Entrepreneurial Excellence in the Knowledge Economy

Intellectual Capital Benchmarking Systems

José Maria Viedma Marti and Maria do Rosário Cabrita
Contents

List of Tables xi
List of Figures xii
Foreword by John S. Edwards xvi
Foreword by Leif Edvinsson xviii
Acknowledgements xx
List of Abbreviations xxiii

Introduction 1

1 The Knowledge Economy 10
  1.1 Introduction 10
  1.2 Toward a better understanding of the knowledge economy 13
    1.2.1 The concept of a knowledge economy 13
    1.2.2 Historical perspective 17
    1.2.3 Knowledge as an economic resource 19
    1.2.4 Epistemological assumptions 21
  1.3 The key features of the knowledge economy 22
    1.3.1 Knowledge intensity of economic activity 23
    1.3.2 Information and Communication Technologies (ICT) revolution 24
    1.3.3 Globalization and deregulation 25
  1.4 What is new in the knowledge economy? 26
  1.5 Knowledge-based view of the firm 27
  1.6 The drivers for the future wealth of individuals, organizations, regions and nations 29
    1.6.1 Individuals 30
    1.6.2 Organizations 32
    1.6.3 Regions 33
    1.6.4 Nations 36
  1.7 Conclusions 38

2 Entrepreneurial Excellence in the Knowledge Economy
   Context: The Theoretical Foundations 40
2.1 Introduction 40

2.2 Entrepreneurial excellence in the knowledge economy context 42
  2.2.1 Entrepreneurial phenomenon 42
  2.2.2 Entrepreneurial excellence 44

2.3 The prevailing strategic perspective on achieving entrepreneurial excellence: good strategy formulation (business formula) and excellent strategy implementation (business recipe) 46
  2.3.1 Strategy is about the direction of organizations 48
  2.3.2 Strategy is about a systematic way of thinking and acting 55
  2.3.3 Strategy formulation (business formula) 56
  2.3.4 Strategy Implementation (business recipe) 58
  2.3.5 Sustainable competitive advantage and performance 60

2.4 The fundamental role of intangibles and intellectual capital on creating successful business formulas and building sound business recipes 61
  2.4.1 The role of intangibles 62
  2.4.2 Defining intellectual capital 68
  2.4.3 Activity-based view 77
  2.4.4 Resource-based view 79
  2.4.5 Knowledge-based view 85

2.5 Intangibles and intellectual capital as key value drivers: the value creation process 87
  2.5.1 Value-based management 87
  2.5.2 The value creation process in the knowledge economy 90
  2.5.3 Intangibles and intellectual capital as key value drivers 91
  2.5.4 Intangible liabilities 93

2.6 In search of a comprehensive theory of intellectual capital 93
  2.6.1 Assumptions and principles of the prevailing paradigm 94
  2.6.2 Assumptions and principles of the new paradigm 98
  2.6.3 Other new views and contributions 101
  2.6.4 The formulation of a comprehensive theory of intellectual capital 106

2.7 Conclusions 108
3 The Practice of Entrepreneurial Excellence in the Knowledge Economy Context 110
3.1 Introduction 110
3.2 The state of the art of intellectual capital management and reporting 111
   3.2.1 Measuring and reporting intellectual capital 112
   3.2.2 Why, what and how to measure intangibles? 113
3.3 Non-strategy focused models 118
   3.3.1 The EFQM Model 118
   3.3.2 The Malcolm Baldrige Award 120
3.4 Strategy formulation models that do not break down intellectual capital into its constituent parts 124
   3.4.1 The Value Explorer Model 125
   3.4.2 Intellectual Capital Benchmarking System 129
3.5 Strategy implementation models which break intellectual capital down into its constituent parts 131
   3.5.1 Classification of strategy implementation models 131
   3.5.2 Intangible assets measuring models 134
   3.5.3 InCaS-Made in Europe 161
3.6 Conclusions 168

4 Building an Integrative Methodology and Framework for Strategy Formulation 170
4.1 Introduction 170
4.2 Strategy formulation frameworks 172
   4.2.1 The Acnur and Englyst model 173
   4.2.2 The Boston Consulting Group (BCG) matrix 174
   4.2.3 The five forces framework 176
   4.2.4 A knowledge-based theory of the firm to guide strategy formulation 180
   4.2.5 The SWOT analysis 182
   4.2.6 Intellectual Capital Benchmarking System 192
4.3 The extended SWOT analysis 192
4.4 Business intelligence process 194
4.5 Benchmarking 195
   4.5.1 Why benchmarking? 198
   4.5.2 Selecting what to benchmark 198
   4.5.3 Describing how to benchmark 200
   4.5.4 Types of benchmarking 202
   4.5.5 Strategic competitive benchmarking 206
   4.5.6 The competitive gap 208
4.6 The ICBS methodologies and frameworks: IICBS, OICBS, SCBC 209
4.7 Conclusion 216
5 Operations Intellectual Capital Benchmarking System (OICBS) 219
5.1 Introduction 219
5.2 The OICBS framework 220
5.3 The OICBS implementation process 227
5.4 Practical case 231
5.5 Benefits from using OICBS 240
6 Innovation Intellectual Capital Benchmarking System (IICBS) 242
6.1 Introduction 242
6.2 The IICBS framework 243
6.3 The IICBS implementation process 250
6.4 Benefits from using IICBS 253
6.5 Integrating IICBS and OICBS 254
7 Social Capital Benchmarking System (SCBS) 258
7.1 Introduction 258
7.2 Building the SCBS framework: theoretical background 259
7.2.1 Cluster resources and capabilities 260
7.2.2 Social capital as an important constituent of network organization 263
7.2.3 Social capital as the main source of cluster sustainable competitive advantage 266
7.2.4 Profiting from social capital when building networked organizations: the need to benchmark 268
7.3 Building the SCBS general framework 270
7.3.1 From the general to the specific SCBS framework 274
7.3.2 The key role of social capital benchmarking in the framework construction 276
7.4 The SCBS implementation 276
7.5 Benefits from using SCBS 278
8 Conclusions 282

References 286

Index 307