INTELLECTUAL CAPITAL AS A VALUE CREATION

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ABSTRACT

The purpose of this research is to investigate the association of intellectual capital in the creation of value for business organization. This paper also considers its impact towards, operating, financial, and stock market performance using Modified Value Added Intellectual Coefficient (MVAIC™) which considers R&D investment as part of intellectual capital. Data are drawn from a sample of 11 industry and manufacturing companies listed in Indonesia Stock Exchange during the year of 2006-2010.

The result is obtained by using multiple linear regression analysis. From the result, it is discovered that human capital, physical capital and innovation capital have significant associations toward company’s operating, financial and stock market performance, while structural capital only has significant association towards firm’s operating performance.

Keywords: intellectual capital, human capital, structural capital, physical capital, innovation capital, R&D investment, MVAIC™, company performance.