

## ABSTRACT

*Intellectual capital is recognized as a strategic which gives competitive advantages by corporate resources handling and optimizing the outcome of intangible and tangible corporate resources. The purpose of this study is to investigate the relation between IC components, and response of investors and investors confidence. The Pulic's Value Added Intellectual Coefficient has been conducted to measure IC and measurement value added and value creation of physical capital, human capital, structural capital and proxy of innovative capital also proxy of relational capital which are would be the intellectual capital components. This study conduct the assumption of the stewardship theory in alternative to value addition according to the stakeholder theory.*

*Data were collected from 2009 – 2010 annual report of 33 listed company on Indonesian Stock Exchange which are selected as LQ45. The researchers use the multiple regression to investigate the said relationships.*

*The results does not support the hypothesis that firms' intellectual capital has a positive impact on investors response (M/B) and investors confidence (CAR) in a modified VAIC method. Furthermore, the result show that Value added capital employed (VACA) positively influences to investors response (M/B), while R&D expenditure has a negatif impact on investor response (M/B). The findings show that investors are still consider to physical assets and only focus on short-term investment performance. Then Advertising Expenditure positively influence investors confidence (CAR).*

*Key Word: Intellectual Capital, Investors Response, Investors Confidence, Market Value*