Modern organizations build access and nurture knowledge resources to create competitive advantage. Physical and financial resources have been eclipsed by knowledge resources to create value addition for organization there by creating sustainable “knowledge advantage”. Market values of these companies bask in the glory of newly obtained star status with all its focus directed towards high valued intangible assets like intellectual capital, human capital, and social capital and so on. Research in intellectual capital involves identification, understanding and measuring of the above mentioned hidden factors. Proponents of intellectual capital research opine that these invisible factors affect the performance of companies.

This dissertation assesses the analytical approach to measure the value creation efficiency of intellectual capital by using Ante Pulic’s Value added intellectual capital VAIC™ method. The study is done on four major Indian industries which are heavily reliant on intellectual capital. They include Banking, Software, Electronics and Pharmaceutical industry. The period of study is 11 years (2000 – 2010). The study measures correlation between company’s intellectual capital and corporate performance. In addition to this, structural equation modeling (SEM) has been carried out using PLS-Path modeling to analyze the impact of intellectual capital on
corporate performance and understand its relative impact and predictive relevance. Findings suggest that sampling industries were able to create values from human capital than from physical or structural capital. PLS – PM analysis shows the model used for this research is valid and it confirms existing theory. The highest impact of intellectual capital on corporate performance is found in electronic industry followed by information technology, pharmaceutical and banking.