
Editorial

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1 General comments on knowledge management and intellectual capital

In recent years, Knowledge Management (KM) in firms has been given increasingly more attention. Whilst organisations recognise the importance of creating, managing and transferring knowledge, so far, they have been unable to translate this competitive need into organisational strategies. KM is the process of capturing a firm's knowledge and using it to foster innovation through a spiral of organisational learning (Nonaka and Takeuchi, 1995; Ordóñez de Pablos *et al.*, 2008). Organisational knowledge creation may be defined as a process across two major dimensions: the ontological dimension and the epistemological dimension. The first dimension involves learning at the individual, group and organisational levels. The second dimension considers that there are two types of knowledge: explicit and tacit knowledge.

On the other hand, Intellectual Capital (IC) constitutes the most valuable organisational resource of a company. It represents a group of intangible resources of strategic value that does not appear in the financial statements of a company, in spite of contributing to the creation of organisational value. Now, IC not only is key for the creation of competitive advantage, but also for its long-term maintenance.

The IC literature covers diverse typologies of IC that have been developed recently, although it seems that a consensus has already been reached regarding the components of IC. Thus, IC is formed by human capital, relational capital and structural capital (Bontis *et al.*, 2002; Lytras and Ordóñez de Pablos, 2007).

Human capital reflects the set of knowledge, abilities, skills and experiences of the employees of a company. It also includes an even more intangible element than the previous ones: the motivation of the employees. Relational capital shows the value of the relationships of a company. In general, it has been accepted that these relationships were mainly focused on customers, suppliers, shareholders, 'stakeholders' and administrations, without including the employees of a firm and, therefore, adopting an external perspective. However, it is clear that the relationships of the company with its employees generate value and for this strategic reason, it is necessary to keep them in mind. Structural capital represents a firm's knowledge that has moved from individual people or the relationships among individuals to be embedded in organisational structures, like it is in the case of organisational culture, routines, policies or procedures. In the case of human capital, the stock of knowledge is available at the individual level, that is to say, this knowledge belongs exclusively to each one of the employees of the organisation who use it in their daily work in a voluntary way. The company is not the owner of this

valuable resource; it simply uses the knowledge. Therefore, an important problem appears here. How does the company make sure that this knowledge will be available whenever it needs it?

More than a decade has passed since Edvinsson developed the first IC report for Skandia in 1994. What are the last developments in the field in Europe? In this special issue, titled 'Intellectual capital and knowledge management: a European perspective', we will present six interesting papers that address IC and KM in Europe. In the coming issues, we will present papers that offer a vision of KM and IC in Hong Kong and Taiwan. So far, here in Europe, we do not know much about what our colleagues and the leading companies are doing in terms of KM and IC measuring and reporting, so it will be an excellent opportunity to read the interesting research of our colleagues and get insights on what is going in this part of the world, their approaches to KM and IC and their agenda.

The first paper of the special issue is 'Developing intellectual capital and innovativeness through knowledge management' by Nelson and McCann. These authors performed an empirical study that revealed four KM dimensions that are significantly related to innovativeness. These dimensions (that is, organisational, sharing support, Human Resources or HR and relational capital) were composed of items derived from previous research and the growing body of literature examining KM's contributions to organisation performance. Their relationships to each other are complex but explainable and help establish the case for thoughtfully designed and integrated interventions and initiatives designed to promote KM.

Ruta and Macchitella, in their paper 'Fostering intellectual capital through communication technologies: an analysis of knowledge-sharing determinants', investigate the relation between IC and knowledge sharing through Information and Communication Technology (ICT). Especially, they highlight how the issues related to the three components of IC (human, social and organisational capital) can impact the motivation of individuals to share their knowledge with other members within the organisation. The evidence they get indicates that the willingness to share knowledge depends on social capital if it considers the quantity of the knowledge being shared, while it depends on human capital when it considers the quality of the knowledge being contributed to the organisational intranet.

In the third paper, 'Anglo-Saxon change in a non-Anglo-Saxon cultural context: lessons from the TQM application in Greek public organisations', Psychogios *et al.* state that most of the studies concerning the application of Total Quality Management (TQM) have been applied in Anglo-Saxon systems. The aim of their paper is to explore the cultural factors that seem to determine public managers' attitudes towards the adoption of TQM in non-Anglo-Saxon civil services, in this study, the Greek one. Based on a combination of quantitative (survey-questionnaire) and qualitative (follow-up explanatory interviews) research methods, the empirical study performed by Psychogios *et al.* expands the theoretical understanding of the application of TQM by proposing an innovative framework. These authors propose that there are two antithetical factors of the Greek national civil service culture that seem to impact the application of TQM: the traditional factors and modernisation.

In the paper titled 'Retention management as a means of protecting tacit knowledge in an organisation: a conceptual framework for professional services firms' by Vaiman, he states that retention management is one of the hot topics in international human resource management. Excellent retention management has become a major source of

competitive advantage in today's globalising business world. Another key reason that is mentioned by a majority of companies is that it just simply costs too much money to replace even one valuable employee. According to the author, the main task of retention management is twofold. Besides applying the correct motivation techniques to retain its top talent and maintain its competitive advantage, the organisation also has to reduce its replacement cost and especially its 'soft' component (the cost of losing employees' experience, professional expertise, key customer relationships, *etc.*) if or when an employee does decide to leave. Vaiman concentrates particularly on the retention techniques designed to protect the important tacit knowledge in professional services firms, which would help them reduce the overall replacement costs and increase their competitiveness in the marketplace.

Chiesa *et al.*, in their paper 'The market for technological intangibles: a conceptual framework for commercial transactions', focus on the wide variety of intangibles, mainly on the technological ones (for example, technology, productive know-how, Research and Development or R&D, patents, software, industrial methods) rather than on commercial intangibles. These authors show the different typologies of transactions through which technology can be bought and sold, operating a selection in the variety of contracts and agreements used for the intangibles.

The last paper of the special issue is titled 'Addressing the individual and organisational factors influencing middle managers' synthesising role in knowledge creation and diffusion'. Psychogios *et al.* address the individual and organisational factors influencing the middle managers' synthesising role in knowledge creation and diffusion within modern organisations. Two hundred and forty one middle-level Greek managers (N = 241) participated in the research and completed Floyd and Wooldridge's (1996) ten-item scale, which measures the synthesising and implementing dimensions of knowledge creation and diffusion. The results indicate that the majority of the middle-level managers are far from being knowledge synthesisers. They are merely conduits, translating plans into action and monitoring and controlling activities to keep things on track. In other words, their role in knowledge creation and diffusion is completely internal, because they lived their lives within the functional corridors of an organisation's hierarchy.

Finally, in Vol. 5, No. 4, but not as part of the special issue focused on 'Intellectual capital reporting and knowledge management: a European perspective', we include a general paper titled 'The translation of higher-level knowledge into different levels of managerial and creative competencies'. Akbar *et al.* analyse the specific mindsets and cognitive actions through which higher-level knowledge is translated into managerial or creative competencies and the different levels within these competencies. They try to make steps towards the understanding of how knowledge and competencies are interlinked. The authors show how managerial and creative competencies at the cognitive level are orthogonal to each other and specify the level at which these competencies are translated into.

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