13. Implications of the Study

The present dissertation work has been undertaken to conduct original research in the domain of Intellectual Capital and to examine the interplay between IC and performance of firms. This research study has implications/contributions for academicians as well as practitioners.

(1) This research work has added to the existing literature on measurement of Intellectual Capital by proposing the E-VAIC model. There is a stream of researchers who use accounting data for valuation of IC and its components. For such scholars, this study presents an alternative model which has shown better predictive power than the VAICTM model.

(2) The contemporary classification of Intellectual Capital is in consensus that Relational Capital is a component of IC. Inclusion of Relational Capital as a new variable in the VAICTM model is theoretically consistent and hence, has enriched the model as well as the literature on IC.

(3) The proposed model (E-VAIC) has improved the robustness of VAICTM model by removing the problem of interdependency between Human Capital and Structural Capital.

(4) In VAICTM, tied to his proposition of interdependency between HC and SC, Pulic (2004) has used Value Added (VA) as numerator and denominator both, to compute efficiency. In contrast, in E-VAIC, VA has been used as numerator all through the model. This justifies the concept of ‘Efficiency’ and has made the E-VAIC model consistent– another improvement over VAICTM.
(5) Use of new proxies to represent the IC components is a novelty of this study. This is expected to open up research avenues wherein future researchers can explore application of other proxies as well.

(6) The managers can use E-VAIC model to assess the efficiency of Intellectual Capital and its components in their firms and take appropriate measures.

(7) This model can also be used by the managers in case of valuation of a firm.

(8) The results obtained by application of E-VAIC model in a firm can form the basis of justification for investment in a particular class of Intellectual Capital.

(9) Similar to VAIC™, the E-VAIC model also uses accounting figures. This makes it very useful for external stakeholders who, unlike managers, do not have access to the in-house information about an enterprise.