

ABSTRACT

In the global competition and current free market conditions, it becomes a demand for each country to increase the ability to innovate in developing investment and resource management especially the importance of the existence of the company's financial performance. The advantages of resources as outlined in the basic theory of resources (Resource Based Theory) can be used as a reference for companies in long-term performance by involving resources in the form of intangible assets. By applying the intangible asset approach in the form of intellectual capital that can be measured from the Pulic method namely Value Added Intellectual Capital (VAIC TM) which is reported into three components namely, Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA).

The purpose of this study to determine the effect of Intellectual Capital on financial performance which is proxied by the asset turnover ratio (ATO) simultaneously or partially. The literature review included in this study are stakeholder theory, resource-based theory, corporate financial performance, asset turnover ratio, intangible assets, intellectual capital, intellectual capital components and the VAIC TM method.

This research uses quantitative method with a total sample of 19 property and real estate sub-companies listed on the Indonesia Stock Exchange for the period 2015-2018. This research uses purposive sampling method in a period of 4 years. Testing in this study is to use descriptive statistical tests and panel data regression analysis to determine the overall relationship between variables in this study.

The results of this study indicate the presence of Value Added Capital Employed(VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA) to the corporate financial performance simultaneously. Value added Capital Employed (VACA) has a partially significant positive effect on the corporate financial performance, Value Added Human Capital (VAHU) has a partially significant effect with negative direction on the corporate financial performance, and Structural Capital Value Added (STVA) does not have a partially significant effect on the corporate financial performance.

Keywords: Asset Turnover Ratio (ATO), Structural Capital Value Added (STVA), Value Added Capital Used (VACA), and Value Added Human Resources (VAHU).