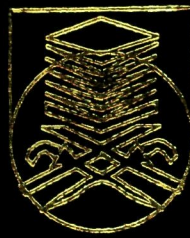


THE IMPORTANCE OF INTELLECTUAL CAPITAL INFORMATION
TO SMES IN MALAYSIA



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DISEMBER 2010

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ABSTRACT

In the globalised and knowledge-based economy, SMEs need to develop, manage and monitor their soft assets or intellectual capital (IC) to enhance their competitiveness. However, the present accounting system was designed more for the accounting of the tangible assets rather than the intangibles. Therefore, IC may not be captured and reported by companies especially the SMEs. This study explores the importance of IC to Malaysian SMEs. It finds out which types of IC information are deemed important to them. Associations between the importance of IC and three firm characteristics, namely company size, company age and profitability were tested. A postal survey with the aid of a questionnaire was conducted. Fifty questionnaires were usable and analysed. The findings of this study provide an insight into the importance of IC to SMEs. The managers in this study have regarded IC information as relevant to SMEs. IC is often considered when defining strategies. But, it was found that there were no significant associations between the three firm characteristics with the importance of IC. Generally, SMEs tend to focus more on customers. There is a need to raise the level of awareness amongst SMEs on the importance of all IC components in order to get a fuller picture of these companies' business values generated by their intangibles.