

Does Intellectual Capital Impact Organizational Health? A Study Using Dynamic Panel Regression Model

Soumya Singhal* and Sarita Rana
Maharaja Surajmal Institute, Janakpuri

Abstract: The purpose of the study is to look into how 294 Indian companies' financial performance is affected by their intellectual capital. Capitaline and yearly financial reports were used to collect the data, which covered the 11-year period from 2013 to 2023. The modified value-added intellectual coefficient (MVAIC) and a newly proposed model called the modified and extended value-added intellectual coefficient (MEVAIC) were utilized in the current investigation of two earlier models of the Value Added Intellectual Coefficient (VAIC). Three control variables (size and leverage), return on assets (ROA), market value to book value (MB), and total assets turnover ratio (TATR) were used as dependent variables, while human capital (HC), capital employed (CE), structural capital (SC), relational capital (RC), and organizational capital (OC) were used as independent factors. According to the data, HC is seen to be the most important factor in IC since businesses cannot function and other capital cannot be produced without employees. The findings also demonstrate that the new variable, OCE, has a positive effect on market valuation and profitability, highlighting the fact that R&D expenditures support the expansion of the company. Consequently, the result shows that the IC is essential to improving the companies' performance. Since the numerous IC components are the main sources of value for the firms, it is recommended that managers and policymakers pay greater attention to them in order to maintain a more sustainable value.

Keywords: Intellectual Capital, VAIC, MEVAIC, MVAIC, Return on Assets, Market to Book Value; TATR

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* Corresponding author. Email: soumyasinghal@msijanakpuri.com