

# Intellectual Capital and Financial Returns of Companies

**Ms. Anjali Yadav**

Shri G. P. M. Degree College, Vile Parle (E), Mumbai, Maharashtra, India

**Abstract:** *Purpose – The purpose of the paper is to investigate the association between the intellectual capital (IC) of firms and their financial performance.*

*Design/methodology/approach – The paper uses the Pulic framework, has an Asian focus, and draws on data from 150 publicly listed companies on the Singapore Exchange. It is an empirical study using partial least squares (PLS) for the data analysis. The paper tests four elements of IC and company performance.*

*Findings – The findings show that: IC and company performance are positively related; IC is correlated to future company performance; the rate of growth of a company's IC is positively related to the company's performance; and the contribution of IC to company performance differs by industry.*

*Research limitations/implications – The data sample is restricted to 150 companies listed on the Singapore Exchange between the years 2000 and 2002.*

*Practical implications – IC is an area of interest to numerous parties, such as shareholders, institutional investors, scholars, policymakers and managers. The findings help to embolden modern day managers to better harness and manage IC.*

*Originality/value – The study of IC has undergone a number of stages, from early conscious awareness efforts to classification of IC, and to the search for appropriate measures of IC. This paper builds on the current research on IC and provides empirical evidence on the relevance of IC (as measured by the Pulic model) to the financial performance of companies...*

**Keywords:** Intellectual capital, Company performance, Regression analysis