

THROUGH THE INTELLECTUAL CAPITAL - KNOWLEDGE, TO THE NEW VALUE AND SOCIAL RESPONSIBILITY

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Abstract: The development of knowledge, i.e. the economic shape in intellectual capital form, today is a precondition for economic, technological and other types of progress. The time in which companies exist today is a time of significant change. They are essential and dynamic, including much of the action areas, developing and in general they can be felt in every sphere of life.

The contemporary companies are constantly in a dilemma how to survive and successfully operate in business environments, how to create new values in such a variable environment, which main features are the uncertainty and unpredictability. It requires innovation and creativity in which the main actor is the man. As a creative and innovative part of every company man plays a leading role in the creation and retention of its comparative advantage. Human resources have become carriers of the good corporate performance.

The managers of successful companies today are aware, more than ever, that the competitive advantage of their companies primarily depends on the manager knowledge, the way of incorporation of it into the working tasks and activities, how quick he can learn something new, how he can increase the individual, but also the social responsibility.

Knowledge and intellectual capital are the only permanent resource for the preservation of competitive advantage in the new economy because it requires them to learn how to manage. All business processes and activities are intensified by the knowledge and the goal is to add new value to the product or service and increase the competitive advantage of the company.

Key words: intellectual capital, management of human resources, values, social responsibility, dynamic environment.

S POMOČJO INTELEKTUALNEGA KAPITALA – ZNANJA DO NOVE VREDNOSTI IN DRUŽBENE ODGOVORNOSTI

Povzetek: Čas, v katerih organizacije obstajajo danes, je čas pomembnih sprememb. So bistvene in dinamične, vključujejo veliko področij delovanj, se razvijajo in v splošnem se dajo čutiti v vsaki sferi življenja. Sodobne organizacije so stalno v dilemi, kako naj preživijo in uspešno delujejo v poslovnih okoljih, kako naj ustvarjajo nove vrednote in vrednosti v takem spremenljivem okolju, za katero sta značilna zlasti negotovost in nepredvidljivost. Zahteva inovacije in ustvarjalnost, za katere je glavni dejavnik človek. Kot ustvarjalen in inovativen del vsake organizacije igra človek vodilno vlogo v ustvarjanju in ohranjanju njene primerjalne prednosti. Sodelavci so postali nosilci dobrega delovanja organizacije.

Menedžerji uspešnih organizacij se danes zavedajo bolj kot kadar koli, da je njihova konkurenčna prednost odvisna pred vsem od znanja menedžerjev, načina njegovega vgrajevanja v delovne naloge in dejavnosti, njihove hitrosti pri učenju česa novega in njihovega načina krepitve posamične in družbene odgovornosti.

Znanje in intelektualno kapital sta edina nenehna vira za ohranjanje konkurenčne prednosti v novem gospodarstvu, ker zahtevata nenehno učenje, kako voditi. Vse poslovne procese in dejavnosti pospešuje znanost; cilj je dodati novo vrednost izdelku ali storitvi in okrepiti konkurenčno prednost organizacije.

Ključne besede: intelektualni kapital, vodenje sodelavcev, vrednote, družbena odgovornost, dinamično okolje

1.Introduction

Company employees represent the valuable resource i.e. its human-intellectual capital. This resource is comprised of individual and collective knowledge, skills and expertise, creativity and innovation, competencies and capabilities or continuous capacity of staff to provide adequate market value and satisfying customer needs. The top management does not always have the answers of all growing complex the questions and rapid changes in the situations faced by their companies. The task of human resources management for modern business company and principles through which the modern management is being implemented determines the philosophy that man is the most precious resource in the company. Therefore it can be concluded that the human resource, i.e. its knowledge is the essential, a potential factor in achieving competitive advantage and overall power of a company. It is reflected in the permanent development of human capital, which enables the company genuine ability and willingness to accept the daily changes in the business environment. It occurs more often a need for liability related to a strong sense of work, increased own ethical rules of operation. According to allegations made in the study by DeutscheBankResearch¹, Intellectual capital and income are very closely related. That goes for each individual separately, as well as the overall economy of a country. Intellectual capital is acquired through better long-term training and education enables faster and more efficient. Thus, in such a varied environment exists transformation from “command and control” to “individual influence”, reflected through internal and external regulations and providing incentives for more frequent performances. Frequently asked question, “How well we work?”, through which is felt concern for individual success and satisfaction manifested by an appropriate reward for a job well done, is replaced by the question, “How well we behave?”, pointing towards the satisfaction of own individual behavior, which is a result of maturity of each individual employee. And again adulthood inevitably is associated with the individual capital that each employee has in himself. Therefore, the employees undoubtedly constitute the most valuable link in any company whether it is public or private. Man as one of the five M factors of production plays the role of a linker that no company can function effectively in the execution of business activities. The connective tissue is the intellectual capital and the individual knowledge.

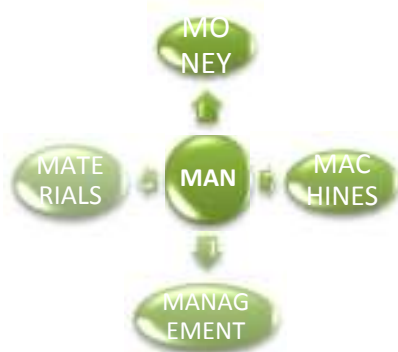


Figure 1. The five M factors in the company

Source: Asemota, Olukemi. (2000). *Managing Human Capital for Optimum Performance*, Polytechnic of Namibia, Namibia, p.1

¹ Deutsche Bank Research. Economics: Aktuelle Themen (nr.324/2005), Globale Wachstumszentren, Human kapital wichtigster Wachstumstreiber, Erfolgsmodelle für 2020
[online:http://www.dbresearch.de/PROD/DBR_INTERNET_DEPROD/PROD0000000000188568/Humankapital+wichtigster+Wachstumstreiber+-+Erfolgsmodelle+f%C3%BCr+2020.pdf].

There are a number of managers who have achieved competitive advantage due to human resources compared with the use of a particular technology or access to financial capital. Therefore, today more attention is paid to the nature and characteristics of these resources.

The changes in the world and the economy have asserted human resources such a major factor in the formation and retention of comparative advantage. The new economy has become largely dependent on the skills and knowledge of employees, more than the traditional industrial economy. The main feature of the new economy is that intangible resources become the carriers of corporate performance, with the creation of their activities exclusively related to the human resources. They give companies a competitive advantage over others with their knowledge and skills, and the method how to use it.

2. Improving performance through quality management of human resources

The index of the human intellectual capital is an indicator of human success and growth correlated with performance and value in the company. In other words, it shows a clear link between the effectiveness of the company's human capital and the creation of superior recovery action. In 1999 it was made the first study to measure the index of the intellectual capital of 400 U.S. and Canadian companies by Watson Wyatt. Respondents answered questions about the way that companies perform the tasks, implemented work practices and the results of them, involving issues of employee development, communication skills, recruitment and selection and the staffing in companies.

In the beginning of 2001 it was conducted again the same survey, this time including the responses of over 500 companies. The conclusion was identical and unchanged in these two surveys: companies with higher index of human capital had significantly higher shareholder value.

Table 1. Expected changes in fair value related to the improving of the human capital index (1999)

Dimensions of the human capital index	Expected change in market value
Rational use of resources	10,1%
A clear system of rewards and responsibilities	9,2%
Collegial and flexible work environments	7,8%
Communications integrity	4,0%
Effective recruitment	10,0%

Source: <http://www.vault.com/wps/portal/usa/vcm/detail/Career-Advice/Workplace-Issues/Linking-Human-Capital-and-Shareholder-Value:-Watson-Wyatts-North-American-Human-Capital-Index?id=544>

According to the survey conducted in 2001 also it was concluded that human resources are significantly important for the creation of value, as can be seen from Table 2. Significant improvements in 43 crucial human resources practices are associated with an increase of 47% of the market value of the company

Table 2. Expected changes in the market value associated with improving of human capital index (2001)

Dimensions of of human capital index	Expected change in the market value
Total rewards and responsibilities	16.5%
Collegial and flexible work environments	9.0%
Advanced recruitment and retention	7.9%
Communication integrity	7.1%
Technologies focused on human resources	6.5%
Total:	47.0%

Source: <http://www.watsonwyatt.com/render.asp?catid=1&id=9047>

3. Connection between intellectual capital and creating continuous competitive advantage

Today, at a time of rapid changes and transitions it is not possible the top management alone to participate in the process of decision making and formulating constructive strategies. It is necessary, as Rastogi would say, "new voices, new initiatives and new geography." It is necessary new knowledge, new skills and abilities intellectual capital is required in each company, its continuous development and improvement that will enable growth in productivity, motivated employees who possess visualizing new opportunities for creative strategic initiatives. All this constitutes the human resource as one of the most important resources in creating value towards social responsibility. Thus determine the performance of the company, creating market position and loyalty because only in this way it is identified the intellectual capital with the employees that are unique with the ability to create other, new forms of human capital (patent innovation, brands, processes databases, information systems, trainings) by means of which the company will grow and gain strategic importance of a long period of time.

Many authors explore this phenomenon, Likert introduces the term "accounting of human resources", in an attempt to give greater emphasis to improving and investing in human capital, which in modern terms is transformed into modern technology, information development and globalization. These factors actually are promoters, instigators of the changes that continuously occur. It creates a new, changed business environment in which the basic factors, according to Coulter are:

- Ability to accept change,
- Capacity for creativity and innovation
- Ability the organization to achieve success globally.

Modern companies are driven by market pressures so that their goals must include only the features of intellectual capital, such as increased quality and productivity, greater flexibility, continuous innovation, and the ability to change rapidly in order to respond to the market demands and needs. The effective management of human resources

is a vital tool for achieving these goals, leading to varied social responsibility. The increased quality and productivity are associated with motivation that can be achieved through training, employee involvement and awards.

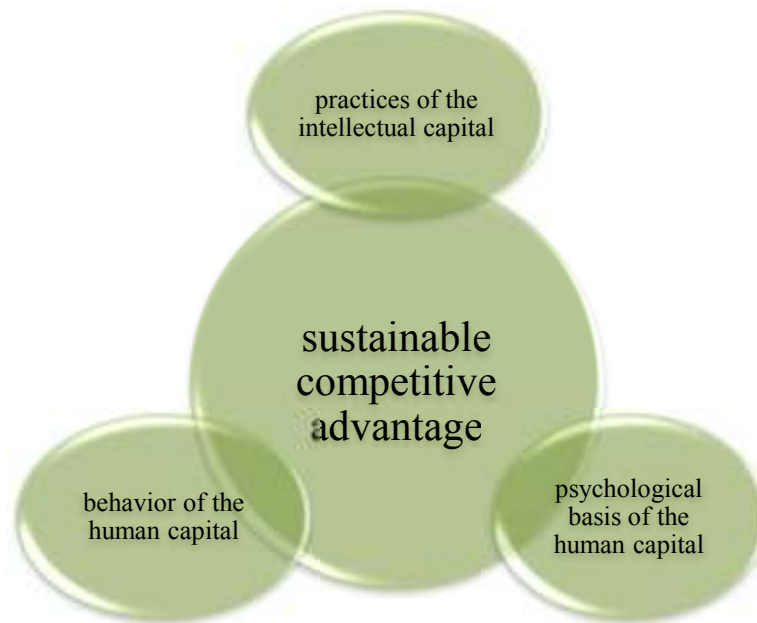


Figure 3. Display of human resources as a generator of sustainable competitive advantage

Source: Adjusted according to Wright P. M., McMahan, G. C. & McWilliams, A. (1994). Human Resources and Sustainable Competitive Advantage: A Resource Based Perspective. International Journal of Human Resource Management, 5(2). p. 301-326

Intellectual capital is extremely important in creating, during functioning, and maintenance of business and achieving profitability, growth and development. Therefore in today's conditions, which are characterized by strong economic and global competition, shorter and faster economic changes, and shorter time of execution of the activities and growth of unemployment, we come to the conclusion that the classical method of education is not sufficient to manage the aforementioned tensions. This include the position that the continuous learning and acquiring knowledge, experience and skills must always be greater than the rate of change and the effects of unexpected influences. The evaluation and assessment of knowledge depends greatly on the given context, because in different institutional environments and at different levels of development they carry different yields

6. Conclusions and implications for research

Intellectual capital is the knowledge of the employees, which they converted to market value. At the market there are many smart people, but if they or their companies fail that knowledge can't be sell on the market, their knowledge can't be called intellectual capital. In that case they are only the potential of the company and nothing more. The modern world is characterized by the production of information in full swing and can be especially emphasized that the problem in the meantime is not in the lack, but in the redundancy of information, which includes a selective approach in their use. It means exactly that at that point begins the management with the knowledge, the intellectual capital as a resource. Innovations such as the creation of knowledge, represent small, but valuable, man-made improvements at all organizational levels, says Paul Romer (Paul Romer), the creator of the new economy based on the accumulation of knowledge at all levels. Thus began the changes imposed by human resources as a major factor in the formation and retention of comparative advantage and increasing social responsibility. The new economy has become largely dependent on the skills and knowledge of the employees, more than the traditional industrial economy. The main feature of the new economy is that human resources have become the carriers of good corporate performance.

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