

**INTELLECTUAL CAPITAL DISCLOSURE IN COMPANIES
LISTED IN THE KUALA LUMPUR STOCK EXCHANGE
(KLSE) IN 2002**



**INSTITUT PENYELIDIKAN, PEMBANGUNAN DAN
PENGKOMERSILAN
UNIVERSITI TEKNOLOGI MARA
40450 SHAH ALAM, SELANGOR
MALAYSIA**

DISEDIAKAN OLEH :

**GAN KIN
RAJASEGARAN KRISHNASAMY**

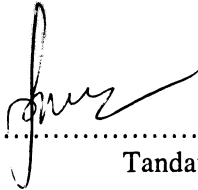
OKTOBER 2004

KUMPULAN PENYELIDIK

GAN KIN
KETUA PROJEK


.....
Tandatangan

RAJASEGARAN KRISHANASAMY
Ahli


.....
Tandatangan

ABSTRACT

The ascendancy of the knowledge based economy has placed great importance on the Intellectual Capital (IC) possessed by organizations. IC has now become a significant factor of production, sidestepping the traditional factors of production, namely land, labour and capital. It has now become the key factor in determining whether or not organizations gain competitive advantage. In the traditional reporting methods, tangible assets that were the engine of growth of the industrial economy, were profound. This traditional reporting, however does not deliver much of the information that stakeholders now use to assess company performance. The findings from this project show that IC disclosure by companies listed in the KLSE is still at a premature stage, only 28.3% of the sample chosen disclosed IC related terms. The most popular terms that were found disclosed in this study were employee skill, management quality, information systems, employee knowledge and employee productivity. Also the disclosure of IC related terms did not co-relate with company size.

TABLE OF CONTENTS

	Page
Surat Penyerahan Laporan	i
Daftar Ahli	ii
Abstract	iii
Acknowledgement	iv
Table of Contents	v
List of Tables	vi
List of Figures	vi

CHAPTER

1 INTRODUCTION

1.0	Introduction	1
1.1	Statement of problem	7
1.2	Objectives of the study	7
1.3	Research Questions	8
1.4	Significance of the study	8
1.5	Definition of Terms/Concepts Used in Objectives	8

2 LITERATURE REVIEW

2.0	Introduction	10
2.1	Components of IC	11
2.2	Intellectual Capital Recognition	17
2.3	The leveraging effect of intellectual capital	21
2.4	Importance of IC	23
2.5	Intellectual Capital Measurement	27
2.6	Previous studies on IC disclosure	31
2.7	Voluntary disclosure and company size	33

3 METHODOLOGY

3.0	Introduction	34
3.1	Theoretical Framework	35

4 FINDINGS AND RESULTS

4.0	Introduction	38
4.1	Disclosure and non-disclosure	39

4.2	Extracts of IC disclosure	41
4.3	Company size and IC disclosure	43
4.4	Conclusion	43

REFERENCES	44
-------------------	-----------

APPENDIX	47
-----------------	-----------

LIST OF TABLES

Table	Page
1 Categories of Intangibles	15
2 Summary of categorization of IC	16
3 Milestones – A Chronological Review of Significant Contributions to the Identification, Measurement and Reporting of Intellectual Capital	24
4 IC Framework by Sveiby and Kaplan	29
5 Intellectual Capital Search Terms	37
6 Summary of annual reports surveyed	38
7 Summary of Disclosure and Non-Disclosure	39
8 Summary of Intellectual Capital disclosures	40
9 Correlation between MC and disclosure	45

LIST OF FIGURES

Figure	Page
1 Value Platform	18
2 Total Annual Reports Surveyed	50
3 Summary of disclosure against non-disclosure	50