

## Documents

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**The relationship between intellectual capital, firms' market value and financial performance: Empirical evidence from the ASEAN**

(2015) *Journal of Intellectual Capital*, 16 (3), pp. 587-618.

DOI: 10.1108/JIC-09-2014-0104

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### Abstract

**Purpose** – The purpose of this paper is to explore and compare the extent of intellectual capital (IC) and its four components among ASEAN countries, and examine the relationship between firms' IC, market value, and financial performance.

**Design/methodology/approach** – The study uses the data of 213 technology firms listed on five ASEAN stock exchanges. Pulic's Value Added Intellectual Coefficient model is modified by adding an extra component, namely, relational capital efficiency (RCE). The Kruskal-Wallis one-way ANOVA and multiple regression analysis have been utilized to test the hypotheses. Findings

– The results reveal that there is no significant difference in Modified Value Added Intellectual Coefficient (MVAIC) across five ASEAN countries; however, firms in each country tend to place a different degree of emphasis on components of MVAIC to generate corporate value. The results further indicate a positive relationship between IC and market value, confirming that firms with greater IC tend to have greater market value. Likewise, a positive relationship between IC and financial performance measures is confirmed. Specifically, IC is found to be positively associated with margin ratio and return on assets. Capital employed efficiency and human capital efficiency are found to be the most influential value drivers for both market value and financial performance while structural capital efficiency and relational capital efficiency possess less importance.

**Originality/value** – This study contributes to the IC literature by expanding our knowledge of IC in the emerging economies, and providing a national comparative IC research when such research is limited. © Emerald Group Publishing Limited.

### Author Keywords

Financial performance; Intellectual capital; Market value

**Document Type:** Article

**Source:** Scopus