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A Model for Managing Intellectual Capital to Generate Wealth

A thesis presented in partial fulfilment of the requirements for the degree of
Doctor of Philosophy in Business
Massey University, Albany, New Zealand

Helen J Mitchell

2010

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Abstract

In an increasingly competitive environment an organisation's intellectual capital is the key to its ability to generate wealth. The intangibility of intellectual capital makes it difficult to replicate and therefore it is a crucial differentiator in the business environment.

The objective of the research was to develop and test a model for the managing of intellectual capital. An examination of the literature provided the foundation for developing a model to illustrate the various facets an organisation must consider when managing intellectual capital.

The Intellectual Capital Management Model specifies that management of intellectual capital is derived from the corporate vision and strategy. Three sources of intellectual capital – human capital, internal capital and external capital – contribute to the outcomes essential to differentiate the organisation in the marketplace. Within each of the three sources of intellectual capital, aspects of intellectual capital management were identified and described, according to the research literature.

A case study approach was used to assess the extent to which an organisation was managing its intellectual capital. Nine chief executives of the independent business units in a large New Zealand company were interviewed to understand why and how they managed the company's intellectual capital. Additionally, 18 employees were interviewed and 44 employees were surveyed in a questionnaire, to determine their views about issues relating to intellectual capital, especially sharing knowledge within the company.

Findings indicated that although most of the aspects of the Model were present in the company, conscious management of intellectual capital was not occurring. Metrics was one characteristic frequently mentioned in the literature, but not evident in practice. Behavioural changes and socialisation were two characteristics that emerged strongly from the interviews, but were not widely addressed in the literature. From the perspective of the theoretical model greater attention should be given to behavioural changes and the importance of socialisation; and from the view of the practice model, management needs to address the issue of metrics.

Publications

Mitchell, H., & Viehland, D. (2009). Intellectual capital: The link to organisational strategy for sustainability. Australia and New Zealand Academy of Management (ANZAM) Conference, Melbourne, 1-4 December.

Mitchell, H. (2008). The impact of organisational change, knowledge sharing, culture and innovation: A case study. *The International Journal of Knowledge, Culture and Change Management*, (8, (1).

Acknowledgements

I wish to thank Mr Chris Liddell, who in 2002 granted permission for me to undertake this research at Carter Holt Harvey Limited. I acknowledge the assistance given to me by Heather Miles, then Chief Executive of Mariner7 for identifying the business units within the group through which I would undertake the research, and for liaising with the chief executives of the various companies to make it possible to meet with them. I extend my thanks to the chief executives and employees with whom I came into contact during the interviews, and who so willingly gave of their time to talk with me. My thanks also the employees of the organisation who took time to complete the questionnaire, and to the personal assistants to the chief executives who made arrangements for me to meet with the people being interviewed.

I wish to thank Associate Professor Dennis Viehland, Massey University, for his patience in directing me through the thesis process. Thank you to Professor William Martin, Royal Melbourne Institute of Technology, for feedback, advice on content, and support. The encouragement given by Associate Professor Viehland, and by Professor Martin over the years is very much appreciated.

Thank you to Dr Noel Burchell, Mrs Glen Plaistowe, and to my friends and colleagues for their interest, support and encouragement during the years of research.

To my husband Jim, a very special thank-you for his unfailing patience and support throughout the long years of study. Thank you also to Roderick and Haylee, and to Gavin and Janine for their interest and encouragement.

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