

## Original Paper

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## Modelling the impact of intellectual capital on financial performance: a case of Russian banking companies

### ABSTRACT

**Relevance:** The knowledge economy in developing countries like Russia and India is dynamic and ever-changing. By researching the relationship between intellectual capital and financial performance, banks can create plans to manage their intangible assets efficiently, improving their financial performance, spur more innovation, and providing them with a competitive advantage.

**Research objective.** This research aims to study the impact of the intellectual capital of the top banking companies in Russia and India on their financial performance. This research will investigate the potential effects of the following knowledge economy quirks on the correlation between financial performance and intellectual capital.

**Data and methods.** This study includes a sample of the top eleven Russian banking companies constituents of the Moscow index and equivalent number of Indian Banking companies constituents of National Stock Exchange of India from 2011 to 2022. PLS-PM analysis has been employed to identify the intellectual capital components that predict the firm's performance and the effect of intellectual capital components on the firm's financial performance.

**Results.** The path model results validate the model fit and provide compelling evidence for the Intellectual Capital framework's theoretical underpinnings. The study offers evidence from the Russian and the Indian banking sector that intellectual capital significantly impacts performance.

**Conclusions.** It is focused on the new strategy the government has chosen regarding the associated intellectual property. Even if the financial structures under analysis are sound, impending competitive challenges will compel banking companies to pay more attention to intellectual capital. The knowledge stock derived from intellectual capital, as a proxy variable for a global perspective on banking intellectual capital, is the most substantial scientific evidence regarding intellectual capital (IC) in the banking industry.

### KEYWORDS

banking companies, VAIC, PLS-PM, intellectual capital, firm performance

### FOR CITATION

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## Моделирование влияния интеллектуального капитала на финансовые результаты: пример российских банковских компаний

### АННОТАЦИЯ

**Актуальность.** Экономика знаний в развивающихся странах, таких как Россия и Индия, динамична и постоянно меняется. Исследуя взаимосвязь между интеллектуальным капиталом и финансовыми показателями, банки могут создавать планы по эффективному управлению своими нематериальными активами, улучшая свои финансовые показатели, стимулируя

### КЛЮЧЕВЫЕ СЛОВА

банковские компании, VAIC, PLS-PM, интеллектуальный капитал, эффективность деятельности фирмы

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