ABSTRACT

Company's performance is the reflection of how good the company has run the business. It depends on the resources that company has. Resources are divided into two, the tangible asset and the intangible asset. Several conventional methods have been used to measure the company's performance through its tangible asset. The intangible asset and its importance are always forgotten (Jafari, 2013). Whereas, in many circumstances, company's market value is bigger than its book value due to the company's intangible asset. It proves that conventional method doesn't quite enough to measure an accurate company's performance.

This study examines the existence of the effects of Intellectual Capital (IC) on Market Value Added (MVA). It uses IC as the independent variable, firm size and ROA as the control variable and MVA as the dependent variable. IC is an intangible asset owned by company as an important resource. In this study, IC was measured by VAIC (Value Added Intellectual Coefficient). MVA is the excess of market value over book value of the company. The idea here is to know the company's performance using MVA as its measurement and the influence of its intangible asset (IC) on MVA using descriptive statistic and parametric statistic data analysis.

This study chose the real estate and property company which are listing in Indonesia Stock Exchange for period 2011-2013 as the population. From this population, purposive sampling method is used to determine the samples. Total real estate and property companies in Indonesia Stock Exchange for period 2011-2013 is 46 companies and three of them don't meet the requirement of purposive sampling, so the total sample used in this study is 43 companies. This study model is explanatory model. Panel data regression is used because this study is a time series data and cross section data. It uses Eviews software version 4.1. From three approaches in panel data regression, the random effect approach is the appropriate one in this case. The result shows that the Intellectual Capital and Firm size both have a significant effect on MVA.

Key words: IC, MVA, company's performance