

ABSTRACT

The purpose of this study is to investigate the relation between intellectual capital and firms market value and financial performance. By using Pulic's-Value Added Intellectual Capital (VAIC), this research examine the relationship between the efficiency of value added (VAIC) by three major component of firms resources (physical asset, human capital, and structural capital) and firms market value (MtBV) and explore the relation between intellectual capital and financial performance (ROA, ROE, EP and GR). Data are drawn from 44 listed firms in Indonesia stock Exchange for five years (2004-2008). Data analysis using multiple regression.

The result show that intellectual capital does not affect to firms market value and financial performance (ROA, ROE, EP and GR). VACA and VAHU affect positively firms market value (MtBV) and financial performance (ROA and ROE). RD has positive effect on profitability (ROA).

Keyword : intellectual capital (IC), market-to-book value (MtBV), financial performance