

CREATING INTELLECTUAL CAPITAL: A ROLE OF HUMAN CAPITAL

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Abstract As more-and-more businesses are evolving with intellectual capital as their main assets generating value for them the world over, it has become imperative to understand what our organisations are doing to manage this. The research is largely based on primary data collected from different organisations across the country. Exhaustive literature survey was undertaken to study the present state of art related to intellectual capital creation. The objectives of the research are, to understand the constructs of intellectual capital creation and to identify important items underlying the same. Key employees leaving the organisations, thinking before taking actions, inter-group relationships, succession training programme, and preparedness for the consequences of the actions are some of the important constructs grouped as human capital are forming the important part of the intellectual capital creation.

Keywords: Intellectual Capital, Human Capital, Indian Organisations, Factor Analysis

INTELLECTUAL CAPITAL

The evolution of intellectual capital is a natural one and it is difficult to find its source or roots. However it is possible to trace the development of the belief that intellectual capital is becoming the firm's major source of value. In 1994 the insurance firm Skandia first published its report on intellectual capital and has since become known for its management of intellectual capital. The aim of the intellectual capital perspective is to provide a balanced and holistic view of the organisation, which includes all value-creating resources that the organisation has at its disposal to create capital. These include financial or monetary capital, physical capital, and intellectual capital.

Stewart (1997) defines intellectual capital as the intellectual material that has been formalised, captured, and leveraged to create wealth by producing a higher-valued asset. Ulrich (1998) conceptualises intellectual capital as a multiplicative function of competence and commitment:

Intellectual Capital = Competence × Commitment

The OECD (1999) defines intellectual capital as 'the economic value of two categories on intangible assets of a company' – organisational and human capital. Wright, Dunford, and Snell (2001) define intellectual capital as a factor that includes human capital, social capital and organisational capital. In a study by Gratton and Ghoshal (2003), intellectual capital is defined as a part of human capital, that is, human capital includes intellectual capital,

and also includes within it social capital and emotional capital. For scholars like Kaplan and Norton (2000); Harvey and Lusch (1999); Stewart (1997); Sveiby (1997), intellectual capital is a broad term which includes human capital as one of its key constituents.

Objective of the research is to have a deeper understanding of intellectual capital, and how it can be managed effectively so that organisations can take the benefit of the same.

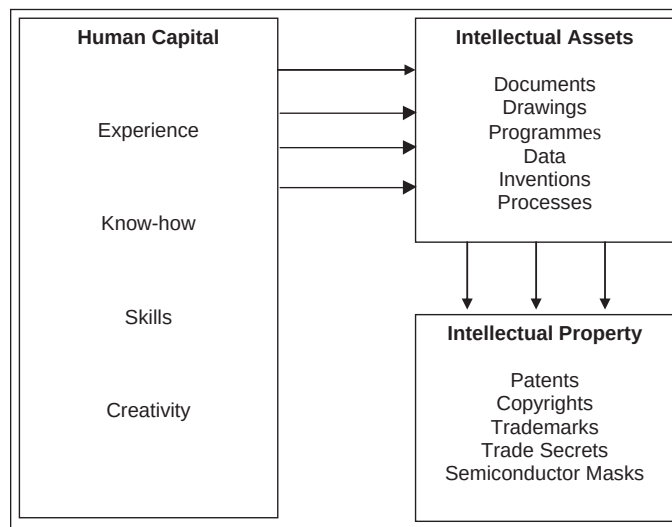
Components of Intellectual Capital

There is no universal classification of intellectual capital. Different practitioners have classified *intellectual capital* differently.

Sullivan (1998) has created a classification scheme for intellectual capital which is described in Fig. 1.

Jain and Rangnekar (2002, 2004) have presented and discussed the importance of intellectual assets for the well-being of the organisations. Sveiby (1997) has followed an approach in which he pays attention to employees of a firm and their know-how. As opposed to Sullivan, he focuses more on value creation than value extraction. Sveiby breaks down the intellectual capital of a firm as follows:

- competence of employees (education, experience)
 - internal structure (legal form, management, systems, corporate culture, software)
 - external structure (brands, customer relations, supply relations).
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Fig 1: Classification Scheme for Intellectual Capital

Human Capital

Human capital is 'generally understood to consist of the individual's capabilities, knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning' (Dess & Picken, 1999). Human capital refers to the processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee's satisfaction and performance, and eventually on a firm's performance. Rastogi (2000) stated that "human capital is an important input for organisations especially for employees' continuous improvement mainly on knowledge, skills, and abilities."

Relevance of Intellectual Capital in the Knowledge Based Economy

As opposed to the old economy with its essential product-orientation, in the new economy the importance of knowledge and intellectual capital is growing. Intellectual capital is part of resources that are at a firm's disposal and can create a decisive advantage over the competition. The capital of a company like Microsoft does not stem from production sites that can be financially written off; instead it comes to a great degree from the knowledge about customers, i.e. customer capital. The source of future economic prosperity is no longer exclusively material. It lies in the intellectual capital that is used to create value. The intellectual capital of many firms now accounts for a very large part of their total capital, especially for those firms that are knowledge intensive.

Traditional accounting that measures only physical assets of a company accounts for only 10-15 percent of the market value of these companies. The rest is made-up of non-physical assets. Contrary to the economic rules of scarcity, knowledge assets do not become depleted with use but often grows instead, thereby demonstrating a law of increasing returns. A shift is clearly perceptible from a manufacturing to a service-oriented economy: firms that are thriving in the new strategic environment see themselves as learning organisations pursuing the objective of continuous improvement in their knowledge assets. Organisations that have been unable to enhance their knowledge assets have failed to survive (Antal, Meinolf, & Katrin, 1994).

Intellectual Capital: The Indian Scenario

Many Indian organisations have yet to develop systems for the creation and management of intellectual capital. Another related issue is disclosure of intellectual capital for the benefit of all stakeholders. It is perhaps because it is not mandatory for them from the regulatory point. One more reason for underdevelopment of intellectual capital may be lack of adequate knowledge regarding models, techniques, etc. Reliance Industries is among the first old economy Indian companies to opt for reporting human capital. Like other accounting standards, a standard for intellectual capital should be developed and the accounting standards board makes it mandatory.

In 1996 Infosys Technologies Limited began including quantified value of its employees in its annual report. This data used to be mentioned in a section titled Additional Information to Shareholders in the company's annual report. Since 1999 Aptech Training Ltd. has been publishing a double-spread titled "The Knowledge Scoreboard". Its simple format provides an easy-to-read snapshot of how the company has performed on the human resources, one of the constituents of intellectual capital.

In India not much work has been published to disseminate the benefits derived out of intellectual capital. Unlike in the other part of the world where markets were awarded premiums to knowledge companies, the development of intellectual capital creation in India is restricted to a handful of firms (Jain et. al., 2011). However some Indian organisations have recognised the importance of intellectual capital, and have started taking steps to create and manage it. Infosys Technologies Limited opted for the Lev and Schwartz model of developing intellectual capital.

Ranbaxy Limited has opted for the cost of replacement model and uses human valuations for reasons that are more organisational driven. The company is using this model to retain employees. The model calculates the worth of employees in terms of their replacement cost.

Kamath (2008b) analysed the effects of intellectual capital performance and results have shown that pharmaceutical firms have been properly utilising intellectual capital of the firms. Human capital was having major impact on profitability only and not on the other financial indicators. Ghose and Mondal (2009) carried out a study on Indian software and pharmaceutical and found that profitability was explained by intellectual capital but not productivity and market valuation. In a cross-sectional study of 97 listed Indian firms, and using a 12-item index, the results point out that HC disclosure levels have high variations among the sample firms with information technology firms having highest average HC disclosure levels (Jindal & Kumar, 2012).

Indian companies published their first intellectual capital report in 1997. These firms are: Balrampur Chini Mills Limited, Reliance Industries Limited and Shree Cement Limited (Patricia, 2005). The ability to outperform the sugar industry average is a reflection of the considerable intellectual capital that it has built into its business – at the farm, factory and marketing levels. Balrampur Chini Mills' intellectual capital report constitutes an independent document to the annual report. These reports had 11 (1996-1997), 24 (1997-1998), 48 (1999-2000) and 40 pages (2000-2001), respectively.

The intellectual capital report of Reliance Industries Limited (1998, p. 2) aims to redress the imbalance between non-financial and financial data, in recognition of the belief that value of organisations will, in times to come, increasingly reside in their intangibles assets. It constitutes an independent document from the annual report.

Shree Cement Limited is an Indian company operating in the cement industry, which possesses two cement plants at Beawar (India). It also has one of the few R&D centers in the Indian cement industry. This firm has a worldwide reputation for maximising capacity utilisation and low energy consumption. Shree Cement Limited's intellectual capital report is an independent document that constitutes a supplement to the annual report. The firm understands that intellectual capital is “capturing our various experiences for organisational benefit, cross-pollinating our collective knowledge across various operational tiers, maximizing output with the minimum of resources and doing things right the first time” (Shree Cement Limited, 2001, p. 5). Many other Indian firms have initiated work on intellectual capital, although sometimes in the name of knowledge management the work is being done. Such companies among others are Infosys, Aptech, Zensar Technologies, TCS, WIPRO, and Satyam. The success of IT industry in India has been unprecedented. A large proportion of the world's leading corporations get their information systems developed and supported by Indian firms (Natarajan & Ganesh, 2007). Infosys make use of the knowledge generated from

experience of executing projects, Body of Knowledge (BOK) is one such initiative where such documents are kept in the central library of Infosys for others to see and refer it. Other initiatives at Infosys include Process Assets, KShop, Sparsh-the corporate intranet of Infosys, Knowledge Currency Unit.

Narvekar and Jain (2006), note in their research that a combination of the analytical and the synthetic cognitive processes are needed to convert intellectual capital into intellectual property including new products and services. Their research in the Indian context examines the innovation process by providing a description of the components and dimensions of intellectual capital that lead to technological innovation. The presence of the three components of intellectual capital is necessary but not sufficient. For the intellectual capital to manifest into new products or intellectual property there is a need for an intervention to facilitate innovation. Organisations could initiate management interventions to improve the stock of intellectual capital by developing routines that encourage innovation. Cross-functional employee team visits to customer and vendor sites will help develop new ideas when such teams are exposed to the actual conditions in which the innovation is used. Human resource policies that encourage calculated risk taking and provide visibility to innovation outputs through appropriate reward and recognition mechanisms could be initiated. However, their research is limited in that the framework has been qualitatively validated in only two publicly held R&D intensive organisations in India.

It is therefore important that such an important topic of intellectual capital be studied thoroughly, what are the perceptions of industry people in India, what are they already doing, what do they plan to do, what are the difficulties and best practices they have etc. need to be studied first hand.

OBJECTIVE

The objective of the research is to understand what constitutes intellectual capital, and to study the practices prevalent in Indian organisations. Deeper understanding of the intellectual capital creation will help organisations take actions for the development of the same.

METHODOLOGY

To fulfill the above mentioned objective the following methodology has been adopted in the paper.

Data Collection and Research Instrument

Data were collected through face-to-face administration of the questionnaire and interaction. The questionnaire containing items based on established scales, as published

by the Institute for Intellectual Capital Research, Canada, and authored by Bontis (1998), has been adopted after pilot testing the same. In the questionnaire, qualitative information seeking questions were framed on a seven-point Likert-type scale (1-Strongly Disagree to 7-Strongly Agree). A total of 53 items were incorporated in the questionnaire to understand the intellectual capital management.

The researcher visited some leading organisations, and interacted with senior executives of the firms. Some of them shared only the practices of intellectual capital creation prevalent in their firms, but declined to fill up the instrument. Part-time postgraduate management students (working executives) working in these organisations provided information on organisations and were included later. The help of the telephone and e-mail media were utilised to establish contacts and fix appointments. Some organisations did not respond to the request for the appointment. Help of senior professionals, acquaintances of the researcher, and that of the thesis guides was also sought in seeking appointments with some organisations. Certain executives after the detailed interview decided to send the filled up questionnaire by post. Through regular communication with them the researcher has ensured the receipt of filled up questionnaire.

Sampling

A total of 57 organisations from across the country were included in the survey. Organisations were selected based on the perception of postgraduate students as the most preferred first placement destination of and included the best performing organisations. Other organisations which were included later were the ones where part-time postgraduate management students worked. The organisations included in the sample were drawn from the fields of information technology, pharmaceuticals, consultancy, manufacturing, service, etc. representing industries whose intellectual capital being their main asset (Table 1). As an example, revenue of Tata Consultancy Services (TCS) was \$ 3 billion and market capitalisation 7.22 times of its revenue; Infosys's revenue stood at \$ 2.1 billion and market capitalisation 10.21 times of its revenue; and Wipro's revenue stood at \$ 2.36 billion and market capitalisation 8.49 times of its revenue for the

year ending 2005-06. TCS is the single largest employer of information technology professionals in India with 66,480 plus employees working for it, followed by Wipro with 59,965 plus employees and Infosys with 52,715 plus employees.

Data Analysis

Data were coded in SPSS (Statistical Package for Social Science) for Windows, Version 12.0. Items 2, 6, 13, 17, 18, 19, 23, 38, 40, and 51 were reverse coded. Missing values were assigned to average values. The following statistical tests were performed:

Test for Reliability

Nunally (1978) suggests Cronbach's alpha test as the test of reliability of measures and states that the instrument having alpha value of 0.7 or above is sufficiently reliable.

Reliability analysis of the questionnaire was carried out on SPSS. Table 2 results the Cronbach Alpha value of 0.942, this value of alpha is quite satisfactory and indicate a high degree of internal consistency and reliability of the measures.

Data Reduction

The purpose of principal components analysis is to determine factors (i.e. principal components) in order to explain as much of the total variation in the data as possible with as few of these factors as possible (Dillon & Goldstein, 1984). Factor analysis on SPSS allows selecting the method of factor rotation. We have chosen the Varimax rotation method because it centers on simplifying the columns of the factor matrix. Only the items that loaded on their corresponding factors at levels of ± 0.4 or greater were retained for the rest of the analysis. Rotated component matrix from factor analysis resulted in items #11 and 40 cross loaded on more than one factor with a loading of greater than 0.4. Items #20, 13, 21, 23, 28, 29, and 49 were loaded with less than 0.4 on all three factors, so these were not retained for further analysis. Based on the types of the items forming the factors and nomenclature found in the review of the literature the components were suitably named.

Table 1: Industry wise breakup of Sample

IT	Pharmaceuticals	Engineering	Others (Banking, Consultancy, Telecom, Chemicals etc.)
25	8	8	16

Table 2: Reliability Statistics of Intellectual Capital Creation Items

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.942	.944	53

Table 3: Eigen Values and Cumulative Variance

Component	Initial Eigen Values		
	Total	% of Variance	Cumulative %
1	15.143	28.571	28.571
2	3.694	6.970	35.541
3	2.774	5.234	40.775
4	2.670	5.038	45.813
5	2.641	4.983	50.796
6	2.224	4.197	54.993
7	2.086	3.936	58.930
8	1.956	3.690	62.619
9	1.653	3.119	65.738
10	1.600	3.018	68.756
11	1.361	2.568	71.324
12	1.238	2.336	73.660
13	1.165	2.198	75.858
14	1.117	2.108	77.965
15	1.052	1.985	79.951
16	.914	1.725	81.675
17	.859	1.621	83.296
18	.847	1.598	84.895
19	.735	1.387	86.282
20	.704	1.329	87.611
21	.619	1.168	88.779
22	.596	1.124	89.903
23	.553	1.043	90.946
24	.518	.977	91.922
25	.458	.865	92.788
26	.405	.765	93.553
27	.377	.712	94.265
28	.361	.681	94.945
29	.321	.605	95.550
30	.293	.553	96.103
31	.241	.455	96.558
32	.233	.439	96.998
33	.219	.412	97.410
34	.195	.369	97.779
35	.182	.344	98.122
36	.164	.309	98.432
37	.136	.256	98.687
38	.118	.223	98.910
39	.097	.183	99.093
40	.095	.179	99.272
41	.079	.149	99.421
42	.062	.118	99.539
43	.057	.108	99.647
44	.050	.095	99.741
45	.035	.066	99.807
46	.031	.059	99.866
47	.024	.045	99.911
48	.018	.033	99.945
49	.016	.029	99.974
50	.008	.014	99.988
51	.004	.008	99.996
52	.002	.003	99.999
53	.000	.001	100.000

The Eigen Values and Cumulative Variance

The eigen values and cumulative variance are mentioned in Table 3. The eigen values associated with each factor represent the variance explained by that particular linear component and SPSS also displays the eigen value in terms of the percentage of variance explained (so factor 1 explains 28.571% of total variance). It is clear that the first few factors explain relatively large amounts of variance whereas subsequent factors explain only small amounts of variance. SPSS then extracts all factors with eigen values of greater than 1 or as per the prescribed number of factors.

RESULTS

On performing the above analysis, the following results were obtained:

Principal Components Analysis

Depending on the prominent items based on loadings, the first intellectual capital creation factor (Table 4) is suitably termed as Human Capital. This paper focuses on this factor of intellectual capital.

Human capital is the cumulative tacit knowledge of employees within a firm (Bontis & Choo, 2002). The essence of human capital is the individual intellect of the employee and is therefore a function of the employee's ability to thrive within the industry on behalf of the organisation. Hudson (1993) suggests that human capital is a combination of four factors: genetic inheritance, education, experience, and attitudes about life and business. Therefore, human capital suggests the economic potential of the employee within the firm and possibly the level of benefit the employee will receive from further training and experience within the organisation.

Smith (1976) studied the influence of workers' and employees' knowledge and skills on the production process and the quality of output. He saw that the productivity of skilled workers is higher than that of unskilled ones. Schultz (1981) used the term human capital; he wrote that the decisive factors of production in improving the welfare of poor people are not space, energy, and cropland but improvement in population quality and advances in knowledge. These advancements can be augmented by appropriate investment in human capital.

Human capital lies at the crux of intellectual capital. It is embedded in capabilities, expertise and wisdom of the people and represents the necessary lever that enables value creation from other components of intellectual capital.

Organisations desiring to create a large portfolio of ideas need to encourage their human capital to codify knowledge and know-how; from this knowledge they can select the most promising ideas for commercialisation in the marketplace.

Principal Components Analysis with Varimax Rotation using SPSS for Windows provided the results as shown in Table 4.

Table 4: Human Capital Creation Items

Name of the Item	Factor Loading	Mean	Standard Deviation
Big Trouble if Employees Left	0.628	4.438	1.64
Think Before Act	0.496	5.035	1.37
Inter-group Relationship	0.491	4.842	1.56
Succession Training Programme	0.426	4.491	1.76
Rarely Think Actions Through	0.400	4.368	1.34

DISCUSSION

The outcome of factor analysis is given in Table 4. It lists significant items belonging to Human Capital; one of the important components of intellectual capital is described below:

Big Trouble if Employees Left: When individuals leave the organisation it is a loss to the organisation. That is why respondents have attributed a higher rating to this item of human capital creation (Factor loading of 0.628). Every individual contributes to an organisation. Individuals develop competence suitable for an organisation over a period of time of working for the organisation. Individual competence is people's capacity to act in various situations. It includes skill, education, experience, values, and social skills. People working for organisation are real asset, and all other assets are the result of human action and depend ultimately on people for their continued existence. Competence cannot be owned by anyone or anything but the person who possesses them, because all said and done employees are voluntary members of the organisation (Sveiby, 2000). Efforts are required in selecting an individual; therefore s/he should be retained in the job. Nowadays human capital development is the term increasingly used to describe the process of managing how valuable people are acquired, developed, deployed, motivated, and retained (Tiwari & Thakkar, 2005). A person's relationship with an organisation has a life cycle that needs to be nurtured and managed for maximum lifetime value. It is widely held that it is 5 to 10 times more profitable to nurture and expand an existing employee rather than to create a new one to replace a lost employee. Human capital development must be viewed and actively managed and optimised in terms of total organisational costs and

benefits as a single integrated end-to-end process that is of strategic importance. There is no value in recruiting top people if the firm cannot retain them. Any employee who leaves, knows about the organization like other employees, customers, processes, products, and services.

According to Nonaka (1994), "commitment" is the most important component for promoting the creation of new knowledge within an organisation. Individual commitment was driven with strong alignment of individual and organisational goals. Employee commitment was monitored. Feedback was taken frequently and the same was shared for bringing about the improvement in the effectiveness of the employees. Similarly Wenger (1998) has stressed the need for and importance of the formation of micro communities in organisations. Micro communities of knowledge are the small groups within an organisation whose members share what they know as well as common values and goals. Mahindra British Telecom created special teams with specific purpose for the achievement of set goals. Members of the team had almost the same wavelengths and shared ideas, which led to the enhancement of team performance. All the existing employees were committed to perform their best in a team. Proper atmosphere was created for the employees to remain motivated to perform their best. Commitment of its organisational members reported to affect the business performance in an organisation (Bontis and Fitz-enz, 2002). Every contributing employee is cared to ensure that he remains with the firm.

Retention becomes extremely important in an organisation with high turnover of experts. Today this is common in information technology companies where the experts often change their position or company; therefore the software products of companies have a longer life cycle than people. Since people that developed a product have the knowledge of how it is designed, how it works and how it is to be used, it is critical that this information is preserved. If the knowledge walks out of the door, a company will have problems with the product. Therefore, transferring product knowledge is extremely important for enabling the expertise retention. Spender (1996) noted that collective knowledge is the most secure and strategically significant kind of organisational knowledge. The collective knowledge of a group is an asset that is very difficult to replicate and not easily destroyed if a single member of the group leaves.

Retaining good employee is tricky. Firms should be aware of what employees want and ensure that employees know the true value of their compensation. Firms should be aware of the legality of the compensation system and what competitors offer. Human resource planning programme should be made more effective by anticipating deficiencies of various skills well in time so that steps are initiated for appropriate training.

Do Without Thinking (Think before act): Employees should always think before acting (0.496). Senge (1990) comments that many American managers are too busy running to “think on their feet”. For most of our internal pictures about the nature of our work say that activity is good, that a manager’s job is to keep things moving. It is easy to blame this incessant activity and lack of time for reflection on organisational pressures but research suggests otherwise. Even when there is ample time for reflection and the facility for retrieving all manner of relevant information in the form of a computer-based simulation most managers do not reflect carefully on their actions. Typically, managers in the experiments adopt a strategy, and then as soon as the strategy starts to run into problems, they switch to another strategy, then to another and another. In a simulated four-year exercise, managers may run through three to six different strategies, without once examining why a strategy seems to be failing or articulating specifically what they hope to accomplish through a change in strategy (Kim & Senge, 1989). Sufficient time should be spent on thinking itself before committing oneself to the task. Mission statements could be quite useful and will guide employees in their work. Mission statements carry the purpose of the firm’s existence. It answers questions like why do we exist as an organisation? These control the behaviour of the organisational members, by motivating and inspiring them to pursue common organisational ends.

Some of the characteristics of corporate culture being practised at Wipro, which encourages employees to think include ‘toleration of the errors up to certain extent’, ‘encouragement to the exchange of knowledge’, and ‘development of common language, openness and trust amongst the employees’. Corporate culture at Infosys Technologies Limited could be described as open, where exchange of information is encouraged through meetings held frequently and accessible to every staff person. Infosys believes that traditional structural boundaries between departments impede effective communication across them and thus negatively influence organisational knowledge creation. Culture and good practices provide the people with supportive work environment that encourage people to be creative, free and fair, and comfortable. People tend to be loyal, if they are treated fairly and feel a sense of shared responsibility. That is why companies are generally willing to pay some kind of compensation to those who retire, or have to be laid off. The corporate culture and practices in an organisation fosters innovation and creativity by providing opportunities for learning and sharing. A good corporate culture allows people to voice their opinions and do works in a thoughtful way.

Corporate culture and practices can also be a barrier to the creation of intellectual capital efforts. Hierarchy and bureaucratic structures do not generally favour innovation,

at least not in the fast moving market environments. Not only does hierarchy tend to suffocate initiative, but also tends to throttle dynamic capabilities - the organisation’s ability to sense and then seize new opportunities. Firms with considerable technological competence may fail to display innovativeness in the market because organisational factors (structure and incentives) get in the way of superior performance (Teece, 2000). Culture and practices make the unwritten rules, which suit the people, and these rules are not rigid. Firm-wide intellectual capital management systems usually require profound cultural renovations because traditionally organisations reward their professionals and employees based on their individual performance and know-how. Cultural barriers to the creation of intellectual capital (e.g. organisational norms that promote and encourage knowledge hoarding) cannot be effectively reduced or eliminated through information technology applications. In many organisations, a major cultural shift may be required to change employees’ attitudes and behaviour so that they willingly and consistently share their knowledge and insights. All this encourages employees to think before acting.

When there are tens, hundreds, or thousands of employees, and if they just devote to the work without much thinking, achievement of goals will not be very effective, and the performance benefits will not follow. Thinking is very primary on every individual part, innovation command premium.

Inter-Group Relation: Inter-group relationship is very important for effective learning in an organisation. For specific projects, jointly assigning team members to various tasks can be an effective way to develop learning relationships. Proponents of team learning often ignore the fact that most time spent on projects is not in meetings but on tasks. Giving two or more members chance to collaborate can build relationships and improve the quality of ideas during team discussions.

Communities of practice-informal groups of individuals that interact regularly around work related issues and challenges-facilitate collaboration in professional services, R&D, and manufacturing (Cross & Baird, 2000). Though generally not visible on any organisational chart, they often play a critical role in sharing knowledge and solving problems. In many cases, these groups are effective forums for individuals with specialised knowledge to collaborate and learn from each other. In others, they provide means of developing strategic capabilities or technologies and facilitating change processes.

One of the senior executives in a surveyed organisation shared a very interesting and inspiring situation wherein the organisation had submitted two different quotations for the same work to the same customer. This was done because two of its different departments were approached for the quote.

Such a problem occurs in the absence of a proper system to facilitate inter-departmental sharing in large organisations. Inspired by this incident Satyam Computer Services Ltd. has started the knowledge management initiative linking its different development centers. Learning through sharing amongst employees facilitates the problem solving approach. It recognizes that when two or more than two ideas are shared by people, it leads to a newer idea to solve the problem. During the survey the researcher interacted with one of the senior executives of Hewlett-Packard India Pvt. Ltd.; this organisation had such a strong culture of sharing information, knowledge and expertise that not sharing is highly problematic. If somebody decides not to share then he/she will automatically be thrown out of the system and will be the odd man/woman out.

Succession Training Programme: Succession training programme is very important for any organisation. It is considered so important a function at Infosys that it is the chairman who reviews succession planning and management development with the board from time to time. Succession planning involves identification and grooming of people to replace the current incumbents on their retirement or separation from the company on any account, including promotion (Prasad, 2005). In other words, succession plan is a process of identifying who will succeed an outgoing manager. Professionally managed industrial organisations, which accord high priority to management development, also have well defined succession plans. Succession training programme is linked with the appraisal of manpower planning. Shortage or surplus of human resources in any department or at any level should be minimised (Chhabra, 2000). Succession planning is an important phase in the executive resource planning, and it should be worked out in the case of every executive position (Rudrabasavaraj, 2000). In lower technical positions, it is quite possible that an organisation will have skilled trained staff to take over from retiring/outgoing staff. Succession planning is more serious at chief executive officer/managing director level.

Aptech Training Limited is very particular about the selection of employees with proper skills, for them it is not a loss of intellectual capital if some non-performing employees left the organisation. The organisation lays high importance on recruiting people with up-to-date computer skills. The organisation believes that it is better if more and more people replaced old skills with newer ones. Dr. Reddy's Laboratories Limited has identified some key skills in the absence of which the business will be affected. Persons with those skills are identified and developed with appropriate training. Another alternative is that of recruiting a new person with desired skills. Dr. Reddy's Laboratories Limited regards its recruitment policy a dynamic one. It is very concerned and undertakes career planning for its employees. Career planning is included in succession planning.

Rarely Think Actions Through: All firms should have their own approach and method for developing new or innovative ideas that create value. After a task is over the members should analyse the completed work, and draw lessons from its success or failure. Many firms rely on their employees to produce innovative ideas. Therefore, it is essential that employees should engage themselves in discussing the outcome of the completed work. Still there are some employees who do not think their actions through, therefore however intelligent or talented they are they cannot be considered as assets.

As the basic learning disciplines start to become assimilated into an organisation, a different view of managerial work will develop. Action will still be critical, but incisive action will not be confused with incessant activity. Time will have to be there for reflection, conceptualizing, and examining complex issues. Senge (1990) says that one useful starting point for all managers is to look at their time for thinking. If it is not adequate, why not? Are work pressures keeping us from taking the time, or, to some degree, are we doing it to ourselves? Either way, where is the leverage for change? For some people it may involve changing personal habits. Others may need to soften or deflect the organisation's demands for incessant busyness.

CONCLUSION

The research contributes to the knowledge in the field of intellectual capital. We have researched the topic at length and surveyed organisations to get the firsthand view of the phenomenon. The outcome could be used by any organisation, we are sure it will add to their already existing inventory of wisdom. The research outcome is limited by the sample size of the included organisations. However it could be a good piece of work for enhancing the understanding of intellectual capital. The work could also be developed further by selecting organisations sector wise, and even by conducting longitudinal research on the topic.

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