

## Tangible and Intangible Within The Organization's Potential

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**Abstract:** *The organization (firm, enterprise, school, joint company etc) means the basic unit of the human activity. It concentrates, organizes and materializes in products, cognitions and affects all people's efforts, finally getting to represent the main way of life in society for the human being. The organization gathers, with a view to a unitary action, bearing the same vector, people, tools, vehicles, and financial resources, cognitions and projects. Even if it always acts unitary, according to a plan derived from putting into practice some policies, strategies, this composition made up of people, money, materials and vehicles is just an agglutination of tangible and intangible, from which may result either a coherent, performing action, and therefore efficient or an incoherent and not performing action which means the destruction or abolishment of that organization. Between these two extremes, somewhere around tangible and intangible, the human being imagines, builds and creates endless possible things and ideals that are to be changed into material things.*

**Key words:** organization, resources, tangible, intangible, equilibrium, dynamism, complexity.

## Introduction

The organization of the society based on knowledge just like the one from the previous stage of such a society, has to be much more flexible and dynamic than the organization of the post-industrial society and even more than the one generated by the consumerism society. Indeed, the consumerism society, having changed the man into a permanent consumer and making him completely dependent of consumable or utility products has destroyed the older order and introduced a dynamic never seen before, facilitated by the new philosophy and new network physiognomy.

The pressures over the organization have grown up enormously, as well as the expansive possibilities and of transfer which have also multiplied. From the specific mechanism of the industry era and its continuation, as a wise form in the post-industry era, we have moved fast (through destruction or change of the older ones or the apparition of some completely new ones) to a generation and even the prevalence of the dynamic and complex systems, and very flexible, where the equilibriums and imbalances as well have combined and paradoxically have reciprocally amplified. This kind of dynamic based irregularities was supposed to lead firstly to instability, uncertainty and even chaos (understood as a lack of organization with a view to a new organization), a fact which somehow has happened.

But the offsprings and uncertain slope has rapidly been compensated by the access to the new horizons. The cognition and new technologies have permitted and even have imposed this trend. The strategic games with a zero sum on the market and in life (I win, you lose, you win, I lose) have given place to

complexity, complex dynamism (we win and lose on every scale at the same dependant on the concrete conditions, on the variation of the initial conditions and of many other factors more or less disruptive, but fluid and ever-present).

Taken by surprise, some of the systems have collapsed, and lack of uniformity generated a slide towards uncertainty, but most of the times they adapted to the new trend. The market offensive has given satisfaction to non-interventionists (within their opinion the market is the only one remarkable reality and the single objective controller), while the "keynesists" and "neo-keynesists" reminded the world that a market without clear horizons, without roads and solid resistance structures, tends, like every restructured or self destroyed system to chaos. The chaos has been produced at the same time with the crisis of suppress on the Wall Street, when the Americans were forced to invest over 800 billion US Dollars (public money) for these private bank entities collapsed, which after a reasonable time prevented the catastrophe, but the financial crisis extended to Europe and worldwide. The organizations which managed to survive all this time in front of this financial tsunami have understood that their single way to exist amidst this huge volcano, sometimes calm and some other times belching, comes not from wealth or rigid structure but from wisdom.

## Tangible and intangible

Inter-completeness soft-hard, that is physical resources – non-physical resources, exceeds the rigid determinism, equalitarian or pre-established and imposes another kind of determinism another type of concept.

From the flux of crises and wars that have changed the world, the real art of organization is appearing the art of existence and of survival within a predominantly hostile environment, with very hard pressures and where the clash of forces are mainly gusty and most of the time are very hard to control or to counter.

Of course, the physical resources of the organization – infrastructures tools, vehicles, production lines etc. as well as other financial actives, deposits, goods etc. – are perishable goods. They are fixed or replaced according to their tear. Even the people - who are not part of this kind of resources – can be replaced with other people when necessary, when their abilities are lower or it's time to be retired.

What we can never replace is the non-physical resource, the organizational culture that is the values patrimony, thesaurus knowledge, intelligence, ideas, creations, innovations, abilities, skills, human capabilities. All these represent the non-tangible resource, the non-degradable potential, imperishable generating what we call, with a word that seems to me not so adequate: intellectual capital. This is the most precious capital of the organization, it is its spring which raises and lowers when the management understands (or not) the incommensurable value of the process generating cognition.

Adrian Curaj, the one who studied from within the intrinsic relation, necessary and comprehensive knowledge – intellectual capital, as a vital point of the economy based on knowledge, cites many ways and of course different (Edvinsson and Malone 1997, Roos and others, 1997, Stewart 1997) to define the intellectual capital, but which meet within their essence into several vital points:

invisibility (intangibility); the close relations with the knowledge, abilities, skills, and patrimony of experience of the employees with the clients and technologies the organization effectively makes use of; the causative and structural relationship between the intellectual of the intellectual capital of the organization and its future success<sup>1</sup>.

The intellectual capital is not a simple notion, and not even degrading for the human being or for the human potential in the sense of its association with the financial capital.

The intellectual capital is actually the educated human potential, operated and thesaurised, (under a reunited, joint or mixed form) and used into a productive activity, a human action within an organization. Through investment of knowledge into action, the human potential is capitalized, becomes a way to produce utility value and at the same time a cognitive value. But the human capital is not an abstract notion and not even individualized or personalized. It cumulates within the same concept and the same vector the human capital (resulting from the real human potential, *hic et nunc*, from the knowledge, abilities, skills, and man's possibilities), the structural capital (defined as a support of the human capital, a support made up from results of the intellectual activity of people : data bases, innovation patents, documentaries, algorithms, methodologies etc.) and the clients capital which is a relational capital. This classification belongs to Edvinsson and Malone (1957), but the complex of this notion is far from being exhausted or saturated through definitions and classifications.

<sup>1</sup> Adrian Curaj, *Capital intelectual*, București, 2011-2012, p. 12. <http://www.slideshare.net/andreeacalin77/capital-intelectual-15384059>

From the tens of such definitions, we have selected only one aforementioned by A. Curaj as well and which seems simple and suggestive enough. But the real problem which shall always be raised at the same level of intensity and within the same spectrum of insufficiency is that which has to do with the generation and regeneration of this capital.

### **How is this capital generated and regenerated?**

The intellectual capital of an organization is not an intrinsic one, not endogen, even if every organization has the tendency to monopolize, to secrecy and even to seal its most precious capital. As a rule the access to resources and sources of intellectual capital of every organization are open just until the entrance to that organization, and from there they usually become classified. Why? Simply, because such a resource is the only one which can make from machines, and other activities a profitable business. That's why the openness of the organization to the educational systems which generate a qualified human personnel and even more with postgraduate studies are leading to a single direction: everything which is necessary is coming in and accepted and only what comes out are the requests.

Even for a society based on knowledge, as long as competition means the essential quality of the market, not even an organization shall develop its projects and resources to generate intellectual capital its most precious capital.

Which is actually the measurable value of this capital? One of the persons who has thought of this question is Leif Edvinsson as

A. Curaj states who remarked that if we take from the market value of one organization the financial capital, what remains is actually the intellectual capital.

The market value of a company is given by the exchange value of the action multiplied with the number of actions issued by the company (obviously if it is listed on the exchange) or as its price on the market. This is the so-called model Navigator.

Moore (1996) proposes another model, a model of a value chain Enterprise Value Chain (EVC), composed of four sub systems: Management, Client, People, Operations, connected through three value determiners: *Basic competences, Consumer's preference, and the transferred value of the stockholders*<sup>2</sup>. This model takes into account the fact that organizations are dynamic, and the conditions and chaining also follow this pattern.

Of course the models are numerous, and the conclusions deriving from the analysis take into account the fact that every organization is interested to evaluate efficiently the intellectual capital's contribution to the raise of performance.

But in our opinion this cannot be done only statistically, we have to take into account at least two elements of the intellectual capital: the chain or the system (process) of initial and further generation and the role of cognition transfer and its impact over the productive processes. A simple idea of an employee or just a small detail applied at the right moment can produce a revolution for a whole process. For many situations, the further performance was born from such sparks of intelligence.

That's why we appreciate that no matter how imperious and necessary image could

<sup>2</sup> Adrian Curaj, *Ibidem*, p. 14.

be over the intellectual capital for the raise of the managerial performance and of the productive one it is very hard to draw conclusions, algorithms and universal assessments.

The intellectual capital has as a main source the educational system, the processes (formal, non-formal and informal) for education to which we add the talents, skills, motivation and others, the thesauruses intellectual capital, simply stated the intellectual and managerial coherence, the value of what they know, can do, make and respect towards what they have done as a source and pattern for the future.

### Instead of conclusion

People are not machines. And machines are not people. But all the time the people

shall operate the machines, following precise rules, and shall meditate over these rules shall create other new and more rapid ones and more performing and shall always look for ideas in data bases, others experience, relations with the clients, the huge deposits of intelligence, within the patrimony values, the academic environment, and the university one anywhere they could find cognition and the necessary scientific support and practical one they may need to create today something much better than they have done in before.

The main source to raise the intellectual capital lies in the people's quality, in their need to improve, their strong motivation, the educational system and respect towards the act of learning as a continuous resource which generates the intellectual potential and from this the intellectual capital.

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