

LINKING INTELLECTUAL CAPITAL AND CORPORATE STRATEGY TO FIRMS' PERFORMANCE

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ABSTRACT

Intellectual capital is changing into a momentous issue for a firm's long-term profit and performance within the knowledge-based economy as a lot of corporations determine their core competence as invisible assets instead of visible assets. Following the work of (Bontis, 1998) intellectual capital is defined as encompassing (a) human capital, (b) structural capital, and (c) relational capital. This study expects: (1) testing which dimension is the most influential in terms of Organisational Strategy based on their top managers' judgement; (2) determine if the "best" Portuguese firms are investing in Intellectual Capital in order to improve their organisational performance. Firms were chosen from a top of 1000 Portuguese firms, from diverse industries (trading, service, finance, and technology). Findings revealed that, top Portuguese managers do acknowledge the importance of Intellectual Capital. Besides, the findings confirm that all IC components have a significant positive relationship with firms' Organisational Strategy. These results follow prior studies as Bontis (1998) (Edvinsson & Malone, 1997). Some limitations can be presented, (1) the number of respondents which confines the conclusions achieved, (2) the questionnaires were answered only by one manager of the managers team may skew the results. In terms of practical implications we can underline that managers should always endeavour to find a viable intellectual capital mix or blend that can add value to the firm.

KEYWORDS: Intellectual Capital; Human Capital; Firms Performance; Organisational Strategy; Portuguese firms.