ABSTRACT

Globalization has become increasingly significant to the economic and business by growing cross-border interconnectedness. As a reaction to globalization, ASEAN countries attempt to develop economic integration called AEC (ASEAN Economic Community). Based on that, business or firms especially in Indonesia need to create competitive advantage in order to make sustainability. Creating competitive advantage by developing scientific research activities as corporate science and doing innovation is the winning strategy to maximize the firm value, which is the goal of the firm. This research addressed this gap and examined the scientific activities and innovation on firm value. Population used in this research is manufacturing company listed on Indonesia Stock Exchange during 2011-2015. Sample was obtained by purposive sampling method and determined by certain criteria. The hypothesis verification used Path Analysis method by using SPSS Software 2.0. This research provided result that corporate science had insignificant influence to the firm value, however, the corporate science had significant influence to the innovation. Moreover, the innovation itself also had influence to the firm value and was able to mediate the influence of corporate science towards the firm value.

Keywords: Corporate Science, Innovation, Firm Value