managing intangible assets (Skandia Navigator, the Balanced Score Card, EVA, etc.);
- “Hidden values” >>> intellectual capital management (IC) (human, structural and relational).

### *Intangible assets as core organizational resources*

Various theoretical approaches in economics place intangible assets at the core of a company's competitive advantage and performance (the resource-based view, the knowledge-based view, the intellectual capital view and the dynamic capabilities view). Since companies are dematerializing, their intangible assets are increasingly more relevant as sources of development.

Numerous models for assessing and managing intangible assets were proposed. The most used are Skandia Navigator, the Balanced Score Card, or EVA. Skandia Navigator ensures a holistic understanding of the organization and its value creation considering five dimensions: financial, customers, processes, renewal & development, and human resources. The Balanced Score Card is popular because besides measuring performance, it allows monitoring and therefore keeping track of the activities.

The attempts to reveal a company's intangible “hidden values” led to the development of intellectual capital management (human, structural and relational) to leverage valuable intangible resources.

## Intangible assets – strategic organizational resources



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- Intangible assets >>> competitive advantage, innovation and growth;
- A company's valuable intangibles = intellectual capital (IC);
- IC management >>> knowledge management processes and practices supported by technology;
- IC management >>> dynamic capabilities >>> adjustment to changes in the organisational environment;
- Internal or external to an organization >>> created or acquired.

### *Intangible assets as strategic organizational resources*

Intangible assets are of strategic importance for achieving competitive advantage, innovation and growth. As intangible assets are knowledge-based resources, organizational knowledge management is paramount in the knowledge economy to attain success.

All the knowledge resources pertaining to or utilized by a company make its intellectual capital. Knowledge is created by human capital and can be leveraged through structural (organizational) and relational capital management.

Intellectual capital may be managed through knowledge management processes and practices supported by technology. Intellectual capital management can develop dynamic capabilities which allow organizations to adapt to changes in their environment.

Intangible assets can be created inside the organization or can be acquired from external sources. For example, the acquisition of another company can include brand reputation, intellectual property, and relationships with stakeholders.

## Sources to find out more!

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We recommend checking these resources for additional information on Intangible Assets.



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