

Nexus of Intellectual Capital and Firms' Performance

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Abstract

Intellectual capital can recognize as a set of resources, capabilities, competences that directs organizational performance and value. Intellectual capital held and created by those human resources to manage it in a manner to achieve maximum effectiveness in firm performance. Most of the definitions of intellectual capital describes the intellectual capital as a knowledge capital or capital which derives from knowledge. Also it has identified that the intellectual capital comprise with 3 domains of human capital, structural capital and the customer capital. Human capital is embedded in people, such as knowledge, skills, abilities and expertise, and social capital is the value that people gain through networks and relationship ties, and organizational capital is include in system, process, structure, culture of the firm.

The main aim of this study to identify impact of intellectual capital on firm's performance of the food & beverage industry which comprise with 49 listed companies in Sri Lanka. The data collection is based on annual reports for the years 2015-2020 of listed companies under Food & Beverage Industry at Colombo Stock Exchange. The Value-Added Intellectual coefficient (VAIC) method uses to measure the Intellectual Capital of the firm.

Data is analyzed through linear regression model and use E-views software to perform statistical tests. Findings of this study will be beneficial for the decision makers in Food & Beverages Industry in Sri Lanka.

Key words: *Intellectual Capital, Food & Beverage Industry, Value Added Intellectual Coefficient (VAIC), Food and Beverage Industry*