Abstract

Objectives – The principle purpose in conducting this exploratory study is to investigate whether there was a relationship between intellectual capital and its three components with corporate social responsibility of listed companies in the Indonesia Stock Exchange.

Method – The method used in this study is hypothesis testing. Data was used from the companies listed within the Kompas 100 Index which included a content analysis of corporate social responsibility activities and retrieving financial information to measure intellectual capital through Value Added Intellectual Coefficient (VAIC) for the fiscal year of 2007. The author then analyzes the descriptive statistics of the variables and develops regression models which address the relationship between intellectual capital and its three components towards corporate social responsibility.

Results – The result shows that intellectual capital, in its aggregate value of VAIC, does not show a significant relationship towards corporate social responsibility. Under the 2nd regression model which takes a look at the relationship of corporate social responsibility and the components of VAIC (Capital Employed Efficiency, Human Capital Efficiency and Structural Capital Efficiency), no evidence of a significant relationship was present. However, under both regression models, the control variables (firm size and market valuation) indicated a significant relationship towards CSR. However, under 2nd regression model which takes a look at the components of VAIC individually towards CSR, the component Capital Employed Efficiency (CEE) showed a significant relationship while the other two, Human Capital Efficiency (HCE) and Structural Capital Efficiency (SCE) showed now significance.

Conclusions – The findings of the research has indicated that there is no statistically significant relationship between intellectual capital, measured by VAIC and its three components, while only one of its components, Capital Employed Efficiency (CEE) had a significant relationship towards corporate social responsibility under this study. This could possibly show that Indonesian companies are still reliant on anticipating on intellectual capital that derive from physical and financial assets rather than those that derive from other intangible means. The results of the research could also infer that the