

## ABSTRACT

*This study aims to examine the effect of intellectual capital (VAIC<sup>TM</sup>) on corporate financial performance (profitability, productivity, growth, and market valuation). Profitability measured by return on asset (ROA), productivity measured by asset turnover (ATO), growth measured by growth in revenue (GR), and market valuation measured by market to book value (MB). Independent variable used in this study is intellectual capital which is measured by VAIC<sup>TM</sup>, while dependent variable used are ROA, ATO, GR, and MB.*

*Sample of this research is the manufacturing companies listed in Indonesia Stock Exchange (IDX) with the sample period 2007-2009. Data collected by purposive sampling method. Sample used in this study were 47 companies each year. This study uses simple linier regression for data analysis.*

*The results showed that intellectual capital provides a positive and significant influence on profitability, productivity, growth, and market valuation of the company. Overall, this research found that human capital (VAHU) gives the most contribution in creating value added of the company.*

*Key words : intellectual capital, profitability, productivity, growth, and market valuation*