

## **Intangible Resources**

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### **Definition:**

Intangible resources are stocks of strategic information and intangible assets that the organization can employ as needed in pursuit of its goals.

### **Cross-References:**

Information and knowledge, intangible assets, intellectual assets, knowledge assets

### **Keywords:**

Knowledge, intellectual property, human capital

### **Intangible resources**

Intangible resources are stocks of strategic information and intangible assets that the organization can employ as needed in pursuit of its goals. Such resources are idiosyncratic in nature, which is a source of heterogeneity among firms. They are difficult to trade in most cases because their property rights are likely to have fuzzy boundaries and their value is context-dependent. As a result, there is unlikely to be a well-developed market for most intangible resources, and they are also generally difficult to transfer amongst firms.

A key exception to the otherwise limited tradability is codified knowledge for which transferable rights have been conferred by regulation, such as patents, trademarks, and copyrights. Trade secrets are an example of knowledge that is protected under law, but may nonetheless be hard to transfer unless it takes a simple form, such as a secret recipe for a beverage.

Some intangible resources are carried in the minds of specific employees. This human capital can include technical knowledge, relationships, or creativity.

Most intangible resources are tied to the organization, but not to specific individuals. The leading examples of these are the organizational culture (norms and values), the organization's reputation and brand image, and the organization's capabilities (operational and dynamic).

An important example of this organizational category of resource is an organizational competence, which is underpinned by routines (Nelson and Winter, 1982). These routines involve numerous people, none of whom could, alone, replicate the same set of activities with a different group of people. This difficulty in replication, even within the same company, exists because so much knowledge is tacit (Teece, 1981; Teece, Pisano, and Shuen, 1997; Teece 1998). Even where a company has invested in codifying its routines, tacit knowledge will be added over time to improve effectiveness, which separates the actual routine from its written representation.

A common feature of all these intangible resources is that they take time to build, which makes them hard to imitate. This in turn makes them a potential source of sustained competitive advantage, a proposition that has already received some empirical verification (Villalonga, 2004).

Awareness of the strategic value of intangible resources has been building steadily (e.g., Itami, 1987; Dierickx and Cool, 1989; Hall, 1992; Teece, 2000) although they are sometimes called by different names or referred to with overlapping concepts.

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