

ABSTRACT

The purpose of this study is to examine the effect of intellectual capital to the financial performance and market value of the company. This study uses a model developed by Pulic- Value Added Intellectual Coefficients (VAIC). This study examines the effect of vaic and the three components of intellectual capital (capital employed, human capital, structural capital) towards market value and the company's financial performance (return on assets, return on equity, and growth revenue).

Sample used in this study is all the tertiary company's financial statements according to JakartaStock Industrial Classification Index, issued by BEI (Indonesia Stock Exchange) during the period 2008-2010. This study uses a multiple linear regression test analysis.

The result of the study shows that the combined intellectual capital has no effect on market value. Yet, capital employed affects the market value. Intellectual capital affects positively significant towards financial performance (return on assets, return on equity, growth revenue) while VAHU has no effect on growth revenue.

Keywords: Intellectual capital, financial performance, market value