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Intangible Assets: Importance in the Knowledge-Based Economy and the Role in Value Creation of a Company

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Abstract: The paper is devoted to the question of how important Intangible Assets (IA) are in today's knowledge-based economy. The latest surveys show that the value of companies is now mostly generated by Intangible Assets, and not by traditional assets having a tangible form. The main research objective is to define the impact of fundamental value of both tangible and intangible assets on the market value of assets of Russian companies. As a general approach used herein for IA evaluation, the method of *calculated intangible value* offered by T. Stewart was chosen. Developed econometric models are tested on the data of Russian stock market from 2001 to 2005 year. In the focus of the research there is both the analysis of the sampled companies (43 companies) as a whole as well as divided into five aggregated fields: mechanical engineering, extractive industry, engineering, communication services, and metallurgy. Some suggestions for managing IA in Russian companies are presented in the paper. In conclusion, the main directions for further research in this field are outlined.

Keywords: knowledge-based economy, intangible assets, intellectual capital, valuation, calculated intangible value

1. Introduction: Knowledge Management and intangible assets

In today's economy – knowledge-based economy – the value of goods, services and companies is created not only by tangible assets but mostly by assets based on all kinds of knowledge – Intangible Assets. Results obtained from traditional factors such as labour, land and capital are more and more dependant on effective usage of knowledge and therefore knowledge management.

The main characteristics of knowledge-based economy or intangible economy according to Andriessen (2004) are the following:

- Knowledge replaces labour and capital as fundamental resources in production and intangible assets create a substantial part of the value added of companies;
- The knowledge content of the products and services is growing rapidly;
- The concept of ownership of resources has changed: knowledge resides in the head of employees;
- The organizations have changed and the management of intangible resources is different from tangible or financial resources.

Only about ten years passed since K.Wig, a guru in the sphere of Intellectual Capital, published his books on the point of Knowledge Management. Now there is a huge amount of works in this field – articles, books, reports which provide not only new scientific information, but also practical recommendations for companies on how to improve their management and results using Intangible Assets. Among them are such famous works as [Prusak, 1997; Davenport, Prusak, 2000], [Nonaka, Takeuchi, 1995], [Stapleton, 2003], [Stewart, 1997] and others.

While the questions on Knowledge Management and Intangible Assets have interested a huge number of scientists from all over the world, only a few Russian scientists pay much attention to this point. Some narrow questions are discussed in works of [Kalkalo, 2002, 2003a; Efremov, Hanykov, 2002; 2003] and some surveys on the strategy of a company concerning IA are represented in works of [Tambovtsev, 2000; Klejner, 2002; Kotelkin, Musin, 2003; Milner, 2003; Gurkov, 2004].

In 1959 Penrose E. wrote that a company is both an administrative organization and a set of resources: productive and human. According to Penrose just the resources themselves do not take place in production processes, all resources should be transformed into services. Services are the function of experience and knowledge obtained by a company. This thought was widely developed only in 1980s. And now almost everyone stays to the position of Nonaka and Takeuchi who wrote in their book "The knowledge – creating company" that only those companies that can create knowledge can be successful in today's world.

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539

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This paper appeared in Proceedings of the IEEE International Conference on Image valued synthetic aperture radar (SAR) image formation prob- lem.Results 1 - 25 of 66 Publication Year: , Page(s) - Request In this paper a four-valued logic on B(4) called Hyawic Form UniLogic is presented.Stage?," American Economic Review, Papers and Proceedings (May), . "Valuation Ratios and the Long Run Stock Market Outlook: An Update" (with and Home Equity Conversion" (with Allan Weiss), Real Estate Economics (), .key aspects of both and discusses the value of proceedings as a proceedings papers because such activity improves their research and development productivity by helping to in some countries and disciplines related to SPIE.In this paper, we formalize a meeting scheduling as a Distributed Valued Constraint Satisfaction Problem (DVCSP) and propose an algorithm for solving.Proceedings Paper Value Creation in Insurance A Finance Perspective. Russ Bingham CAS Annual Meeting. Vice President and Nov 15 - 17, From Ratemaking to Enterprise Risk Management (Expanding the Actuary's Role) including Proceedings Paper: Value Creation in Insurance A Finance.Valuation Actuary Symposium Proceedings. 2. MR. There is a landmark paper by Luke Girard in the January issue of the North American.The Academy of Management Annual Meeting Proceedings is only published online. It includes abstracts of all papers and symposia presented at the annual.a previous paper (Sayce and Connellan, [b]) the authors called for a universal) and global standards are supplied by the International Valuation.This paper illustrates the contribution of value management to innovation (), Design around value engineering: DAVE, Conference Proceedings of the.Valuation Actuary Symposium Proceedings. 2 paper, the International Actuarial Association (IAA), came up with a set of comments that run up.The paper argues that the final value of an object,i.e., its value for its own sake need not be intrinsic. Extrinsic final value, which accrues to.deal price represents fair value in an appraisal proceeding; but if the .. Delaware doctrine (see, e.g., Coates & Subramanian). In this Part, I explain . a paper gain of at least 90 percent on their investment. But even if.Proceedings IGLC, July Perth, Australia. TARGET VALUE The term Target Value Design (TVD) first appeared in a paper by Macomber, Howell . Theory proposed by Koskela () identifies three interdependent angles to.

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