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The Intellectual Capital Performance of Kuwaiti Banks: An Application of vaicTM1 Model

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Author(s)

Fayez Abdulsalam, Hameed Al-Qaheri, Ridha Al-Khayyat

ABSTRACT

The paper uses the Value Added Intellectual Coefficient VAICTM model, a widely used model, to measure the Intellectual Capital efficiency of the Kuwaiti Banks using a ten years period data set from 1996 to 2006. Three value efficiency indicators, Human Capital Efficiency (HCE), Capital Employed Efficiency (CEE) and VAICTM, were used in the analysis. The data set was divided into commercial and no-commercial banks. The non commercial banks were outperformed by almost all the commercial banks in the last 3 years; 2004-2006. The results of the rankings of the banks for the last year (2006) showed that for VAICTM the top two performers in the study were The Commercial Bank of Kuwait followed by the Gulf bank while the worst performer was Kuwait Real Estate Bank. And the results of ranking based on Human Capital Efficiency (HCE), showed similar results as that of VAICTM. However, the ranking results based on Capital Employed Efficiency (CEE) showed the top two performers to be National Bank of Kuwait followed by the Gulf Bank and the worst performer was still the Kuwait Real Estate Bank

KEYWORDS

Intellectual Capital, Performance Measures, VAIC, Knowledge Management, Kuwaiti Banking Sector, Value Creation, Value Creation Efficiency Measuring

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