

ABSTRACT

The purpose of this study is to examine the mediating effect of competitive advantage in the relationship between intellectual capital and financial performance. Intellectual capital in this study is measured by Value Added Intellectual Coefficient (VAICTM). Financial performance in this study is measured by using return on assets (ROA). This study is using competitive advantage as mediators. The population of this study is the manufacture companies listed in Indonesia Stock Exchange year period 2009-2011. Sampling method that's used in this study is purposive sampling.

The total number of sample in this study are 210 research samples. However, there are found 29 sample as outlier should be excluded from sample of observation. So, the final amounts of the sample are 181 research samples. Techniques of analysis in this study are using path analysis.

The finding shows that intellectual capital has positive influence to the financial performance, intellectual capital has positive influence to competitive advantages and the competitive advantages is a significant mediator in the association between intellectual capital and financial performance

Keywords: Intellectual capital, Competitive advantage, Return on Asset (ROA)