

addition, the classical organization of a project is too formal for open innovation projects. Instead it seems that the form of a temporary organization is more natural in this context and enables participation and social interaction. University-company -collaboration in the field of design research illustrates particular effectiveness, which grows from the social interaction in the crossroads of different cultures of action. The study points out, that companies see effectiveness strongly associated with active participation, which the form of a temporary organization facilitates naturally.

Keywords: open innovation, university-company –collaboration, practice-based knowing

An Empirical Study of the Impact of Intellectual Capital Performance on Business Performance

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Abstract: This study attempts to shed light on intellectual capital (IC) performance of Hong Kong companies and its possible associations with business performance. Audited accounting data were collected from the constituent companies of Hang Seng Index in Hong Kong Stock Exchange between 2005 – 2008. In order to compute a set of IC efficiency indexes based on VAIC™. Value Added Intellectual Coefficient (VAIC™) is a quantitative IC measurement method which was pioneered by Pulic (2000) of the Austrian IC Research Centre. Four accounting ratios: market-to-book value (MB), return on assets (ROA), asset turnover (ATO) and return on equity (ROE) were used as proxies for measuring business performance. VAIC™ and its associated indexes, and the accounting ratios of sample companies are submitted to regression analysis for the detection of their associations. No conclusive evidence was found to support the associations between VAIC™ and the four financial indicators. However, components of VAIC™ were found to be able to predict a substantial variance in business performance. For example, Capital Employed Efficiency (CEE) has been found to be the key factor in predicting business financial performance. In addition, Structural Capital Efficiency (SCE) has an effect on market valuation as measured by MB as well as profitability as measured by ROE. Interestingly, negative correlations were observed between Human Capital Efficiency (HCE) and the financial indicators which, perhaps, were due to the existence of a gap between the traditional accounting perspective and value creation perspective which is central to the VAIC™ methodology in measuring IC. It is believed that the empirical results of this research have

provided some new insights to the stakeholders of Hong Kong companies in utilizing IC, particularly the noted impact of structural capital. While physical and financial assets, still, appears to be taking on an important role as the key resources in delivering business success, IC, or to be exact, structural capital may be silently making headway into the fabric of Hong Kong's economy as illustrated by its impact in delivering return on equity (ROE).

Keywords: intellectual capital, VAIC™, financial performance, value creation, Hang Seng Index, Hong Kong