

Notice for the PhD Viva Voce Examination

Ms Stella Mary Noel (Reg. No. 1620076), PhD scholar at CHRIST (Deemed to be University), will defend her PhD thesis at the public viva-voce examination on Wednesday, 25 November 2020 at 3.30 pm on the Webex Meeting platform.

- Title of the Thesis** : **Intellectual Capital as a Driver of Financial Performance - An Evaluation of the Indian Automobile Sector**
- Discipline** : **Management**
- External Examiner** (Outside Karnataka) : **Dr Amardeep D Jadhav**
Professor of Finance & Accounting
Chhatrapati Shahu Institute of Business Education and Research
University Road, Kolhapur
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- External Examiner** (Within Karnataka) : **Dr A M Suresh**
Professor, Founder & Managing Director
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- Supervisor** : **Dr Kavita Mathad**
Associate Professor
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The members of the Research Advisory Committee of the Scholar, the faculty members of the Department and the School, interested experts and research scholars of all the branches of research are cordially invited to attend this open viva.



Registrar

Place: Bengaluru

Date: 19 November 2020

ABSTRACT

About - The term intellectual capital associated with leveraged knowledge has a history dated to the 1930s where the focus of the economist was on value-based theories. The concept also existed during the period between 1940s to 1970s in a form where the resource-based accounting concept had proved to be prominent. However, in the late 1990s the concept had witnessed a tremendous growth in the perspective of management which was in dominance. During the recent time researchers, consultants and many practitioners developed a range of measurement and reporting models which had proved the importance of the concept of Intellectual capital in business development. However, there are very few empirically - validated insights about the influence of intellectual capital towards financial performance and business development. The problem statement refers to how this significant contribution of intellectual capital towards corporate financial performance lack recognition. It is also a rare and socially complex phenomena which is difficult to imitate by corporates. The supporting literature identifies Intellectual capital as the economic value of the three most important categories of intangible assets of a company which are Capital Employed, human capital and structural capital.

Purpose - The purpose of this research is to test empirically the major influence of intellectual capital on corporate Financial performance within the Automobile sector companies in India.

Design/methodology/approach - The sample selected are fifteen companies listed by the nifty auto index. The data is collected through annual reports submitted by the company and the period of study is 10 years ranging from the year 2008 to the year 2018. The financial data and information required for the study were drawn from the secondary source. The estimation technique used for the analysis is panel descriptive analysis using the Ordinary Least Square (OLS) estimation technique to assess the effect of Value-Added Intellectual Capital (VAIC) on financial performance. To do this, the pooled OLS, Fixed effect OLS and the Random effect is analyzed. The dependent variable financial performance with reference to the study is measured by ratios such as profitability, Activity, Capital return and Value creation using Return on Investment, Return on Assets, Return on Equity, Enterprise value, Asset Turnover, Price to Earnings ratio and Market to Book Value ratios. For the independent variable along with firm size and financial leverage, "Value added" is employed as indicator which measures Intellectual Capital. The study employs seven regression models in-order to examine the influence of Intellectual capital on the financial performance of the Automobile companies.

Findings - The overall results indicate that intellectual capital has positive and strategically significant influence on the financial performance of the companies which are represented by ratios such as Return on Assets, Return on Equity, Return on Investment and Market to Book Value. However, the variables Asset turnover, Enterprise Value and price to Earnings showed a negative influence indicating that factoring in intellectual capital requirements into productivity decisions are not viable. The negative effect on price to Earnings and Enterprise Value has further scope of research leading to another research problem.

Research Implications It is expected that the results of this research will enhance knowledge and recognition of intellectual capital value as a contributor towards corporate financial performance, thereby enhancing the value of the firms representing the automobile sector in India. There are various stakeholders who will benefit through the research as it throws light on this new performance indicator which companies could use as an index to benchmark its performance with global standards.

Keywords: *Intellectual capital, Value added Intellectual Co-efficient, Components of IC, Financial Performance and Value of the firm.*