

Impact Evaluation of Intellectual Capital on Business Performance Using Composite Ratios: Longitudinal Analysis in Latvia, Estonia and Lithuania

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Abstract : Latvia, Lithuania, and Estonia, as Baltic Countries, have gone throughout transformational changes since 90s leading to the high level of economic development. As countries departing Soviet Union with industrialization policy moved to service economies, the issues of intangibles, human capital, structural capital, and innovation capital have gained impetus. Following the growing demand of practitioners and later academia, intellectual capital as a discipline, which appeared in 90s, became fundamental nowadays. Aim of the paper is to analyze the Baltic companies entering stock markets at Nasdaq Baltic from the perspective of Intellectual Capital. Methodology of the research is based on a longitudinal analysis of the companies using composite ratios of Intellectual Capital and Business performance in the period 2012-2019. Data for 2020 as COVID year) were excluded from the analysis. Findings allow concluding there is a pattern of influence and companies clearly experience the systemic impact of IC on business performance, identifying also time effect investing in intangibles.

Keywords : intellectual capital, impact analysis, longitudinal effect, composite ratios

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