

Chapter 27

Impact of Intangible Capital, Organisational Culture, and Innovative Capabilities on the Organisational Performance of the Indian IT Industry

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ABSTRACT

There is well-researched evidence for the linkages among intellectual capital, innovation capability, and organisational performance. However, no concrete evidence of such a relationship can be identified in knowledge-based industries such as the information technology (IT) sector. This study examined how organisational performance, organizational culture, and intellectual capital (human capital and organizational capital) are interconnected in the Indian IT sector and explored further how innovation capability can play a mediating role. In Bangalore, Hyderabad, and Chennai, 486 middle-level employees of selected IT companies were randomly selected for data collection. The authors used Smart PLS 3. A positive substantial impact is demonstrated by human capital, organizational capital, and culture on innovation capability, and an equally favorable substantial impact is demonstrated by innovation capability, human capital, and organizational capital on organizational performance.

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1. INTRODUCTION

In Uncertainty, Complexity, Ambiguity (VUCA) world, Intellectual capital has become an engine of the economic, social and cultural development (Radjenovic, et al., 2021). emphasized its significance on the enterprise survival, growth, innovativeness, competitiveness and performance, which was validated by Zander (1996) and (1999). Stewart (1997) categorized the elements of intellectual capital into 3 broad dimensions including human Investing in capital, organizing capital, and investing in relationships capital. The act, a process capital, and a process capital in a classification system based on Edvinsson and Malone (1997).

Several studies found that the firm's intellectual capital (IC) is strongly connected to its capability to innovate new products or services (Xiaobo & Sivalogathan, 2013). The focus on the intellectual capital in India has seen a significant improvement. During the year 2015, India stood at 81th rank as per the report by "World Intellectual Property Organisation (WIPO)" in 2020. However, India has witnessed an improvement in the ranking on Innovation and Human Capital where it is ranked 46th among 132 economics featured in Global Innovation Index (GII), 2021 and hence there is a scope for further improvement across the various sectors.

The present study has been carried out in the Indian Information and Technology sector, as it is evident from the NASSCOM- "Resilience to Resurgence -22" report that Indian IT sector revenue touched US \$ 227 billion in FY 22 and sector is growing at 15.5% YoY., and Gartner 2021 report reveals the Indian IT spending is expected to increase to US \$101.8 billion by 2025. In order to continue on the growth trajectory and retain the competitive advantage over neighbors, investment in Innovation Capability is of paramount importance (Edvinsson and Malone, 1997). The culture within an organization ability (Lam, et al., 2021). Research ability is closely (Al-kalouti et al., 2020; Azmi et al., 2019).

But on the contrary, it was observed that there is minimum reporting of Intellectual Capital in IT enterprises (Madan, 2011). Despite the fact that there is no attempt to assess how innovation capability influences organizational performance in the Indian IT sector, it is A literature review found that organizational culture has no connection to intellectual capital. An analysis of how innovation capability influences An analysis of organizational culture, human capital, and structural capital is presented in this dissertation.

Following are the research questions that will be addressed by the prevailing study:

- Whether human capital, organizational Organizational culture and capital have a positive relationship with performance?
- Whether The above relationship is mediated by innovation capability?

Present research work will provide a framework for managers to foster innovation capability by effectively managing the components of intellectual capital within their firms to ensure their firm's expected performance. Literature reviews, theoretical frameworks, and hypotheses are presented in the second section of the paper, followed by discussions of methodology, results, results, and findings. A discussion of future directions and management implications is discussed in the sixth section, following the discussions in the fourth, fifth, and sixth sections.

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