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DATA ENVELOPMENT ANALYSIS APPROACH TO INTELLECTUAL CAPITAL EFFICIENCY UTILISATION OF SELECTED INDIAN BANKS.

(1) Shallu Garg

1. Research Fellow, University Business School, Punjab University, Chandigarh. E-Mail: gargshallu82@gmail.com

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## Abstract

The objective of this paper is to measure the intellectual capital efficiency utilisation of 37 Indian banks (represented on BSE 500 Index) for the financial year 2011-2012. A model of analysis will be adopted from the literature in order to approximate the efficiency of banks in their use of intangible assets for the creation of value (VAIC Analysis). A non parametric methodology (Data Envelopment Analysis) is being adopted; outputs for the model are return on assets (ROA) and Return on Equity (ROE) and inputs are human capital efficiency (HCE), structural capital efficiency (SCE) and capital employed efficiency (CEE). The results depicts that 23% banks are relatively efficient ( $TE=1$ ) and 73% are relatively inefficient ( $TE<1$ ). In addition to identifying the magnitude of inefficiency, efficiency subset of banks, weights of reference subsets, DEA methodology provides a more detailed analysis of actual and target (composite) inputs and outputs.

## Keywords

Intellectual Capital, Value Added Intellectual Capital, Bank Performance, Data Envelopment Analysis.