

Possibilities of improving the effectiveness of managing intellectual capital of ISMA HEI

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Abstract

The article discusses the possibilities of improving the effectiveness of managing intellectual capital on example of ISMA HEI, located in Riga, Latvia. Methods of evaluation of both intellectual and human capital were analysed and a survey of ISMA students to evaluate overall performance of ISMA staff was performed. Results of the study allowed improving existing managerial operations at the related HEI thus improving overall business performance of the enterprise.

Keywords: HEI, intellectual capital evaluation methods, survey, questionnaire

1 Introduction

The object of the research is the management process of the intellectual capital of ISMA University of the Applied Sciences, located in Riga, Latvia. The subject of the research is the combination of both human and intellectual capital evaluation methods that could be applied to increase overall performance of management process at the mentioned HEI. To achieve targeted aim, theoretical, empirical and survey methods were applied.

Human capital is the dominant component in the structure of intellectual capital, because only a high level of professionalism, awareness and experience of employees allows the enterprise to realize its existing potential.

The following functions are implemented within the human capital management subsystem:

- improving the level of education, qualifications of personnel of the enterprise;
- formation of the necessary professional knowledge;
- building an effective, results-oriented corporate culture;
- attraction of unique specialists.

To understand the effectiveness of the implementation of personnel management functions in higher education institutions (HEI), such as motivation, it is necessary to regularly evaluate both intellectual and human capital as one of its components.

2 Evaluation methods

In recent years, many alternative evaluation methods have been proposed, with particular emphasis on non-financial indicators.

According to D. Luthy (Luthy D. Intellectual Capital and its Measurement, Asian Pacific Interdisciplinary Research Conference in Accounting (APIRA), 1998.) and M. Williams [1, 3], these methods can be divided into the following groups:

1. Direct Intellectual Capital Methods (DICMs) measure

the monetary value of intangible assets by identifying its various components. Once these components are identified, they can be evaluated directly individually or using an aggregation indicator.

2. Market Capitalization Methods (MCMs) make it possible to calculate the value of intellectual capital or intangible resources as the difference between the market capitalization of a company and the value of its share capital.
3. Return on Assets Methods (ROA) calculates the average income of the company before taxes and divide it by the average value of the tangible assets of the company. The result is a ROA, which is then compared with industry averages.
4. Scorecard Methods (SCM) distinguish various components of intangible assets or intellectual capital, then indicators and indices are determined and presented in the form of score cards or graphs.
5. Accurate measuring systems (Proper Measurement Systems, MS) use all directions that are of value to the company itself or its environment, and determine indicators within each direction. These indicators are combined into a measurement system, usually a hierarchy of general values measurements (Conjoint Value Hierarchy, CVH), and real data are used to obtain reliable value calculations.

The most suitable methods for assessing human capital are SCM and MS.

3 Conducted survey

Following the recommendations of the Study Accreditation Commission of April 27, 2016 "Mandatory questions for students, employers and graduates"[5], in 2016 ISMA developed unified student, employer and graduate questionnaires for all study programmes, allowing to evaluate not only a given study programme, but the work of

the HEI as a whole. The questionnaire takes place every year, so it is possible to find out as soon as possible where and what changes should be introduced in the study process, as well as to follow the dynamics of students' opinions.

The evaluation of student survey outcomes is one of the most important evaluation criteria of the study programme quality. The main parts of the questionnaire are the following: correspondence of the HEI and the study programme to the student's idea; assessment of the quality of the study process; assessment of the work of the academic staff; assessment of the international cooperation of the study programme and students' involvement in scientific research; assessment of the observance of the principles of

democracy in the HEI.

4 Conclusions

The scorecard method (SCM) was applied elaborating the survey and evaluating results. The method helps to distinguish various components of intangible assets or intellectual capital, and then indicators and indices are determined and presented in the form of score cards or graphs. Results of the study allowed improving existing managerial operations at the related HEI thus improving overall business personal of the enterprise.

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