

Relationship between Intellectual Capital and Financial Performance of Hotel Sector Companies in Sri Lanka

N.G.R. H. Shanudha

Department of Finance, University of Kelaniya, Sri Lanka

heshanishandha95@gmail.com

ABSTRACT

Introduction: determine whether intellectual capital impacts on the financial performance of hotel sector listed companies in Sri Lanka. Specifically, this study examines, how intellectual capital key components affect financial performance.

Design/ Methodology/ Approach: Quantitative method research study. Value-Added Intellectual Coefficient (VAIC) was used to measure intellectual capital. Return on assets and employee Productivity used as measures of financial performance. Capital employed efficiency, human capital efficiency and structural capital efficiency considered as components of VAIC (Public, 1998). The sample included 30 public listed hotels in Sri Lanka based on market capitalization. The annual reports of the companies during the period of accounting years 2013 to 2019 were utilized to collect the relevant data.

Findings: The research confirms that there was a significant and positive impact on financial performance by the components of intellectual capital. (Chen, Cheng, & Hwang, 2005), (Najibullah, 2005). Moreover, the findings suggest that long term growth and sustainability should not rely solely on physical and financial assets. (Abeysekara, 2008) (Bontis, 1998)

Conclusion: Long term growth, sustainability and profitability should not rely solely on physical and financial assets of companies. (Abeysekara, 2008) (Bontis, 1998)

Keywords: *Intellectual Capital, VAIC, Return on Assets, Employee Productivity*