

Realising Intellectual Capital in the Third Sector II

- Mapping the Shift in Management use of Intellectual Capital in the Australian Red Cross Blood Bank Service (ARCBS) between 2001 and 2006 –

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Abstract

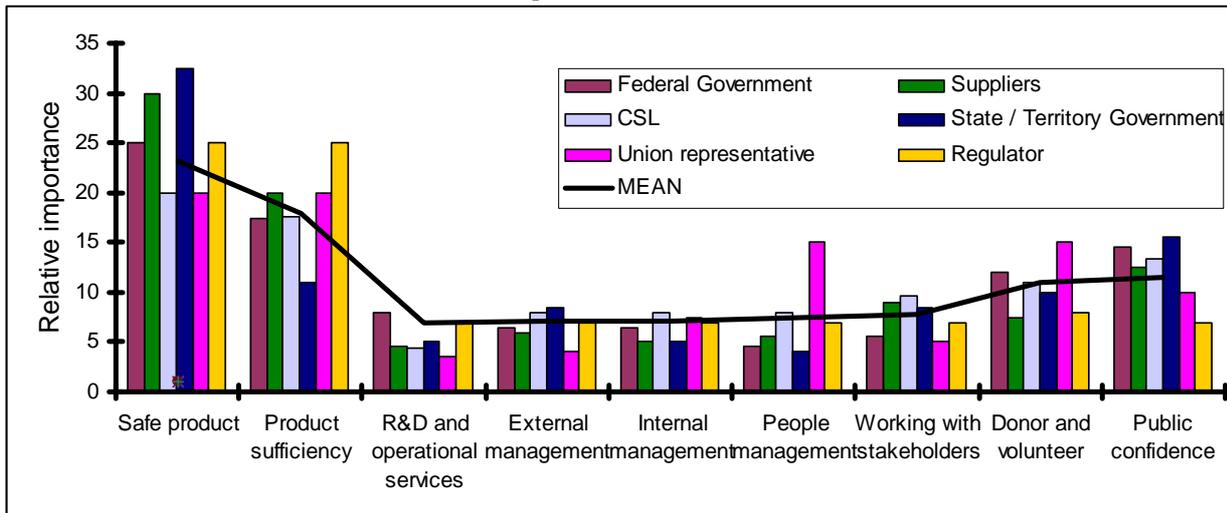
The Australian Red Cross Blood Service (ARCBS) Annual and Intellectual Capital Reports are studied and compared with an earlier study of Intellectual Capital at ARCBS. The case study organization is an Australian not-for-profit organisation and the case study took place over three years. The paper reports the findings of the 2001 study at ARCBS and analyses the reporting practices of intellectual capital in the 2006 study. The findings indicate greater focus on internal and external capital with less focus on human capital. The frequency with which certain internal, external and human capital attributes occur in ARCBS reports can be explained by macro, meso and micro factors, which affect the organisation and influence the information it provides to its stakeholders. Annual Reports are designed to address the concerns of multiple stakeholder groups, whereas its IC Reports are more targeted towards specific audiences.

Introduction

In our 2003 paper [1], our stakeholder analysis aimed to identify the essential elements likely to build value and contribute to performance. We undertook a major stakeholder analysis (with a sample of about 90 individuals and organisations) on perceptions of how value is realised in intellectual capital, as well as the applicability of third sector IC more generally [2]. In this paper, we outline the shift in appreciation and use of intellectual capital in the Australian Red Cross Blood Bank Service (ARCBS) between 2003 and 2006.

As a pre-eminent third sector organisation, the Australian Red Cross Blood-banking Service (ARCBS) is responsible for the provision of blood products throughout Australia. Change within the blood industry has been considerable. It has been influenced from developments both at the international (macro) and domestic (micro) levels. Macro level influences include micro-economic new public management (NPM) reforms to policy and regulatory effectiveness concerns. Micro level influences range from risk management, pricing mechanisms, research flow-on, and so forth. The 2001-2002 study was important in identifying stakeholders and perceptions imperative to ARCBS strategy. It clearly indicated a primary concern for sufficient and safe supply of blood, a secondary concern for public stakeholder/public confidence, and a third concern for internal operations. In essence, this illustrates that the human intellectual capital and social capital were deemed as less important by stakeholders (for example see Table 1). The 2006 study began with the measurement, management and reporting of intellectual capital. It was significant as well because studies in the nonprofit sector in Australia remain meagre. The findings of what ARCBS has done internally to improve the measurement and management of intellectual capital makes a reasonable contribution to understanding its role in this important health function within a (non profit) organisation with extensive interface across both for-profit and public organisations [2].

Table 1 KPAs via First Half of Stakeholder Groups



The 2006 study follows a model outlined by Guthrie [3] and includes a contextual and content analysis of internal ARCBS operations. A context included the events and factors that impacted on ARCBS over the intervening years and can inform how the organisation has responded. A content analysis of ARCBS Annual and “Innovation” Reports between 2002 and 2005 was conducted, where the frequency of different IC attributes occur in these Reports.

Table 2: Difference in emphasis between internal, external and human capital coverage in Annual and Innovation Reports between 2002 and 2005

2002 – 2005	<i>Annual Report</i>	<i>Innovation Report</i>
<i>Internal Capital</i>	44%	37%
<i>External Capital</i>	40%	33%
<i>Human Capital</i>	16%	30%

Table 2 indicates that human capital is not as emphasised to the same extent as internal and external capital in ARCBS Annual Reports. This could be explained by the higher incidence of human capital attributes such as ‘education’, ‘innovation’ and ‘knowledge and competency’ in the IC Reports. There is a suggestion of some prioritization at work with the 2003/2004 Innovation Report emphasising the importance of human capital.

Such a view stands as a development from the findings of the 2001 study of ARCBS and indicates a maturing view of human capital in enabling an organisation to reach its strategic objectives. This is reinforced in ARCBS practice to reinforce safety and sufficiency issues via the professionalism of its skilled staff.

These findings illustrate ARCBS as an organisation that has expended considerable focus and effort into developing the framework for effective IC management. While systems and structures have been developed, there has been less emphasis placed on the “people” component of IC.

[1] Steane, P., Guthrie J., Fletcher, A., Roos, G. “Capturing Intellectual Capital in the Third Sector” Paper presented at Asia Pacific Decision Sciences Institute, CEIBS Shanghai, 4-6 July 2003.

[2] Fletcher, A., Guthrie, J., Steane, P. Roos. G., Pike, S. (2003) “Mapping Stakeholder Perceptions for a Third Sector Organisation”, *Journal of Intellectual Capital*, 4(4): 487-505.

[3] Guthrie, J. (2001). “The Management, Measurement and the Reporting of Intellectual Capital”, *Journal of Intellectual Capital*, 2(1), pp. 27-41.