Chapter 6

Intellectual Capital and Challenges of Organizations in the Twenty-First Century

Muhammad Khalique
Universiti Malaysia Sarawak, Malaysia

Shazali Abu Mansor
Universiti Malaysia Sarawak, Malaysia

Abu Hassan bin Md. Isa
Universiti Malaysia Sarawak, Malaysia

Jamal Abdul Nassir bin Shaari
Universiti Malaysia Sarawak, Malaysia

ABSTRACT

In the present century, intellectual capital is recognized as the most important and strategic asset for organizations. Intellectual capital is mainly based on knowledge and useful information. Intellectual capital is playing a critical role to create value from the combination of tangible and intangible assets to enhance the performance of organizations. This chapter looks at the concept and application of intellectual capital and its associated challenges of organizations in a competitive environment. More specifically, this chapter highlights the relationship of intellectual capital with the performance of organizations of various sectors. The relationship of intellectual capital was supported by empirical studies which were done by various renowned researchers in the intellectual capital field. In addition, this chapter discusses the various major components and models of intellectual capital.

INTRODUCTION

Over the past two decades, the concept and applications of intellectual capital have got overwhelming attention from academicians, researchers and practitioners. Nowadays, intellectual capital has become a critical asset for organizations to manage and utilizes its resources in order to gain a sustainable competitive edge. Intellectual capital appears as one of the principal asset in the current and future success of the organizations, particularly in high-tech sector. The multidisciplinary nature of