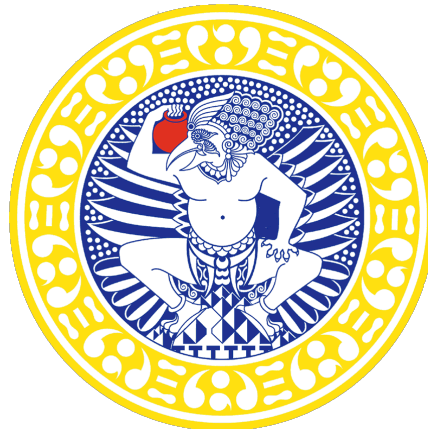


**INTELLECTUAL CAPITAL DISCLOSURE DETERMINANTS AND ITS
EFFECTS ON THE MARKET CAPITALIZATION:
EVIDENCE FROM INDONESIAN LISTED COMPANIES**

UNDERGRADUATE THESIS

**SUBMITTED FOR PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR BACHELOR DEGREE IN ACCOUNTING
DEPARTMENT OF ACCOUNTANCY
ACCOUNTING STUDY PROGRAM**



**SUBMITTED BY
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STUDENT ID: 041211332113**

**FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS AIRLANGGA
SURABAYA**

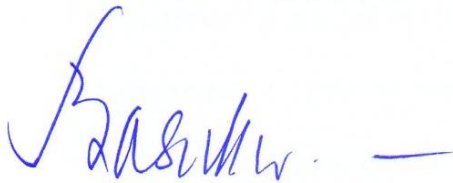
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DECLARATION

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Surabaya, ²⁶⁻⁰⁴⁻¹⁶

Declared by,



Angga Arifiawan Sudiby

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Surabaya, April 2016

Angga A. Sudibyو

ABSTRACT

In the current era of knowledge economy, intellectual capital (IC) is the main source of company's competitive advantage. The role of IC has become one of the main factors of company's value creation process. Since companies rely more on their intangibles (including IC), management must provide an appropriate annual report in which discloses information regarding IC in order to give a better information to the related parties.

The aim of this study is to examine variables that expected to have a significant influence to the level of intellectual capital disclosure (ICD) practices in Indonesian listed companies' annual reports. A content analysis method is used to examine the ICD level, based on the framework developed by Li et al. (2008). The IC information was collected from 135 Indonesian LQ45 listed companies, which derived from their annual reports from the year 2012 to 2014. Sample companies are classified into two groups of industries: high- and low profile industries in order to analyze differences in IC reporting practices between the two groups.

The empirical results proved that company size, industry type and market capitalization are significantly associated with the ICD, while it is shown that the influence of company profitability on the level of ICD is not significant. Furthermore, it is revealed that there is no significant difference with regard to the intellectual capital disclosure practices between companies in high- and low-profile industries.

Keywords: *Intellectual capital disclosure, Content analysis, Annual report, Industry type, LQ45, Indonesia Stock Exchange, Independent t-test, Market Capitalization, ROA*

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