Alternative Metrics for Assessing Knowledge Assets

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Abstract: This paper analyzes two different approaches to assessing the knowledge assets of multiple firms in a given industry. Typically, in evaluating knowledge management results by measuring intellectual capital, studies in the field have looked specifically at individual firms or a small cluster of organizations. Measuring a large number of firms has proven more of a challenge even though the discipline has some established metrics to do so, principally those using some variation of Tobin’s q.

In moving such methodologies forward, we look at two variations on Tobin’s q for assessing knowledge management (KM) requirements in an industry and the relative level of KM success in member firms. We contrast different industries with apparently different KM circumstances, allowing some deeper insights into the strengths and weaknesses of our two metrics.

These results will be of interest to those studying knowledge management and intellectual capital as they provide guidance in evaluating performance (as well as the need to invest in order to keep up with industry top performers). For the same reason, the results and methodology will inform practitioners taking a strategic approach to knowledge investment, giving them a way to assess relative standing within and across industries. Knowledge management strategies can and should differ, and these metrics provide guidance for such decisions.