**Session 04 BUSA 7800 - Strategic Management Chapter 04**

Learning Outcomes

At the end of this session you should be able to:

1. Differentiate between the different aspects of intellectual capital.
2. Evaluate how a firm can attract, develop and retain human capital.
3. Evaluate the three main ways to retain human capital.
4. Relate the role of social capital in leveraging human capital within and across an organization.
5. Explain the importance of social networks in knowledge management.
6. Link the vital role of technology in leveraging knowledge and human capital.
7. Describe the challenge of protecting intellectual property.

**Chapter 4: Assessing the Intellectual Assets of the Firm**

**I. The Central Role of Intellectual Capital in Today's Economy**

What is the impact on developed economies from intellectual assets and intangible people skills?

What is included as intellectual capital? (Exhibit 4.1)

* + *Human capital*
  + *Social capital*
  + *Intellectual property*

What is human capital? How do you increase human capital?

How would social capital increase when you go from working from home to working from the office?

How do we know the difference between explicit knowledge and tacit knowledge?

* + *Explicit knowledge*
  + *Tacit knowledge*

What is intellectual property?

What is the main benefit of the protection given with intellectual property?

How do leadership, culture and trust play a central role in the creation of knowledge?

According to Tom Stewart from Harvard Business Review (HBR), how do firms protect their human capital?

**II. Human Capital: The Foundation of Intellectual Capital**

What are the three interdependent activities of human capital? (Exhibit 4.2)

1. Attracting Human Capital
2. Developing Human Capital
3. Retaining Human Capital

**A. Attracting Human Capital**

What is the 'lock and key' mentality?

How can the 'lock and key' mentality present a problem?

How does Southwest Airlines hire for attitude?

What is the most common hiring mistake?

What is one of the best sources of new employees? Why?

How does hiring the right people make things easier for you as a manager?

**B. Developing Human Capital**

What is Motorola's return on training?

*i. Encouraging Widespread Involvement*

Why is it important to have leaders from all levels of the organization involved in developing human capital?

*ii. Monitoring Progress and Tracking Development*

Why is monitoring progress and tracking development essential to developing human capital?

*iii. Evaluating Human Capital*

What is the benefit of 360 degree feedback? Drawback?

**C. Retaining Human Capital**

Why is retaining Human Capital such an important topic?

Three ways to promote retention of human capital:

1. Identifying with an Organization's Mission and Values,
2. Challenging Work and a Stimulating Environment, and
3. Financial and Non-financial Rewards and Incentives.

*i. Identifying with an Organization's Mission and Values*

Why are employees who identify with an organization's mission and values less likely to bolt to a rival firm?

*ii. Challenging Work and a Stimulating Environment*

Having challenging work and a stimulating environment promotes intrinsic motivation.

What is intrinsic motivation?

*iii. Financial and Non-financial Rewards and Incentives*

According to employee surveys, how important is money to employees as a reason to take or leave jobs?

Why did Tandem Computers (now part of HP) never offer jobs to candidates who kept asking questions about salary?

What are some of the benefits that Google employees have?

**III. Vital Role of Social Capital**

How does social capital relate to retaining human capital?

What is the danger of the "Pied Piper" effect?

What can happen when social capital breeds "groupthink"?

**IV. Using Technology to Leverage Human Capital and Knowledge**

How can using technology to leverage human capital be a double edged sword?

**A. Codifying Knowledge for Competitive Advantage**

What are firms trying to do with tacit knowledge?

What are the benefits that a firm receives from developing and paying for a knowledge asset such as software code or processes for a consulting firm?

**B. Retaining Knowledge When Employees Leave**

What is the benefit of customer relationship software?

**V. Protecting the Intellectual Assets of the Organization**

What is included in the management of intellectual property?

What is the purpose of intellectual property rights?

How is intellectual property different from physical property?

How do dynamic capabilities relate to a competitive advantage?

**Next Session:**Chapter 5 – Business-Level Strategy