

INTELLECTUAL CAPITAL AND PERFORMANCE OF ISLAMIC BANKS

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ABSTRACT

This research aims to examine influence of Intellectual Capital on the performance of Indonesian Islamic Banks.

Intellectual Capital in this study was measured using the Pulic Model (VAIC™) as the efficiency measure of three intellectual capital component: physical capital coefficient (VACA), human capital coefficient (VAHU), and structural capital coefficient (STVA). Data were collected from 8 Indonesian Islamic Banks from the year of 2004-2011. Partial Least Square (PLS) was used to examine the relationship between firm's financial performance VAIC™, where the four financial ratios selected as the proxy measure for firm performance (ROA, ROE, ATO and GR).

The results suggest that: IC influences financial company's performance positively; IC influences future financial company's performance positively; and the rate of growth of company's IC (ROGIC) does not influence future company's performance.

Keywords: Intellectual capital, Company Performance 's, Partial Least Square (PLS)