Abstract

Objectives
The main purpose of this exploratory study is to investigate the association between Intellectual Capital (IC) of Indonesian listed firms and their stock prices, holding that financial performance affects stock price. The results of this study will enrich and improve the IC knowledge in Indonesia.

Method
The author measures the Intellectual Capital owned by the companies using Value Added Intellectual Coefficient (VAIC) model, which developed by Pulic. VAIC embraces three efficiency areas of intellectual capital which is Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), and Capital Employed Efficiency (CEE). In addition, stock return ratio is used as the measurement of stock price movement. The author developed regressions model to investigate the relationship between the three components of VAIC and stock return.

Results and Conclusion
Findings in this study show that as an aggregate, VAIC has no positive and significant relationship to the stock return. However, by disseminating the three components of VAIC in the model, each of components shows different relationship to stock return. Among components of VAIC, only Structural Capital Efficiency has a positive and significant relationship to the stock return, thus, IC, indeed, have a relationship to the stock price. Therefore, Indonesian market should concern and focus more in improving the IC knowledge in order to compete with the international market since IC has gained importance globally.

Key Words
Intellectual Capital, Stock Price, Indonesia