

## *APPLICATION OF THE VALUE ADDED INTELLECTUAL CAPITAL (VAIC) MODEL: STATE OF PROGRESS*

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The VAIC<sup>TM</sup> model by Pulic (1998) has, since its inception, been explored and explained by various approaches to the research application of the model in various stages of the literature. VAIC indicates to business managers and to policy makers how well they are converting intellectual resources into financial wealth and whether their conversion performance is improving or deteriorating. VAIC has been applied in many sectors around the world and each of these applications is proving the applicability, effectiveness, and credibility of VAIC in measuring IC efficiency.

Wang and Chang (2005) provided the impetus for such research by extending the application of the model to examining the impact of the VAIC<sup>TM</sup> elements on the performance of the business. A further development and extension to the understanding of the model came from the use of the model in research seeking to make links between intellectual capital and the relative performance of firms. It became extremely popular application of the model since 2006.

The author of the paper made one the first attempts to systemize the results of the impact of VAIC on the business performance of the companies in different countries and makes it structured. The results are classified in four groups, the one with identical results, the second indicating minor differences, the third presents the contradictory results and fourth is providing the information on the results that can not be compared or not explored yet. The findings allow to analyze the results taking into account different aspects, namely, country specific factors, sectors of economy, samples, etc. Author tries to analyse the differences of the results considering also works of other authors, for example, the research by Javornik et.al (2012) that discusses possible reasons why such large differences in results between VAIC-based studies, which are methodologically and substantively very similar, emerge. There are probably several answers to this question.

There is also growing critics on the model, such as provided by Stahle (2011).

Considering the model is still the one to use and develop, the author of the paper makes the summary on the progress in the VAIC application field by 2012.

Key words: Intellectual capital, IC efficiency, VAIC results, VAIC methodology, VAIC critics

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