

# **THE THREE ELEMENTS OF INTELLECTUAL CAPITAL AND THE INTER-RELATIONSHIPS: COMPARISON BETWEEN NON-SERVICE AND SERVICE INDUSTRIES**

Prepared by: Chor Zhenyi

## **ABSTRACT**

---

The objectives of this research are i) to know how would Malaysian companies define the three elements (human capital, structural capital, and customer capital) of intellectual capital, whether they viewed such capital from traditional accounting perspective or intellectual capital accounting perspective, ii) to analyze the interrelationships between the elements of intellectual capital as well as to determine whether there are significant differences between service and non-service industries and iii) to make recommendations to service and non-service industries on the significance of treating intellectual capital accounting towards business performance.

Questionnaires were adopted from Bontis (1998) framework and were distributed to part-time Master students. These data were then analyzed by using Levene's test, independent sample T-test, and Pearson's correlation coefficient test. Secondary data were collected from financial reports of Malaysian public listed companies and financial ratio analyses were conducted to evaluate the impact of intellectual capital accounting towards business performance. From the analyses, it has been concluded that there are significant interrelationships between the elements of intellectual capital as well as with business performance, and there were also differences in degree of significance and types of interrelationships for service and non-service industries.

Other findings had also shown that the companies that disclosed intellectual capital in their financial statements had gained benefits in term of higher profitability over assets if compared with other companies that did not disclosed intellectual capital.