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The Role of Intellectual Capital and Good Corporate Governance on Financial Performance (Empirical Study on Food and Beverage Subsector Manufacturing Sector Companies listed on the IDX 2019-2022)

Indah Febriani [1], Ratna Linar Sumiartini[2], Siti Nur Hadiyati [3]
Universitas Swadaya Gunung Jati Cirebon

Corresponding Author: Siti Nur Hadiyati: Siti.Nur.Hadiyati@ugj.ac.id

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A B S T R A C T

This research aims to analyze and obtain empirically the influence of Intellectual Capital and Good Corporate Governance including institutional ownership, audit committee, and board of commissioners on financial performance as measured using Net Profit Margin (NPM) and Return on Asset (ROA). The population used is food and beverage subsector manufacturing companies listed on the IDX in 2019-2022. This research uses a type of quantitative research with a multiple linear regression analysis system. The results revealed that Intellectual Capital has no influence on financial performance as measured using NPM and has a significant positive influence when measured using ROA; The proportion of institutional ownership has no influence on financial performance as measured using NPM and has a significant posisive influence when measured using ROA; The proportion of the audit committee has a significant positive influence on financial performance as measured using NPM and has no influence on ROA; The board of commissioners has a significant positive influence on financial performance as measured using NPM and has no influence when measured using ROA.

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INTRODUCTION

Financial performance is often used as a reference to evaluate a company's performance. According to [1], the company's condition can be described by looking at its financial performance. Specific measures are needed in analyzing the company's financial performance. One of the particular measures in question is Net Profit Margin (NPM). One technique to assess financial performance is this metric. NPM is calculated by dividing net sales by net income after taxes. In conclusion, even if higher net profit typically translates into better financial outcomes, investors will evaluate the financial performance of the company based on how effectively it produces net profit.

Return on Asset (ROA) is a specific measure other than NPM. Divide net income by average total assets to find ROA. ROA analysis is used to determine future investment decisions and company strategies. The greater the ROA value, the company is considered to have optimal financial performance.

Many industries in Indonesia may experience increases and decreases in financial performance. One example is the industry in the food and beverage sector (food and beverages). Sourced from Badan Pusat Statistik (BPS), in the initial quarter of 2023, the food and beverage industry experienced a 5.33% annual growth rate, marking it as the fourth highest growth among processing industry subsectors (DataIndonesia.id, 2023).

The Ministry of Finance of the Republic of Indonesia (Kemenkeu) evealed that, "the food and beverage processing sector is one of the most mature industries in Indonesia". Most are small or micro businesses, although a small number of large companies dominate the market, including PT Indofood CBP Sukses Makmur Tbk (ICBP) recorded the company's net sales as of the first quarter of 2022 or during the first three months of this year reached Rp17.18 trillion with a net profit of Rp 4.6 trillion (Ministry of Finance, 2022). On the other hand, the decline in financial performance was experienced by one of the food and beverage industries, namely FKS Food Sejahtera Tbk (AISA). In the first quarter of 2022, AISA's financial performance experienced a setback, with a net loss of IDR 62.36 billion. In addition, AISA's NPM and ROA are very minimal at 0.46% and 0.48% respectively when compared to industry competitors PT Garudafood Putra Putri Jaya Tbk (GOOD) with NPM (5.08%) and ROA (8.52%) and Mayora Indah Tbk (MYOR) with NPM (8.60%) and ROA (12.60%) (CNBC Indonesia, 2023).

The increase and decrease in financial performance in the food and beverage industry may be caused by several factors, one of which is Intellectual Capital (IC). IC includes intangible assets that value businesses and society, including patents, intellectual property rights, copyrights, and franchises [4]. Therefore, IC cannot be treated like other assets that can be measured and presented in a company's financial statements due to the difficulty of measuring these assets. Accounting's limitation in valuing assets from their historical value versus their potential increase in value also provides challenges for management accounting and financial accounting in measuring IC assets.

This research uses the IC measurement tool [6], developed using the Value Added Intellectual Coefficient (VAIC) method. A high VAIC indicates the

company's ability to Effective management of intellectual capital (IC) aims to enhance value creation. This value can be gauged through three key components. Firstly, Human Capital (HC) is assessed by the Value Added Human Capital (VAHU), representing the value added by employees (salaries and wages). Secondly, Capital Employed (CE) reflects the company's network with its business partners. Lastly, Structural Capital (SC) is evaluated by the Structural Capital Value Added (STVA), highlighting the significance of structural capital in value creation. Capital employed is determined by the Value Added of Capital Employed (VACA), indicating the added value generated per unit of physical capital. Previous research conducted by [7], [8], and [9] revealed that IC has a beneficial influence on financial performance. Conversely, Aziz et al. (2021) found that IC does not affect economic perfThe last component of IC is Structural Capital (SC), calculated using Structural Capital Value Added (STVA) to see the importance of structural capital's contribution to value-added creation. Capital employed is calculated as the value-added of capital employed (VACA), an index of the added value generated by one unit of physical capital. Previous research conducted by ormance in food companies listed on the IDX. [7], [8], dan [9] revealed that IC has a beneficial influence on financial performance. Conversely, [10] ound that IC does not affect economic performance in food companies listed on the IDX.

Another determinant influenceing a company's financial performance is Good Corporate Governance (GCG). The existence of effective GCG holds immense significance for a company, as it necessitates a robust governance framework capable of fostering shareholder confidence and ensuring equitable treatment of all stakeholders [11]. The elements of GCG consist of institutional ownership, audit committee, and board of commissioners. Institutional ownership refers to the ownership of a company's shares by an organization or institution such as an insurance company, bank, investment company, or other institution..

Institutional ownership is an external control system for monitoring and influencing company management. The greater the institutional ownership in a company, the more efficient it is in managing its assets[12]. From research conducted[12] states that institutional ownership has a positive influence on financial performance..

From the Decree of the IDX through the Decree of the Board of Directors 315 / BEJ / 06 / 2000 in [13], said, the role of the audit committee, appointed and dismissed by the board of commissioners, is to aid in conducting necessary audits to fulfill the responsibilities of the board of directors in business management. It functions as a platform for rectifying errors, assessing business operations, and evaluating financial performance.

The last component is the board of commissioners. The board of commissioners is vital in corporate governance, primarily overseeing senior management. Companies with fewer board members than external auditors will have less oversight of their financial performance; this contradicts agency theory because it can lead to conflicts between the board of directors and shareholders,

where the board of directors is responsible for implementing corporate governance [2]. Previous research conducted by [14], [12], and [11] stated that GCG has a positive influence on financial performance.

This research aimed to empirically analyze and obtain the influence of IC and GCG on financial performance in the food and beverage industry listed on the IDX 2019-2022. The difference between this research and previous research is the measurement of financial performance using the NPM and ROA ratios. NPM reflects how influenceive a company is to minimize the use of its operating costs [2]. In addition, ROA reflects the company's business profits and efficiency in utilizing total assets. Companies can assess their strengths and weaknesses in the industry by using ROA analysis to compare their use of capital with competitors in the same industry.

This research is expected to describe how financial performance in food and beverage companies contributes to these companies implementing GCG and paying attention to IC, which can improve financial performance. In addition, this research is also expected to be a reference for further research.

LITERATUR REVIEW

Resource Base View Theory

Resource-based view theory is a way of thinking about how companies maintain competitive advantage by utilizing and mobilizing resources that are considered unique and not easily imitated. These resources are defined as tangible and intangible assets attached to the firm. Companies gain a competitive advantage by identifying and optimizing intangible resources. One such intangible asset that is considered unique and not easily imitated is Intellectual Capital (IC). IC is a rare and heterogeneous resource, so it is essential to identify what components are classified as composing it. According to, "the VAIC is a recommended method to achieve this. IC includes three main components, namely HC, SC, and CE. The company's competitive advantage will be created when the company can manage these three main factors well''. It aims to create added value that is useful for the company itself. The competitive advantage created will be a differentiator for the company and will automatically improve the company's financial performance.

Agency Theory

According to [16], an agency relationship is between the principal (company owner) and the agent sharing decision-making authority. Conflicts of interest between agents and principals in agency relationships may be found. Shareholders demand increased company profitability and dividends. Meanwhile, the manager's goal is to be an agent who maximizes the satisfaction of psychological and economic needs. From this agency relationship, management is encouraged to present financial statements with earnings management. In order to limit such actions, the use of GCG is one approach that can be used to oversee contractual disputes between investors and management.

Agency theory also explains the differences in interests between principals and agents. The difference in interests in question is the principal (shareholder) who wants a return greater and faster than the money or capital invested in a company. On the other hand, agents want maximum compensation for running and managing financial performance. GCG is one approach that can be used to oversee these actions. Company owners give managers the task of managing the company properly as a form of application..

HYPOTHESIS DEVELOPMENT

Intellectual Capital and Financial Performance

Competitive advantage can be achieved by utilizing and developing its capital resources, including IC. IC is a dynamic set of resources (e.g., knowledge, capabilities, networks, operating processes, individual and organizational relationships) that create corporate value. IC is an intangible asset related to knowledge management and the ability of a company to create added value. Companies constantly strive to maintain competitiveness; IC is one of the main drivers. IC is also a very vital part of the company. Some companies in America and Europe have reported their IC management to stakeholders. The company's purpose is to improve its image, attract customers, and recruit a talented new workforce to increase innovation.

IC consists of HC and SC. HC constitutes the cornerstone of IC, encompassing attributes directly linked to employees such as competence, commitment, motivation, and loyalty. SC comprises innovative aspects, relational capital (RC), and organizational infrastructure. Over the preceding two decades, experts have concurred on the key components of IC, specifically HC, SC, and Capital Employed (CE). CE denotes the relationships or networks a company maintains with its business partners. HC is the individual knowledge capital of the company that its workforce projects. The scope of HC includes a combination of the workforce's expertise, skills, knowledge, and motivation. SC is a company's ability to carry out operational activities. SC itself consists of process capital and innovation capital. SC includes all the value in the company when the workforce goes home or a non-human storehouse of knowledge. CE is an indicator for the company to create added value efficiently from its capital and finance. CE is also one of the main proxies in providing maximum added value from each physical and nominal financial asset in doing business.

IC performance can be measured using Value Added (VA) formed by components, namely Value Added of Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA). The Value Added Intellectual Coefficient (VAIC) proxy denotes the three components.[19].

A company demonstrating a substantial IC value suggests efficient resource management. Such companies often attain greater profitability. Financial performance, gauged by profitability, is directly influenced by a company's profits. The rise in IC value correlates with profit increments. As profits surge, so does the financial performance of the company. [3]. Research [2], [9], [8], and [15] prove that IC has a beneficial influence on financial performance.

H_{1a}: Intellectual capital has a significant positive influence on NPM (Financial Performance).

H_{1b}: Intellectual capital has a significant positive influence on ROA (Financial Performance).

Institutional Ownership and Financial Performance

Institutional ownership refers to the ownership of company shares by institutions or organizations such as insurance companies, banks, investment companies, or other owners [12]. Institutional ownership has important implications for management oversight. Institutional ownership ensures more optimal monitoring of financial performance. This monitoring ensures shareholder prosperity and limits the influence of institutional investors as supervisors by their significant investment in the capital market [13]. According to [20], institutional ownership ensures more optimal monitoring of financial performance. Institutional ownership has several benefits, including (1) Demonstrating a high level of expertise in scrutinizing information to assess the reliability of company data, and (2) Exhibiting strong motivation to enhance oversight of internal company activities. Research by [12] says institutional ownership significantly affects financial performance.

H_{2a}: Institutional ownership has a significant positive influence on NPM (financial performance).

H_{2b}: Institutional ownership has a significant positive influence on ROA (financial performance).

Audit Committee and Financial Performance

From the Decree of the IDX through the Decree of the Board of Directors 315/BEI/06/2000, it states that the corporation's board of commissioners instituted the audit committee, with the authority to appoint and dismiss its members. The board of directors has mandated the board of commissioners to aid in conducting audits for effective company management. As per IKAI (2013), the audit committee's role is to assist the board of commissioners in supervising financial performance. Moreover, in accordance with the National Commissioner for Good Corporate Governance (KNGCG) (2002), the audit committee is responsible for ensuring the company's adherence to pertinent regulations and legislation. Another responsibility is to carry out their duties properly and

maintain adequate security or control over any actions that conflict with the interests and manipulation of their employees.

The supervisory function carried out by the board of commissioners can be realized at the Board of Commissioners Meeting. The Financial Services Authority Regulation No. 55 / PJOK.04 / 2015 states that, the audit committee holds regular meetings at least 1 time in 3 months. Audit committee meetings can be held if attended by more than ½ (one-half) of the members. Consistent with agency theory, audit committee meetings serve as a platform for rectifying errors, assessing the company, and reviewing financial performance. The oversight role of the audit committee becomes more effective when it contributes to the company's internal control function, as it can aid accountants in reducing their workload, thus expediting the production of financial reports [21]. [22] show that the audit committee significantly positively affects financial performance as measured by return on assets (ROA). In addition, research conducted by [12] and [13] also found that the audit committee positively affects financial performance.

H_{3a}: The audit committee has a significant positive influence on NPM (financial performance).

H_{3b}: The audit committee has a significant positive influence on ROA (financial performance).

Board of Commissioners and Financial Performance

According to the National Commissioner for KNGCG, the board of commissioners is one part of the company that is tasked and responsible for monitoring or supervising and providing input to the board of directors in order to provide a view to assess that the company has implemented GCG practices properly because the board of commissioners is the core of corporate governance. The board of commissioners bears the responsibility of guaranteeing the execution of company strategy, overseeing management in operational matters, and ensuring accountability [17]. he board of commissioners also has a supervisory function for the company's policies and strategies. In addition, the board of commissioners is tasked with providing input and direction so that the company can improve its image in the eyes of the public.

Independent commissioners, integral members of the Board of Commissioners, maintain no affiliations with directors, fellow board members, or shareholders. They are devoid of business associations that could sway their actions. The presence of independent commissioners ensures that the interests of all stakeholders, whether majority or minority, are duly considered, as they exhibit greater impartiality towards managerial decisions.

Research conducted [13] and [12] says that the independent board of commissioners significantly affects financial performance. This relationship

supports the statement that the independent board of commissioners can improve company performance. The independent board of commissioners is expected to increase supervision in creating a business environment through good corporate governance.

H_{4a}: Board of commissioners has a significant positive influence on NPM (financial performance).

H_{4b}: Board of commissioners has a significant positive influence on ROA (financial performance).

RESEARCH METHOD

This research uses quantitative research with a multiple linear regression analysis system to test the hypothesis. This analysis is used to determine how much influence Intellectual Capital (IC) and Good Corporate Governance (GCG) have on financial performance [23]. Population is the whole of the object under study. The population in this research are food and beverage subsector manufacturing companies listed on the IDX in 2019-2022. The sample was selected using a purposive sampling method with the following criteria: (1) Food and beverage companies that were listed in 2019-2022 and not delisted during the study period, (2) Food and beverage companies that published financial reports in 2019-2022, (3) Food and beverage companies that did not experience losses during the 2019-2022 period, (4) the companies use rupiah (Rp), and (5) Food and beverage companies that in their data ownership structure have Intellectual Capital (IC) and institutional ownership, audit committees, and independent commissioners.

Intellectual Capital (IC) (X_1)

Intellectual Capital (IC) encompasses a dynamic array of assets, including knowledge, skills, networks, operational processes, and interpersonal and organizational connections, which collectively generate corporate value. [18]. According to [6], one way to measure IC is by using the VAIC proxy.

VAIC™ = VACA + VAHU + STVA

VACA=Value Added /Capital Employe

VAHU=Value Added VA/Human Capital

STVA=Structural Capital /Value Added

Institutional Ownership (X_2)

According to [24] institutional ownership is often considered as a supervisor of the company's operations. Then, [25] said the size of the institutional ownership concentration will affect the company's aggressive policy. Institutional ownership can be measured following the formula [26], [24], and [25], namely :

INST= Number of Institutional Shares / Number of Shares Outstanding

Audit Committee (X_3)

The company's board of commissioners forms the audit committee to assist in examining the directors in managing the company [13]. In this research, the audit committee can be measured using the number of audits in a company [27].

Board of Commissioners (X_4)

From the Financial Services Authority Regulation NO.33/POJK.04/2014, ''independent commissioners are members of the Board of Commissioners who come from outside the Issuer or Public Company and meet the requirements as Independent Commissioners". Then, from regulations issued by the IDX, the quantity of independent commissioners correlates with the ownership of shares by non-controlling shareholders, constituting at least 30% of the total commissioners. Independent commissioners are calculated as follows [27].

.Independent Commissioner = Number of Independent Commissioners/Total Board of Commissioners ×100%

NPM (Ya)

According to [2], a company's capacity to effectively manage and allocate resources in order to generate profits is reflected in its financial performance. In this research, financial performance can be measured using one of the proxies, NPM.

NPM=Net profit/Revenue

ROA (Yb)

The company's ability to generate profit from each asset it owns is called ROA (Return on Asset) [27]. The formula for financial performance (ROA) is:

ROA=Net profit/Total Assets

This research used multiple linear regression analysis methods to analyze the data. Multiple linear regression analysis consists of the Simultaneous Partial Test (t-test) and Coefficient of Determination (R^2). Prior to conducting hypothesis testing using multiple linear regression, it is essential to perform the classical assumption tests. These tests encompass evaluating normality, multicollinearity, heteroscedasticity, and autocorrelation using SPSS version 26. The following is the equation in multiple linear regression research analysis:

Model 1

$Y_a\_NPM = a + b_1IC_1 + b_2INST_2 + b_3KA_3 + b_4KI_4 + e$

Model 2

$Y_b\_ROA = a + b_1IC_1 + b_2INST_2 + b_3KA_3 + b_4KI_4 + e$

NPM = Net Profit Margin
ROA = Return on Asset
IC = Intellectual Capital
INST = Institutional Ownership

KA = Number of audit committees
KI = Number of independent commissioners

RESULTS AND DISCUSSION

Description of Research Sample

From the results of purposive sampling, the sample of this research was 96 company observations calculated from 24 food and beverage subsector manufacturing companies listed on the IDX in 2019-2022.

Table 1. Purposive Sampling

Kriteria	Jumlah
Population: Food and Baverage companies listed on the IDX 2019-2022	84
Sampling from criteria (purposive sampling):	
1. Food and beverage companies that were listed in 2019-2022 and not delisted during the study period	-21
2. Food and beverage companies that published financial reports in 2019-2022	-3
3. Food and beverage companies that did not experience losses during the 2019-2022 period	-23
4. The company uses rupiah (Rp)	-4
5. Food and beverage companies that in their data ownership structure have Intellectual Capital (IC) and institutional ownership, audit committees, and independent commissioners.	-9
Number of samples	**24**
Total samples 24 x 4	**96**

Source: Data processed, 2023

Results of Descriptive Statistical Analysis

This research analyses food and beverage sub-sector manufacturing sector companies using company financial report data on the IDX. The first analysis is descriptive statistical analysis. This descriptive statistical analysis uses several variables, including intellectual capital, institutional ownership, audit committee, and board of commissioners as independent variables and financial performance as the dependent variable. The model used in this research uses two models, namely NPM and ROA. These variables are tested using descriptive statistics. The outcomes of the test are presented in Table 2 as follows.

Tabel 2. Descriptive Statistic Model Y_a (NPM) dan Y_b (ROA)

Variable	N	Min	Max	Mean	Standar Deviation
X1_ (IC)	73	2,172	6,600	4.995	0,621
X2_ (INST)		0,363	0,979	0,705	0,174
X3_ (KA)		3,000	4,000	3,010	0,117
X4_ (KI)		0,200	0,500	0,374	0,818
Ya_ (NPM)		0,139	0,296	0,112	0,820

Yb_ (ROA)		0,009	0,274	0,097	0,055

Source: Data processed, 2023

From Table 2, shows, the average value is greater than the standard deviation; this shows that the distribution of the processed data does not occur scattering and deviation due to the low variability of the data between the minimum and maximum values.

Normality Test Analysis

Tabel 3. Normality Test Results of Y_a (NPM) and Y_b (ROA) Models

	Kolmogorov Smirnov Test			Description
	Statistic	df	Sig.	
Y_a (NPM)	0,087	73	0,200	Data is normally distributed
Y_b _ROA	0,072	73	0,200	Data is normally distributed

Source: Data processed, 2023

In this test, because there is abnormal data, the author conducts outliers using the boxplot method so that there are 23 eliminated data. In addition, the second ROA data is not generally distributed after doing outliers, so the author transforms the data using LN. As a result, with this method, the data can be generally distributed with the significance of NPM (0.200) and ROA (0.200) above 0.005

Multicollinearity Test Analysis

Tabel 4. Multicollinearity Test Results of Y_a (NPM) dan Y_b (ROA) Models

Model	Collinearity Statistics		Description
Y_a NPM	Tolerance	VIF	
X1_IC	0,911	1,097	There is no multicollinearity
X2_INST	0,892	1,121	There is no multicollinearity

X3_KA	0,966	1,035	There is no multicollinearity
X4_KI	0,841	1,189	There is no multicollinearity
Y_b ROA			
X1_IC	0,911	1,097	There is no multicollinearity
X2_INST	0,892	1,121	There is no multicollinearity
X3_KA	0,966	1,035	There is no multicollinearity
X4_KI	0,841	1,189	There is no multicollinearity

Source: Data processed, 2023

From table 4 shows that all tolerance and VIF> 0.100 <10.00, so there are no symptoms of multicollinearity.

Heteroscedasticity Test Analys

Tabel 5. Heteroscedasticity Test Results of Y_a (NPM) dan Y_b (ROA) Models

	Collinearity Statistics		Description
	t	Sig.	
Y_a NPM			
Constant	0,898	0,373	
X1_IC	1,131	0,262	There is no heteroscedasticity
X2_INST	1,050	0,297	There is no heteroscedasticity
X3_KA	-1,108	0,272	There is no heteroscedasticity
X4_KI	-0,113	0,910	There is no heteroscedasticity
Y_b _ROA			
Constant	0,544	0,588	There is no heteroscedasticity
X1_IC	1,760	0,083	There is no heteroscedasticity
X2_INST	-0,672	0,504	There is no heteroscedasticity
X3_KA	-0,909	0,367	There is no heteroscedasticity
X4_KI	1,539	0,128	There is no heteroscedasticity

Source: Data processed, 2023

Models 1 and 2 show a significant value of all variables> 0.05, meaning that there are no symptoms of heteroscedasticity.

Autocorrelation Test Analys

Tabel 6. Autocorrelation Test Results of Y_a (NPM) dan Y_b (ROA) Models

Model	Durbin-Watson Y_a _NPM	Durbin-Watson Y_b _ROA
	1,812	2,191

Source:Data processed,2023

a. Autocorrelation model Y_a _NPM Durbin Watson has a value of 1.812, so there is no autocorrelation du<dw<4-du 1.7375<1.812<2.2625.

b. Autocorrelation model Y_b _ROA Durbin Watson has a value of 2.191, so there is no autocorrelation du<dw<4-du 1.7375<2.191<2.2625.

Multiple Linear Regression Test Analys

Tabel 7. Multiple Linear Regression Test Results of Y_a (NPM) dan Y_b (ROA) Models

Model	Unstandardized Coefficients Y_a _NPM	Unstandardized Coefficients Y_b _ROA
	B	B
(Constant)	-0,431	-0,115
X1_IC	-0,017	0,010
X2_INST	0,008	0,119
X3_KA	0,193	0,023
X4_KI	0,116	0,027

Source:Data processed,2023

From table 7, multiple linear regression equations for models 1 and 2 are obtained as follows:

a. Y_a (NPM) = -0,431+ -0,017 + 0,008 + 0,193 + 0,116 + e
b. Y_b (ROA) = -0,115+ -0,010 + 0,119 + 0,023 + 0,027 + e

Hypothesis Test (t-test) Analysis

Tabel 8. ***Hypothesis Test (t-test)*** Test Results of Y_a (NPM) dan Y_b (ROA) Models

Model		T	Sig.
	(Constant)	-3,764	0,000
	X1_IC	-2,560	0,013
Y_a_NPM	X2_INST	0,343	0,733
	X3_KA	5,566	0,000
	X4_KI	2,193	0,032
	(Constant)	-1,548	0,126
	X1_IC	2,231	0,029
Y_b_ROA	X2_INST	7,605	0,000
	X3_KA	1,036	0,304
	X4_KI	0,798	0,428

Source:Data processed,2023

From Table 7 for model 1 (NPM), it is found that the variables of Intellectual Capital (IC) (X1), Audit Committee (KA) (X2), Board of Commissioners (KI) (X3) influence financial performance on the Net Profit Margin (NPM) proxy for the Y_a variable. As for the financial performance variable Y_b with the proxy Return on Asset (ROA), the influential X variables are Intellectual Capital (IC) (X1) and institutional ownership (INST) (X2).

Coefficient of Determination (R^2) Test Analys

Tabel 9. Coefficient of Determination (R^2) Test Results of Y_a (NPM) dan Y_b (ROA) Models

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Y_a_NPM	0,608	0,370	0,333	0,03376
Y_b_ROA	0,714	0,509	0,480	0,02188

Source:Data processed,2023

The proportion of variation in the influence of the independent variable on the dependent variable is calculated using the coefficient of determination. The adjusted R Square value in model 1 (Y_a_NPM) of 0.333 indicates that NPM can be used to calculate and explain 33.3% of the remaining financial performance of 66.7% explained by other elements or variables not included in the model. The

adjusted R Square value in model 2 (Y_b_ROA) of 0.480 indicates that ROA can be used to calculate and explain 48% of the remaining financial performance of 52% explained by other elements or variables not included in the model in this research.

DISCUSSION

Influence of Intellectual Capital (IC) Size on NPM Ratio

From the test results in Table 8, Intellectual Capital (IC) influences financial performance using both NPM and ROA proxies. However, in the calculation proxy using NPM, IC has a negative influence with a significance of 0.013 <0.05 and a calculated t value of t -3.764 <t table 1.995. Previous research conducted by [28] also shows that IC negatively affects NPM; this indicates that the company has yet to use IC to manage its resources optimally. With the existing explanation, the first hypothesis (H_{1a}) for NPM is rejected.

Influence of Intellectual Capital (IC) Size on ROA Ratio

ffect of Intellectual Capital (IC) Size on ROA Ratio

Intellectual Capital (IC) has a significant positive influence with a significance of 0.029 <0.05 and a t value of 2.231> 1.995 and significant with a value on financial performance (ROA). It indicates that the company uses IC as an added value influenceively. In addition, the higher the IC indicates that the company has managed its resources optimally to increase company profits, the higher the financial performance. In line with the resource-based view theory, companies gain a competitive advantage by identifying and optimizing intangible resources, including IC [15]. In addition, this research is also in line with previous research conducted by [2], [9], [29], and [15], proving that IC has a positive influence on financial performance. The first hypothesis (H_{1b}) ROA is accepted with the existing explanation.

Influence of Proportion of Institutional Ownership on NPM Ratio

Institutional ownership does not influence financial performance when measured using NPM. From Table 8, shows the significance is 0.733> 0.05, and the t-value is 0.343 < 1.995. Research conducted by [29], [30], and [31] said institutional ownership does not influence ROA (financial performance). It can be because most institutional shareholders control the company, so they tend to act in their interests, even at the expense of minority shareholders. With the existing explanation, the second hypothesis (H_{2a}) for NPM is rejected.

Influence of Proportion of Institutional Ownership on ROA Ratio

In contrast to financial performance, as measured using NPM, institutional ownership chooses a significant positive influence with a significance of 0.000 <0.05 and a calculated t value of 7.605> 1.995. This condition is because institutional ownership has important implications for management oversight.

Institutional ownership ensures more optimal monitoring of financial performance. The more shares owned by organizations or institutions such as banks, insurance, investment, and others, the better the company's financial situation, as seen through financial analysis tools, to determine how good or bad the company's financial condition is in a certain period. This is the same as research conducted by [12] and [13], which states that institutional ownership has a positive influence on financial performance (ROA). The second hypothesis (H2b), ROA, is accepted with the existing explanation.

Influence of Audit Committee Proportion on NPM Ratio

The audit committee has a significant positive influence on financial performance as measured using NPM, from Table 8, with a significance of 0.000 <0.05 and a calculated t value of 5.566> 1.995. The audit committee supervises the company to comply with applicable regulations or laws. The better the company's control function, the better the company's financial performance is considered. This is demonstrated by the fact that internal controls exist to help accountants work less hours, which will result in faster financial report generation. [21]. Consistent with agency theory, audit committee meetings serve as a platform to rectify past errors and also to evaluate the company. Additionally, prior studies conducted by [12], [13], and [21] also found that the audit committee has a positive influence on financial performance. The third hypothesis (H3a) for NPM is accepted with the existing explanation.

Influence of Audit Committee Proportion on ROA Ratio

On the other hand, the audit committee does not influence ROA (financial performance). This is shown in Table 8. The significance value of the audit committee is 0.304> 0.05, and the t value is 1.036 < 1.995. The results of this research are in line with [30], [12], and [32], which said the audit committee does not influence ROA. One of the causes is ininfluenceive audit committee dual positions, which results in a lack of supervision over management activities and the lack of intensive audit committees that also need to assist the board of commissioners or supervisory board in supervising financial performance. As a result, the audit committee cannot control the company's management, working for both the interests and goals of the company. With the existing explanation, it can be stated that the third hypothesis (H_{3b}) ROA is rejected.

Influence of Board of Commissioners Size on NPM Ratio

From Table 8, the Board of Commissioners has a significant positive influence on financial performance as measured using NPM with a significance of 0.032 <0.05 and a t value of 2.193> t table 1.995.

The greater the number of Board of Commissioners members who lack connections with directors, other board members, and external business affiliations that could compromise their independence, the more accurate the

depiction of the company's financial status when analyzed using financial analysis tools within a specific timeframe. According to agency theory, wherein managers act as agents and shareholders as principals, a higher proportion of independent Board of Commissioners members leads to more effective oversight of the company, thereby enhancing financial performance. Likewise, previous research conducted by [13] and [12] said that the independent Board of commissioners significantly and positively affects financial performance. With the existing explanation, the fourth hypothesis (H_{4a}) for NPM is accepted.

Influence of Board of Commissioners Size on ROA Ratio

Influence of Board of Commissioners Size on ROA Ratio

Compared to NPM, the board of commissioners does not influence financial performance when measured using ROA with a significance of 0.428> 0.05 and a calculated t value of 0.798 < 1.995 in Table 8 and line with previous research conducted by [30] and [33] stated that the board of commissioners does not influence financial performance (ROA). One of the most likely causes is that inappropriate decision-making results in an increase in membership. The proportion of board members will affect the company's ROA. This may indicate misstatements in financial reporting as well as efforts for management. With the existing explanation, it can be stated that the fourth hypothesis (H_{4b}) ROA is rejected.

CONCLUSION

From the findings of the tests, it can be inferred that:

1. Intellectual Capital (IC) has a negative influence on financial performance as measured using NPM and has a significant positive influence when measured using ROA.
2. The proportion of institutional ownership does not affect financial performance measured using NPM and has a significant positive influence when measured using ROA.
3. The proportion of the audit committee has a significant positive influence on financial performance as measured using NPM and has no influence on ROA (financial performance).
4. The board of commissioners has a significant positive influence on financial performance as measured using NPM and has no influence when measured using ROA.

In addition, when viewed using the adjusted R Square value on ROA with a presentation of 48% and NPM with a presentation of 33.3%. This research can only explain 48% and 33.3% of the available variables. Therefore, the authors

suggest adding variables by considering other variables that could influence financial performance.

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