

THE ROLE OF INTELLECTUAL CAPITAL IN KNOWLEDGE – BASED SOCIETY

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Abstract: *In a knowledge-based society, organizations undergo permanent changes and transformations, and the key factor of such changes is intellectual capital regarded as one of the most critical, yet most strategic values an organization might own.*

Analyzing intellectual capital and knowledge society over the last decades has primarily emerged in private companies, whereas at present there is an increasing concern in all the fields of activity.

The goal of this paper is to emphasize the importance of intellectual capital as a source of innovation and novelty used to create competitive advantages for organizations in the era of knowledge where man must rely on intellect, intuition and creativity.

The present paper is an exploratory endeavour based on the qualitative method as various information sources are resorted to in order to conceptualize the terms of intellectual capital and knowledge society: specialized literature, case studies, mass-media articles, reports of in-field organizations etc.

Organizations should use all the tangible or non-tangible resources they have in order to secure their success and also to build a knowledge society which involves going a long way, based on an ample, complex process where innovation has a major role and a global nature.

Key words: *intellectual capital, knowledge-based society, education, research, competitive advantage, knowledge management.*

JEL classification: O31, O34, I25.

“Intellectual capital is the currency of the new millennium. Its wise use is the key to success in the era of knowledge”. (Bontis N. , 2000)

1. Introduction

Knowledge-based society is felt more and more with technology and manufacturing methods changing continuously and constantly. “Intangible capital” and knowledge result in the highest added value and only a click on the computer might mean as much as a physical asset (Bedrule-Grigoruță, 2006).

At the dawn of this new era, **intellectual capital** was used for the first time to explain the importance of intellectual resources such as: information, knowledge and expertise in a modern society (Sarrocchio, 2004).

The topic timeliness analyzed in this paper resides in the fact that:

- the topic to be researched is classified in the category of socio-humanistic and economic sciences that envisage exploratory research on the intellectual capital as a landmark of knowledge-based society, in a highly competitive environment and contributes in the development of scientific knowledge in the field at national and international levels by the complex, multi- and inter-disciplinary approach of the suggested themes.

- the great changes governing the current society impose new approaches to the understanding of intellectual capital mechanisms and importance in modern society, thus leading to competitiveness, and ability for economic rehabilitation and rebirth;

- the importance and the complex, varied nature of knowledge-based society which is also very interesting and pertinent, imposed by the fast pace at which it grows in the modern society.

Education and research, irrespective of how noble they might be, are not activities themselves. They are means that help one build a certain type of society and knowledge

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emerges as a catalyst accelerating the promotion of technical progress and raises the efficiency of any human activity.

2. Methodological Benchmarks

The main objective of the present paper is the emphasis of intellectual capital's importance in knowledge-based society, of the idea that *"the empires of the future shall be true empires of one's mind*, as the world is dominated by the power of intangible assets and the brains (Suciu, 2008) and that *"intellectual capital is made up of intellectual substance - knowledge, information, intellectual property, expertise which can be used in order to create wealth"* (Steward, 1998).

The present paper is an exploratory research based on the qualitative method, taking account of several information sources on the conceptualization of the terms of intellectual capital and knowledge-based society: specialized literature, case studies, mass-media articles, reports of organizations in the field etc.

The hypothesis at the core of this paper was the existence of vast references in the field where the conceptual borders of intellectual capital are not well defined as it is still a vague, confusing concept. An important role while carrying out this idea has been played by the article entitled *"Brainpower"* written by Thomas A. Steward, one of the editors of *"Fortune"* Review in June, 1991, who **used for the first time** the concept of *"intellectual capital"*.

The paper herein aims at emphasizing that the essence and value of intellectual capital are rendered by the mental power of each individual which, if modelled, may create advantages in any organization and in a knowledge-based society, information, knowledge, creativity, innovation become priorities as compared to tangible assets.

"In a knowledge-based society, ideas viewed as information are not only primordial but also primary, since they manifest as being ineffable and substantial, essential and concrete, functional and efficient" (Dinu, 2006).

3. Role of Intellectual Capital in a Knowledge-Based Society

The changes governing modern society impose different approaches when confronting organizations with the external environment which is ever more tormented and competitive and, implicitly, there are new approaches of management thinking and practice.

The concepts, techniques and instruments that used to dominate management thinking in the past (power, structure, hierarchy, control, coordination, motivation, loyalty) must be re-examined in order to develop new concepts and new approaches.

Knowledge-based society confers new dimensions to the learning process namely focusing on learning and innovation is no longer the feature of a small group of people and several forms of training are used: training employees how to learn; moving employees inside the fields of their specialty and also to other fields; working in "intervention teams" ("task force"); participation in practical lectures and seminars, periodical reflection reunions, creativity stimulation meetings, training stages and study visits; individual learning according to updated curricula (Chivu – Stănescu, 2009).

Knowledge-based society gradually replaces the industrial one which in its turn has replaced the agrarian society, the latter two being centered on the production of material goods, thus knowledge-based society including information as power in its broadest meaning – no matter whether it is political, economic, financial – the superior acquisition, mastering and capitalization of information, therefore the cornerstone of the society (Năstase, 2011).

Starting from the **definition of intellectual capital as being** *"an organization's native resource which, after successive extractions, processing and disseminations is*

turned into the most valuable asset”, (Brătianu, 2011) it is visible that the growth of competitive ability relies on an organization’s innovation, intangible resources, use of competitive intelligence and therefore innovation means the process by which new products, new services, new technologies, new management and marketing processes are accomplished.

The concept of “intellectual capital” also known as the “currency of the new millenium” is the key to success in the “era of knowledge” (Moroianu, 2009), a way to create value and a hidden resource in an organization (Jianu and Brătianu, 2009).

The conceptual development of intellectual capital has taken place in two directions (Curaj and Jianu, 2010):

- the increase in an organization’s competitiveness and of a strategic advantage on more competitive markets by the intensive capitalization of intangible resources;
- enhancing the success of a company which has had an ascending trend of the ratio between market value and balance sheet financial value.

As a term attributed to intangible assets, **intellectual capital has four components** (Moroianu, 2009):

- market assets that ensue from the relationship between an organization and its market or clients (for instance: clients and how loyal they can be, distribution channels, various contracts and agreements etc.);
- assets based on intellectual property, including know-how, marketing secrets, copyright, patents and other rights;
- assets focused on human resources referring to the ability and creativity manifested while solving problems as well as to the skills of a leader, entrepreneur, and manager that an organization’s employees might have.

The knowledge of an asset as compared to other assets is unique and once knowledge-based society has emerged, intellectual capital has become much more important as compared to other production factors (cars, lands, money etc.) as it leads to the creation and application of knowledge in order to increase organizational value.

The competitive advantage generated by intellectual capital envisages the acquisition of the same benefits as those acquired by competitors, yet at lower costs and it will mainly belong to those well-informed, innovative and creative.

Academician Mihai Drăgănescu states that *“knowledge-based society means much more because it ensures an unprecedented dissemination of knoweldge to all citizens by new means, mainly using the Internet, electronic books and learning methods by electronic means (e-learning), it pursues the expansion and deepening of scientific knowledge and truth, it is the only way by which a sustainable society from the ecological perspective will be present and there will be a new culture stage (based on knowledge culture which involves all types of knowledge, including artistic, literary knowledge etc.)”* (Mihai Drăgănescu, 2009).

It is well-known in modern society that most knowledge, skills, qualifications are acquired at school, by means of training-educational processes, therefore **education** has been recognized the primordial role it has in the development of human capital as well as in the economic growth of a country.

In order for **education effects** upon the development of human and economic capital to be maximum, certain conditions should be met (Moroianu, 2006):

- the quantity and quality of education as a number of study years, a GDP percentage allocated to education, school participation rate, good school results and performance, educational offer which must comply with the current and future requirements of the labor force market;

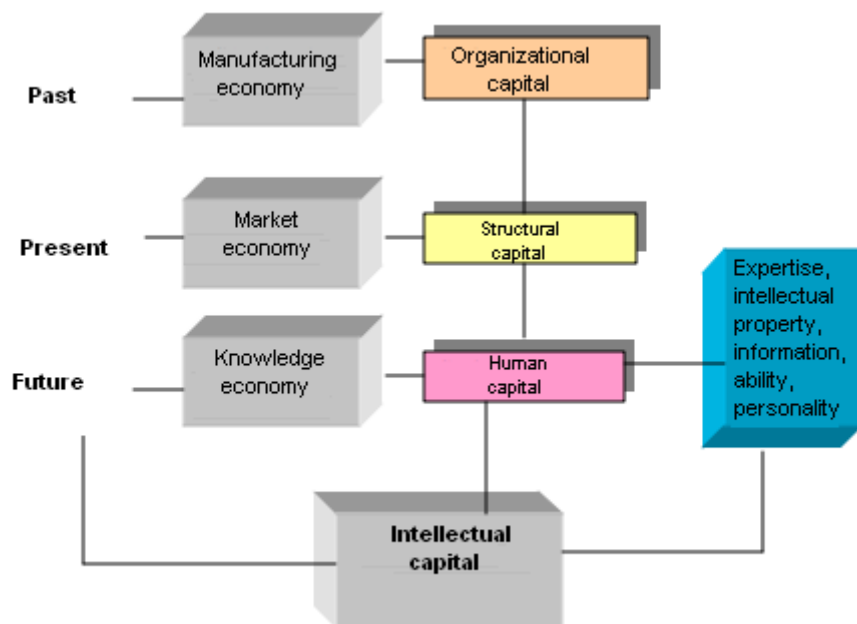
- the existence of a steady socio-economic, political environment and a fast pace of economic growth;
- the differences among individual incomes and salaries which must comply with the level of school and professional training of an individual.

Thus, **education plays a major role** in the context of knowledge-based society whose benchmark is intellectual capital, respectively creativity and innovation corroborated with the training of specialists for the new society and their active participation in research and innovation processes.

Higher education, by its functions: research, teaching/learning, community-related services should anticipate and react to social needs and generate the mass of communicators and receivers which define an open society (Anton and Miron, 2010).

In the context of **knowledge-based society**, knowledge creation and dissemination become primary factors of economic growth and a better educated population leads to shaping individual personalities, creating new qualifications and professions, growing the competitiveness of the society they work in.

The relation between intellectual capital and knowledge society can be seen as a relation between the past and the future (Graph 1), namely between the outcomes and the present and the ability to generate such outcomes in the future, too. The intellectual capital that developed (in the past) according to an organizational architecture based on given technology should be permanently adapted to organizations in order to respond (in the future) to the impact of external factors, thus preventing the dissemination of information and knowledge among the new levels of an organization (in the future) (Burlea, 2003).



Graph no. 1. Role of intellectual capital in an organization

Source: Adriana Schiopoiu Burlea – *Impact of Intellectual Capital upon Organizational Performance*, Informatică Economică Journal, no. 1(25)/2003, p. 120.

Over time, **intellectual capital** has adapted to the ongoing changes that have occurred in the society by: understanding of and taking account of the reactions generated by changes; shaping priority objectives for a certain period; clearly setting the roles and responsibilities.

In order to be most efficiently managed, **intellectual capital in a knowledge-based society**, efficient knowledge management is necessary, meant to identify and measure the

potential of such intangible resources, create integration and differentiation systems leading to the resources' most efficient while creating value to consumers and respectively to the society.

Knowledge-based management can be regarded as an endeavour involving specific strategic actions oriented to organization motivation towards gathering and capitalizing new knowledge by fostering ongoing learning (Ștefănescu, 2006).

A basic element of knowledge-based management is the support, management and development of intellectual capital in order to reach high, sustainable financial performance.

4. Conclusions

Since the **training of an individual** manifests as a social activity organized in specialized institutions, it becomes, along with other types of social production, a distinct sector of the economy of human society that uses limited resources to control the fundamental parameters of human progress both at individual and social-community levels.

We are facing a difficult issue – **the issue of education for the requirements of the current society**, when traditional trades are left aside or no longer wanted and when new trades immediately emerge. It is more and more frequently said that the main argument of economic growth is knowledge, that the only real power source from now on will be the creation of new knowledge. It can be stated that, as an effect, the acceleration of knowledge dissemination in the world economy leads to the **quality of resources which becomes the main force of world competition**.

These changes require a revolutionary perspective upon education giving special importance to the initial training of an individual, and thus the training of human resources is decisive to social progress in a knowledge-based society which ensures the bases for the future

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