

## **ABSTRACT**

*Companies listed in Indonesia Stock Exchange are companies that require funds from investors so that stakeholders have an important role in the sustainability of the company. The company must pay back the investment that the investor has made so that the company does various ways to increase profits. Profitability ratios can be used to measure the profit gained by firms so that investors can see the rate of return earned from investments made within the company.*

*This research aims to analyze the factors that are considered to affect the profitability of companies such as intellectual capital and sustainability reports disclosure. Intellectual capital is calculated using the VAIC<sup>FM</sup> formula while sustainability report disclosure is calculated using the IndexSR formula based on the Sustainability Reporting Guidelines GRI-G4.*

*The population in this study is a company listed on Indonesia Stock Exchange period 2014-2016. The sample selection technique used purposive sampling and obtained 19 companies listed in Indonesia Stock Exchange period 2014-2016. The data used in this research is obtained from the financial report and sustainability report. The method used in this research is descriptive analysis and panel data regression analysis using software Eviews version 9.0.*

*The result of research indicate that variable of intellectual capital and sustainability report disclosure simultaneously have a significant effect to company profitability equal to 31,4701% while rest 67,5299% influenced by other variable. The result of research partially indicate that only variable of intellectual capital have significant effect to profitability with positive direction while sustainability report disclosure does not have an effect on company profitability.*

*Companies are advised to be able to pay attention to intellectual capital within the company in order to increase the profitability of the company. The company must continue to make sustainability reports although proven to have no effect since the sustainability report disclosure is mandatory for companies listed on Indonesia Stock Exchange.*

***Keywords: Profitability, intellectual capital, sustainability report.***