

# **The Impact of Intellectual Capital on Firm Value: A Comparative Study of Consumer Services Companies and Capital Goods Companies Listed in CSE**

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## **ABSTRACT**

**Introduction:** In modern economic era, Intellectual capital is a key competitive advantage for a company. This study was undertaken with the purpose of investigating the impact of Intellectual Capital on Firm value in Consumer Service Sector & Capital Goods Sector companies listed in Colombo Stock Exchange (CSE).

**Design/Methodology/Approach:** This study is for the period of 2015 to 2020 based on the sample of 25 companies in Consumer Service Sector and 20 companies in Capital Goods Sector. Dependent variable for the study was Firm value and independent variable for model 01 was intellectual capital and the independent variables for model 02 were capital employed efficiency, human capital efficiency & structural capital efficiency. Based on the research objectives, the study is tested as two regression models using random effect regression model.

**Findings:** The findings of the study evident that, the intellectual capital has a significant impact on firm value in both consumer service sector and capital goods sector. When consider about component wise impact, capital employed efficiency has a significant impact on firm value and human capital efficiency and structural capital efficiency have not a significant impact on firm value in both sectors.

**Conclusion:** The results conclude that the overall model is statistically significant in both sectors, and there is an impact of intellectual capital on firm value in Consumer Service Sector & Capital Goods Sector in CSE Sri Lanka.

**Keywords:** *Intellectual Capital, Capital Employed Efficiency, Human Capital Efficiency, Structural Capital Efficiency, Firm Value*