

## **ABSTRACT**

*This study aims to determine the relationship between intellectual capital's efficiency and company's market value with company's financial performance as intervening variable. The results of this study will show whether intellectual capital's efficiency is related to company's market value with company's financial performance as intervening variable.*

*This study used secondary data which was annual reports retrieved from Indonesia Stock Exchange (IDX) website. This study used purposive sampling as sampling method. Population in this study were service company listed on the Indonesia Stock Exchange in 2016-2019. 109 companies were selected as samples from 379 companies as the population during 2016-2019. Analysis method used in this study was partial least square.*

*This study used resource-based theory and stakeholder theory to formulate hypotheses that lead to the results of the analysis. The results showed that intellectual capital's efficiency had effect on company's market value and company's financial performance. The results of this study also indicate that company's financial performance had effect on company's market value. As for all, this study's result showed that intellectual capital's efficiency had effect on company's market value with company's financial performance as intervening variable.*

**Keywords:** *financial performance, intellectual capital's efficiency, market value, partial least square, service company*