

## **ABSTRACT**

*In maintaining the existence of the company especially in this era of globalization, every company is led to develop through do innovation. Innovation is done with regard to intangible assets in the form of knowledge owned by each individual company (employees). This causes the company to consider using knowledge based business based than labor business. The approach used in the research and measurement of intangible assets is intellectual capital. The measurement is used in this research is public method of Value Added Intellectual Capital (VAIC™). VAIC™ has three components of Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA).*

*This study aims to determine the effect of Intellectual Capital on financial performance proxies with indicators Return On Asset (ROA) either partially or simultaneously. The literature review used in this research are: Intangible Asset, Intellectual Capital, Knowledge Based Theory, Company Financial Performance, Intellectual Capital Component, Profitability. VAIC™.*

*This research is a descriptive type of verification of causality. With the sample population is a large trading sub-sector listed on the Indonesia Stock Exchange. With the research data of 11 companies that have been selected through nonprobability purposive sampling method with the period 2012-2016. In this study is used descriptive statistics and panel data regression analysis to determine the overall picture of the relationship between variables in this study.*

*The results of this study indicate that simultaneously Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA) together affect the financial performance of the company. In partially Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA) influence the positive direction on the company's financial performance.*

**Keywords:** *Return On Asset (ROA), Structural Capital Value Added (STVA), Value Added Capital Employed (VACA) and Value Added Human Capital (VAHU).*