



Intellectual capital & Stakeholder Integration for Knowledge Acquisition and Performance in Small & Medium Enterprises

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Abstract

Instrumental stakeholder theory mentioned that trust based cooperative ties with stakeholders will put firms in a competitive advantageous position compared to other firms which do not develop such stakeholder ties. Based on this concept; various stakeholder management typologies and their advantages in each case was developed by Heugens et al 2002. This study examines the role of intellectual capital with its constituent parts viz: human, social and organizational capitals in supporting stakeholder integration for knowledge acquisition leading to innovation and thereby organizational performance.

Firm's stakeholders will have their own needs and demands which needs to be considered by the firm while making decisions. For organizations; superior performance will require innovation which is achieved through knowledge acquisition from various sources including stakeholders. Proactive stakeholder engagement by considering the views and needs of its stakeholders is stakeholder integration. For organizational knowledge management as well as competitive advantage; knowledge acquisition is important. Stakeholder integration will not only be beneficial for the stakeholders; but it will be helpful for the organization also in its knowledge acquisition endeavours. Organizational knowledge acquisition will strengthen organizational absorptive capacity building and in turn will lead to innovation and superior performance.

Many scholars have found that intellectual capital has a pivotal role in organizational knowledge acquisition and some studies explain organizational knowledge acquisition by stakeholder integration. Few studies have tried to find the link on intellectual capital's role on stakeholder integration for knowledge acquisition. This study is an attempt towards bridging this knowledge gap by following the stakeholder integration typology proposed by Heugens et al 2002 for knowledge acquisition purpose in the case of small and medium enterprises (SMEs) by using their human, social and organizational capitals. The various methods of stakeholder integration includes buffering, co-optation, mutual learning and meta-problem solving and these methods when supported by organizational intellectual capital will bring about knowledge acquisition.

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