

## The Company's Financial Achievement Is Influenced By Intellectual Capital

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**Abstrack:** The purpose of this study is to detect the financial performance of companies in the financial sector that is influenced by intellectual capital. Secondary data of companies in the financial sector listed on the IDX for the period 2017-2019 became the source of research data and were analyzed using the partial least square (PLS) analysis method. This study shows the results that the company's financial performance is negatively affected by HCE, but is positively influenced by SCE and CEE. While the participation of IC has a significant effect on financial performance, there is no distinction between distinct sub-sectors.

**Keywords:** Intellectual Capital, Company Financial Achievement.

**Abstrak:** Tujuan penelitian ini untuk mendeteksi kinerja keuangan perusahaan bidang keuangan yang dipengaruhi *intellectual capital*. Data sekunder perusahaan bidang keuangan yang terdaftar di BEI periode tahun 2017-2019 menjadi sumber data penelitian dan dianalisis dengan metode analisis *partial least square* (PLS). Penelitian ini menunjukkan hasil bahwa kinerja keuangan perusahaan dipengaruhi oleh HCE secara negatif, namun dipengaruhi positif oleh SCE dan CEE. Sedangkan peranserta IC berpengaruh signifikan atas kinerja keuangan tidak ada bedanya antar sub-bidang yang berlainan.

**Kata kunci:** *Intellectual Capital*, Kinerja Keuangan Perusahaan.

### INTRODUCTION

The growth of information and connection technology and the increasingly rapid and open flow of globalization show companies that the picture of dynamic changes in the business sector has occurred. The increasingly competitive business competition due to the impact of globalization is not only local but also global. For managers, the response to changes in the impact of globalization becomes a challenge in itself to improve their financial performance by using their own business strategies, so that they can make significant changes in their business environment.

A company can create a competitive advantage in the competitive sphere of its business and will add value to its business, if the company has a "healthy" financial performance. According to Widyaningdyah and Aryani (2013), if a company is able to create economic value that is higher than other companies in the industry, the company

can be said to have a competitive stand. Competitive advantage and robust financial achievement can also be formed from the proper and wise use of resources.

Financial performance can be measured by the profit parameter, for that profit here is the goal of the company's achievement which can later be used for survival. According to Chusnah, Zulfiati, & Diana, (2014), the company's financial achievement will be better if it is indicated by better profit growth, therefore profit is used as the basis for measuring company performance. The refinement of the company's financial achievement is sourced on two components, namely Financial Capital and Intellectual Capital (Budiharjo, 2016). According to the conventional management of Financial Capital, one of the elements is a tangible asset that can be used to improve company performance. However, if there is scarcity and difficulty obtaining the company's asset resources, the manager must seek and find other asset resources capable of taking over the function of tangible assets at the same time.

Tangible assets (tangible assets) and intangible assets (intangible assets) or known as intellectual capital (IC) are the resources owned by the company. The company's mission in increasing company profits can help if the company can allocate its resources efficiently and effectively and can be seen when company managers manage tangible assets and intangible assets simultaneously.

Kamath (2015) also presents the results of his research, that it is not only from physical and financial assets to produce financial performance but can also be seen from the value of intellectual assets, such as; the costs incurred for development and research, the relationships the company maintains with customers and suppliers, human capital, skills, policies and organizational structure. According to Devi, Khairunnisa & Budiono, (2017) that every company can increase its company's capacity properly if the Intellectual Capital has the ability to repair the company's financial achievement, advances in technology and sophisticated information as well as faster information gathering.

IC foundations that promote company achievement accommodate science, competency, intellectual asset, brands, prestige, and client relationships (Janosevic and Dzenopoljac 2014 in Dzenopoljac, V 2016) ". A similar opinion is also expressed by Crane and Bontis, (2014), that the knowledge that is in employees is the most valuable asset in a company, this is an advantage that the organization has obtained. The main venture design that trust on riches mintage by way of the expansion, distribution, and application of corporate intangible assets or ICs has been supported by a knowledge-based economy.

The potential strategy that can be utilized through IC is a knowledge-based strategy (IC), and this strategy is more capable of creating a competitive advantage than a physical-based strategy. In addition, by utilizing knowledge-based resources, companies can monitor the market quickly, take opportunities and predict the risks that will take place in the company. The creation of value and driving organizational performance by IC is identified as a central resource. IC plays an important role for companies that will achieve and participate in a competitive advantage. The company's dilemma in facing today's global business competition can be answered with optimum utilization of intellectual resources or IC. Intellectual Capital is the total amount of wealth or assets known to everyone owned by a company that can provide a competitive advantage (Sharma, 2018).

The disclosure of IC in the annual report by the company is still voluntary (voluntary), resulting in the company's lack of attention to IC and it will make it difficult

for prospective or investors to make an analysis and evaluation of the company's future opportunities based on the intellectual capital opportunities they have (Ulum I et al. , 2014).

Value added that comes from technology and knowledge is only owned by companies with high intellectual capital. Meanwhile, natural resources and still applying the traditional system are mainly used by low intellectual capital companies. Based on the information above, it is evident that companies or industries in Indonesia, especially publicly listed companies, are interested in a conventional basis and a little bit to the technological basis. Companies in Indonesia wish to compete globally, with a corporate strategy that must be able to create various innovations and increase creativity to become a superior company compared to other business competitors.

Research on IC is also carried out by researchers in Indonesia. Ang and Hatane (2014) examined the banking division in Indonesia. The results show that physical capital is the variable that most consistently affects profitability, employee productivity and asset turnover (ATO).

According to Pulic (2000), "all value excogitation processes in ventures today must be gauged and documented for administer value excogitation on the company, optimize potential, and maximize value in the market". In increasing the value added, the company requires the right measurement regarding physical capital and intellectual capital. The VAIC method is utilized to guage a company's intellectual capital. In the VAIC method, there are components to form IntellectualCapital; Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE) and Capital Employee Efficiency (CEE). capital. Human Capital is based on a variety of knowledge designs that are mastered globally and specifically

The effect of VAIC in company achievement at 93 manufacturing companies on the Indonesia Stock Exchange results that financial achievement is significantly affected by VAIC (Nuryaman, 2015). Unidirectional with three other watchfulness. First, watchfulness conducted by Khan and Raushan (2018) with the results of a significant positive effect among VAIC on financial achievement in the Information and Technology Industry in India. And the second researcher Ozkan, Cakan and Kayacan (2017) produced research on the effect of VAIC on financial achievement in financial institutions (banking) on the Borsa Istanbul Exchange. Meanwhile, the third researcher conducted at the Information Communication and Technology company in Arab by Bontis, Janosevic and Dzenopoljac (2015) also produced a significant positive clout among VAIC on financial achievement.

The same watchfulness was also carried out, but the results were different by Ciptaningsih (2013) who studied the effect of VAIC on financial achievement in BUMN companies on the Indonesia Stock Exchange with no effect. The same result was also carried out by Salim and Karyawati (2013) with the results of their research that the only component that makes up IC, namely SCE, has no impact on financial performance. Likewise, the research conducted by Wijaya and Wiksuana (2018) shows the same results as Salim and Karyawati's research, except that the objects used in the Hotel, Restaurant and Tourism sub-division on the Indonesia Stock Exchange. The two components that make up IC, HCE and SCE do not affect the firm performance of the research results from Bontis et al. (2015) conducted on the hotel industry in Serbia.

The results of research conducted by researchers on the clout of intellectual capital on company financial achievement still provide various answers. Some research results find that IC has a positive clout on financial achievement, but there are also it who find that IC has a negative effect on fiscal achievement. These different results encourage researchers to raise research by seeing for other empirical substantiation concerning the clout of IC on corporate financial achievement by including the Leverage and Fsiz control variables and analyzing IC's contribution to the company's financial achievement based on different sub-divisions.

This study uses financial performance as the dependent variable, namely Profitability, Return on Assets (ROA), Return on Equity (ROE), Return on Invested Capital (ROIC), and Asset Turnover (ATO). This financial performance parameter is often used in empirical research similar to the investigations that have been conducted on the interaction among IC and company financial achievement (Janosevic et al, 2013).

## THEORETICAL REVIEW

The Watchfulness-Based Theory. Watchfulness Based Theory (RBT) focuses of resources and their dissemination within organizations, reputable to value excogitation, and strategic management disciplines (Peppard and Rylander, 2001). This indicates that a strategic placement of resources can create added value for the company. According to RBT, to expand a competitive advantage, a company must have added value and be excellent to competitors.

Understanding resources for sustainable competitive advantage requires the formation of a theoretical model that starts with the supposition that company resources are heterogeneous and mobile. Not all company resources take hold of the potential for sustainable competitive advantage. However, to have this potential, the company's resources must have four main attributes:(a). Valuable Resources. Reliable resources for sustainable competitive advantage. (b). Rare Resources. A scarce resource that has the potential for sustainable competitive advantage. (c). Imperfectly Imitable Resources. Company resources that are difficult to imitate make the company superior. (d). Non-Substitution. Resources that can be substituted by applying the same strategy and can be used as a substitution strategy.

**Intellectual Capital.** The change in business strategy from labor-based resources to knowledge-based resources gives the view that intellectual capital also develops in a knowledge-based economic environment. Intellectual capital is the intellectual material of knowledge, information, intellectual property rights, and experie

Kartika and Hartane (2013: 17) conclude that: "Intellectual capital is the main asset of a company besides physical and financial assets". So in managing physical and financial assets, a reliable ability of intellectual capital and the mindset of the workers themselves are needed in producing a valuable product and organizational governance as well as establishing relationships with external parties ".

**Intellectual Capital Components.** The difference between income (input) and all costs (output) will result in intellectual capital which is value added. Henceforth, intellectual capital in added value is divided into three components: (1). Human Capital Efficiency Increased financial performance can be motivated by high human capital, Baroroh (2013;

174). Added value can be created through good human capital management and combining the knowledge, skills, innovation and ability of individuals to carry out their duties or the knowledge, competencies and skills of employees can be utilized and developed efficiently which will result in increased company human capital. (2). Structural Capital Efficiency According to Baroroh (2013) Organizational capabilities in infrastructure, procedures, routines, culture and information systems are supported by workers' efforts to produce optimal intellectuals. Increasing worker productivity can be assisted by structural capital as good infrastructure and procedures for the company. (3). Capital Employee Efficiency / Relational Capital The harmonious relationship that the company has with its colleagues and also the management of physical capital in creating value added by the company is a description of intellectual capital (Ulum, 2013). According to IFAC Intellectual Capital is classified into three, namely: "(1) Organizational Capital includes (a). Intellectual property and (b). Infrastructure assets, (2). Relational Capital, and (3). Human Capital.

**Measurement of Intellectual Capital.** Pulic has developed a mensuration of intellectual capital called the value added intellectual coefficient (VAICTM) method which is designed to provide information regarding value creation efficiency tangible assets and intangible assets and is used as a measurement tool for the company's intellectual capital achievement, as well as a very feasible approach because it is relatively easy. and the accounts can be interpreted in the company's financial statements (balance sheet, profit and loss, cash flow, changes in capital), Ulum (2013). In addition, the VAICTM method is also used to measure the efficiency of intellectual capital and capital employed in order to know how far and how the value is created based on the relationship with the three main elements, namely (1). Humancapital, (2). Structuralcapital, (3). Employeecapital.

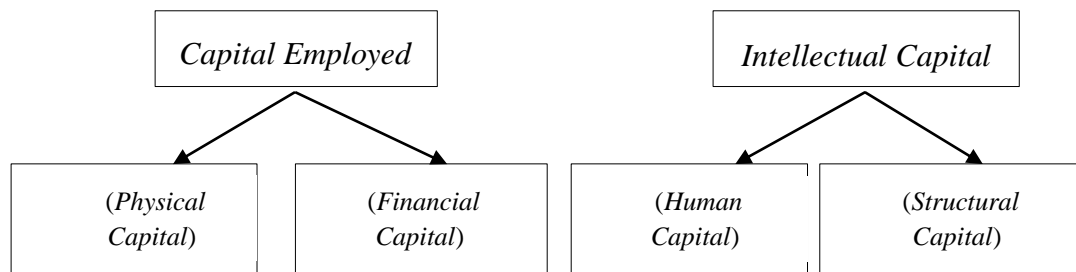
The VAICTM model of the company's capability to produce VA (value added). The VA itself is obtained from the difference among the output and the input to produce VA. The Pulic model has a key aspect of "treating human resources as value creation entities. The components in this model consist of 3 main components: (1). Value Added Capital Employee (VACA). Value added parameter that is formed by a unit of physical capital. Vaca describes how much added value is generated from the company's capital used. (2). Value Added HumanCapital (VAHU). The relationship between VA and HC is indicated by the VAHU ratio. How much value added (value added) is generated from the funds used for labor costs. (3). Structural Value Added Capital (STVA). The amount of SC required to produce 1 rupiah from VA and as a parameter to measure the success of SC in value formation.

The calculation steps and formulation of VAICTM are as follows: (a). First: Calculation of Value Added (VA), (b). Second: Calculation of Value Added Capital Employee (VACA), (c). Third: Calculation of Value Added Human Capital (VAHU), (d). Fourth: Structural capite valuer addeed (STVA) calculation, (e). Calculation: Value Added IntellectualCoefficient (VIAC).

**Pulic model. Ante Pulic (1998)** examines "the mensuration of value added efficiency in companies". It has also developed a tool to measure the contribution of tangible resources and intangible resources to the excogitation of company value called the value added

intellectual coefficient (VAIC <sup>TM</sup>), thereby making it easier to apply because the data taken comes from accounts in the company's financial statements.

The VAIC <sup>TM</sup> model in the first stage is the determination of the company's IC efficiency consisting of humancapitalefficiency and structural capacity (HCE and SCE). Besides HCE and SCE, Pulic, (2010) also adds physical capital and financial capital elements as IC boosters when providing companies with added value. These elements are called capital employedefficiency (CEE). The description of the VAIC elements can be illustrated in Figure 1 for easy understanding.



**Figure 1.** Types of Capital based on Pulic  
Source: Pulic (2000) in Widyaningdyah and Aryani (2013).

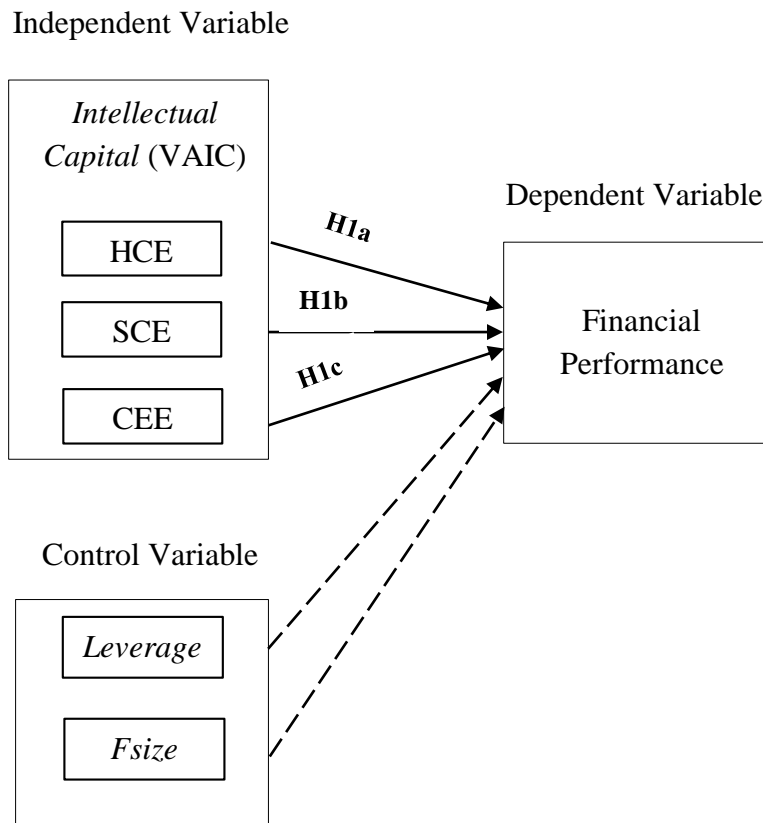
The use of IC, physical capital and financial capital in VAIC <sup>TM</sup> emphasizes the overall efficiency of the company. It can be said that the focus of the VAICTM approach is to determine the relative involvement of IC, physical and financial capital when forming value (Dzenopoljac V et al., 2014 in Dzenopoljac V, 2016).

**Company Financial Achievement.** Financial achievement measures are generally used to measure company performance. Company achievement is a description of the company's financial situation whose is analyzed with financial analysis tools, so that it can be visible concerning the right and ugly financial situation of the company which reflects work achievement in a certain period ”, Izati and Margaretta (2014).

The development and competitiveness of companies in today's business world aims to maintain the company's existence based on good financial performance. The application of intellectual capital by companies can create added value by using three elements of its efficient parameters, namely capital employee efficiency (VACA), human capital efficiency (VAHU), and structural capital efficiency (STVA), which is measured by value added intellectual capital (VAIC).

### Framework for Thinking and Hypothesis

The first hypothesis in this study examines the clout of the elements of intellectual capital on the company's financial achievement using the independent variables Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), and Capital Employed Efficiency (CEE). This research also uses Firm Size and leverage control variables. Return on Equity (ROE), Return on Asset (ROA), Return on Invested Capital (ROIC), Profitability, and Asset Turnover (ATO) are the dependent variables. In order to make it easier to understand this research, the following is a picture of hypothesis one framework.



**Figure 2.** Framework for Thinking

The measurement of the second hypothesis regarding the role of IC on different sub-divisions was measured using the One-way ANOVA test. The role of IC can be identified by dividing it into 3 groups, namely tall intellectual capital, temperate intellectual capital, and low intellectual capital. Since this second hypothesis aims to compare the participation of IC among different sub-divisions, the form of the framework in this hypothesis is not used.

**Hypothesis Development.** The achievement of the company's financial achievement is influenced by the important role of intellectual capital (IC) so that the effective and efficient use of resources needs to be carried out by the company while being suppressed by Value added intellectual capital (VAIC). IC is the main resource and the driver of the performance and the formation of company value, thus forming and maintaining a competitive advantage is an important role for IC. In order to know the impact of physical and financial capital as well as the impact of IC efficiency on financial performance, it is necessary to separate the VAIC elements. "IC consists of HCE and SCE and physical capital and financial capital consists of CEE".

Individual knowledge of every employee in the company is capital that cannot be taken by anyone, this is related to HCE. An increase in the company's financial achievement can be affected, if the quality of employees is used optimally. Research on the effects of IC on market value and corporate financial achievement conducted by Maditinos, D et al., (2011) resulted that "overthere is a significant interaction between

HCE efficiency and financial achievement". This testing hypothesis based on the explanation above is:

**H1a:** Human Capital Efficiency (HCE) has a positive effect on Company Financial Achievement.

SCE is the interaction between quality and the company's internal work culture (not the quality of individual employees) and human capital supporters to improve financial performance, as well as being one of the big promoters to maximize the company's potential. The increasing financial performance of a company will provide a competitive advantage among its business competitors, if the culture and corporate governance are well maintained and utilized. Rehman (2015) conducted a learn at "the effect of SCE on company financial achievement" with an analysis of "the influence of HCE, SCE, and CEE on financial performance". Where the research resulted in "the positive influence of HCE, SCE, CEE on financial performance, the dependent variable is proxied by EPS, ROE, and ROI". On the basis of this explanation, the hypothesis testing is as follows:

**H1b:** The company's financial achievement is positively influenced by Structural Capital Efficiency (SCE).

The use of a combination of physical capital and financial capital (CEE) to continue their operational activities by some companies still uses the traditional economic paradigm. CEE is a value Added Capital parameter that is utilized in the company. The company's capability to manage physical capital and financial capital to the maximum is evidence that a high CEE value can reflect a good company's financial achievement. Vishnu, S., & Kumar Gupta, V. (2014) have conducted their research related to the impact of IC on achievement. The results prove that CEE has a positive impact on achievement as gauged through ROA and ROS.

**H1c:** Positive impact of Capital Employed Efficiency (CEE) on Financial Achievement Company.

Companies will be seen to be more effective and efficient in carrying out their activities, it is necessary to segment the company into several sub-sectors. Creating added value and creating competitive advantage for the company depends on how well managers manage company resources. Where different financial achievement is generated by different resources among the sub-sectors. Research on the participation of IC on the financial achievement of companies among the ICT sub-division, with the results of his watchfulness proving that "there is no difference in the participation of IC on financial achievement between different sub-sectors" was also conducted by Dzenopoljac V et al., (2016).

**H2:** The achievement of intellectual capital (IC) for the company's financial achievement does not differ among sub-sectors.



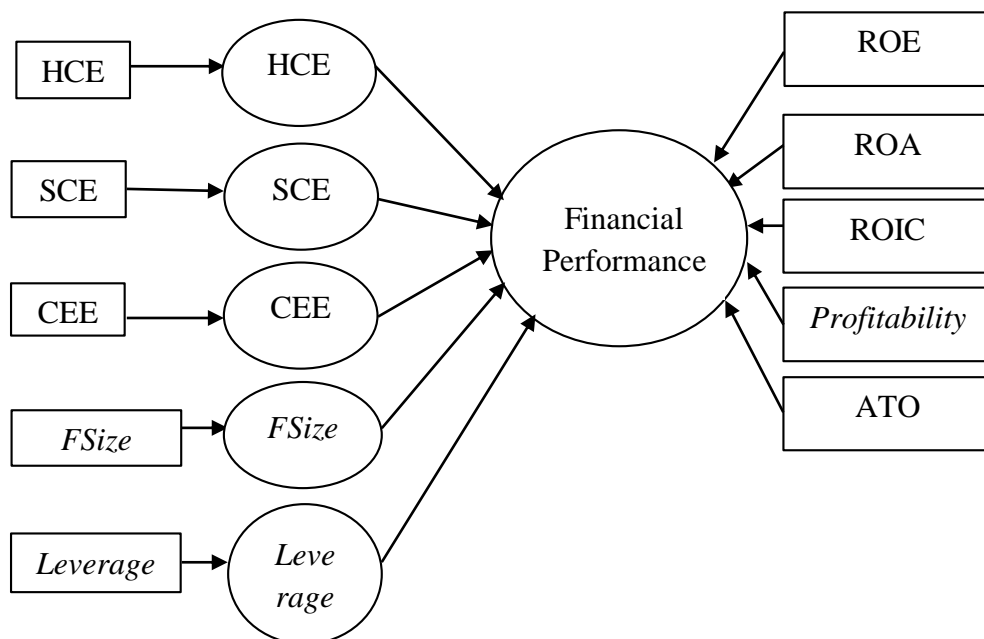
## METHODS

The focus of this study population is all companies in the financial division that are "listed and listed on the Indonesia Stock Exchange". The use of purposive sampling method in determining the sample with the requirements of the criteria that have been determined in this study are as follows: (a). Financial division companies listed on the IDX for the period 2017 - 2019. (b). Financial division companies that were not delisted in the 2017-2019 period. (c). Financial division companies that did not experience losses during the 2017-2019 period. (d). Financial division companies that have complete data information in accordance with research needs. This research uses secondary data obtained from "annual reports and audited financial statements" in financial division companies for 2017-2019. [www.idx.co.id](http://www.idx.co.id) and website.

Partial Least Square (PLS) is a data analysis method used in this research by implementing Structural Equation Modeling (SEM) which aims to predict variable Y (dependent) from variable X (independent) ". PLS is used to build relationships for which there is no theoretical basis or for propositional testing and can be used as theoretical confirmation and can also be used when the theoretical basis for model pattern is faint and the measurement parameters do not meet the ideal measurement model (Ghozali, 2006).

Financial achievement consists of five parameters, namely ROE, ROA, ROIC, profitability, and ATO, while intellectual capital consists of three indicators, namely HCE, SCE, and CEE which are treated as latent variables which are PLS in research. Each construct influences the direction of the causative interaction from the parameter to the construct. The argument of this research uses the PLS method because it can be implemented in all proportions of data (ordinal, category or nominal), does not require many presumptions, and the sample size does not have to be large, namely > 30 samples. Compared to the sample size of the SEM model which requires hundreds of samples, the sample size requirements are relatively small

The partial least square (PLS) analysis method with the smartPLS analysis tool was used to measure hypotheses 1a, 1b and 1c. Meanwhile, to measure the second hypothesis that identifies the participation of IC on financial performance among sub-divisions using analysis of variance, namely "one-way ANOVA test".



**Figure 3.** the use of PLS in conceptual research models

Based on the analysis form and the conceptual form above, then a path analysis of all variables can be made in the PLS structural form (inner model) and measurement form (outer model).

**Operational Definition of Research Variables.** The operational definition of this research variable is shown in tabular form with the calculation formula as follows:

**Table 1.** Operational Variable

VARIABLE	FORMULA
Independent Variable : <i>Value Added (VA)</i> =	Operating profit + employee salary expenses + Depreciation + Amortization VA
<i>Human Capital Efficiency (HCE)</i> =	$\frac{VA}{HC}$ (1)
<i>Structural Capital Efficiency (SCE)</i> =	$\frac{VA}{SC}$ (2)
<i>Capital Employed Efficiency (CEE)</i> =	$\frac{VA}{CE}$ (3)
<i>Value Added Intellectual Coefficient (VAIC)</i> =	$HCE + SCE + CEE$ (4)
Dependent Variable :	

<i>Return On Equity (ROE) =</i>	$\frac{\text{Net Income}}{\text{Total Shareholder's Equity}} \quad (5)$
<i>Return On Assets (ROA) =</i>	$\frac{\text{Net Income}}{\text{Total Assets}} \quad (6)$
<i>Return On Invested Capital (ROIC) =</i>	$\frac{\text{Operating Profit}}{\text{Invested Capital}} \quad (7)$
<i>Profitability =</i>	$\frac{\text{Operating Profit}}{\text{Book Value of Total Assets}} \quad (8)$
<i>ATO =</i>	$\frac{\text{Total Revenues}}{\text{Book Value of Total Assets}} \quad (9)$
Control Variable:	
<i>FSize =</i>	$\text{Ln.TotalAssets} \quad (10)$
<i>Leverage =</i>	$\text{Total debt/total assets} \quad (11)$

**Method of Analysis.** Structural models in PLS are evaluated using R2 for dependent constructs, path coefficient values or t-values for each path to test the significance between constructs in structural models (Abdillah W, and J Hartono., 2015). In assessing the model with PLS, it starts by looking at the R-square for each endogenous (dependent) pent variable. Changes in the R-square value can be utilized to assess the clout of paticular independent pent variables in the dependent pent variables if they possess a substantive effect (Ghozali, 2006). The supreme the R-square value, the preferable the predicted model will be

The path coefficient value or T-test is utilized to indicate the significance stage of testing the hypothesis model. The T-statistic value must be above the T-table, which is above 1.96 for two-tailed or above 1.64 for one-tailed at a significance ( $\alpha$ ) of 5% and 80% power (Hair et al., 2008).

The mensuration model is utilized for test construct validity and appliance reliability. The validity test was conducted to determine the capability of the watchfulness instrument to gauge what it should be gauged (Cooper et al., 2006). The test carried out on the outer model is the validity test; which consists of construct validity, convergent validity, and discriminant validity and reliability tests.

Reliability test is used to gauge a concept in order to maintain the consistency of measuring instruments, in this case measuring the consistency of respondents' answers to the question items on the questionnaire or research instrument. (Abdillah W, and J Hartono., 2015). However, for the formative indicators the testing of significance of weights and multicollinearity was used. To see the outer weight of each indicator by looking at its significance. In particular, no matter the outer weighting scheme used in PLS

(mode A, mode B, or mode C), the resulting hidden variables are always modeled as composites (Henseler, 2010).'

**One-Way ANOVA Test.** One-way ANOVA test is the connection among one dependent variable and one independent variable that is used to test the average difference between three or more samples using the F distribution, namely the comparison between estimates between groups variance (mean-squares) and estimates within groups variance (mean-squares). The total variance in the dependent variable is considered to have two components, namely the variance originating from the independent variable and the variance originating from other factors. The variance in the other factors is called the error or residual variance. Variables derived from independent variables are called explained variance. If between group (explained) > within group (residual), then the difference between means values is random.

The second hypothesis in these study goal to verify the contribution from IC to the company's financial achievement among different sub-sectors. The method of analysis of variance (One-Way ANOVA Test) was used in testing this hypothesis. In decision interpretation, the one-way ANOVA test can be identified in two ways, namely: (1). Comparing F count with F table. (2). Profitability value (P-Value)

## THE RESULTS OF STATISTICAL TESTS

The number of financial division company annual report data listed on the IDX for the 2017-2019 period was successfully collected and summarized and the sample for this study was 174 companies, with the number of companies analyzed per year as many as 58 companies. More detailed data is presented in the table below:

**Table 2.** a Discription of the Research Sample.

Criteria	Total
Financial Sector Companies in one years	90
Companies that are delisting during 2017-2019	3
Companies that have just been listed during 2017-2019	8
Companies moving into the non-financial sector	1
Companies that incurred losses between 2017-2019	20
Number of samples for one year	58
<b>Number of sample for three years</b>	<b>174</b>

Source: Secondary data processed, 2021

From the table above, the sample taken is as many as 58 companies consisting of: 28 banking sub-divisions, 16 financing institution sub-divisions, 7 securities sub-divisions, 6 underwriting sub-divisions, and 1 other sub-division.

**Inner Model Testing.** Explanation of the R-square value is intended to explain the extent to which the dependent variable can be clarified by the independent variable. Can be visible at the next table :

**Table 3.** Coefficient of Determination  
The clout of IC components to the Company's Financial Achievement

	R-Square
HCE	
SCE	
CEE	
<b>Financial Performance</b>	0.811

Source: PLS outcome processed, 2021

The coefficient of determination R<sup>2</sup> of the financial performance variable is 0.821, meaning that intellectual capital can affect financial performance by 81.1% whilst the still existing 18.9% affects another variables thereof of this research model.

**Hypothesis test.** The path coefficient value is used to indicate that the T-table value is smaller rather than the T-statistic value to get a significant effect.

**Table 4.** Inner model T-Statistic

	<i>Original Sample</i>	<i>Sample Mean</i>	<i>Standard Deviation</i>	<i>T-Statistics</i>
<b>HCE -&gt; Achievement Financial</b>	-0.050	-0.052	0.052	0.969
<b>SCE -&gt; Achievement Financial</b>	0.287	0.272	0.086	2.890
<b>CEE -&gt; Achievement Financial</b>	0.865	0.868	0.152	5.453
<b>FSIZE -&gt; Achievement Financial</b>	0.034	0.043	0.051	0.711
<b>LEV -&gt; Achievement Financial</b>	-0.079	-0.121	0.320	0.453

Source: PLS outcome processed, 2021

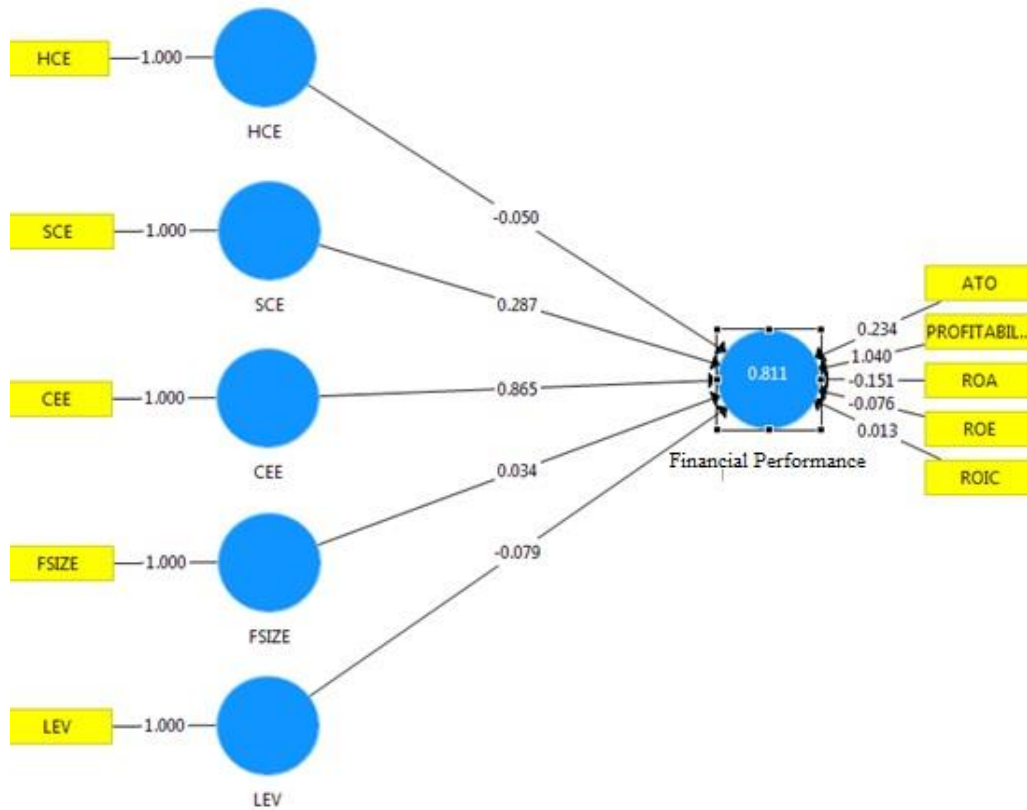
The results of the Inner Model T-statistic show that HCE has a negative clout to the company's financial achievement, which meant that H1a is rejected. In table 4 above, it is evident that the T-statistic value of HCE on financial performance is 0.969 which is smaller than the t-table, namely  $0.969 < 1.96$  and is significant as shown in the path coefficient value of -0.050.

The results of the SCE test have a positive significant clout to the company's financial achievement as evidenced by the Inner T-statistic model that the coefficient value is 0.278 and the t-table value is smaller than the T-statistic value, namely  $2.890 > 1.96$  with a significant value of 5%. It means that Hypothesis 1b is accepted.

The outcome from the Inner model T-statistic show that CEE has a significant positive clout in the company's financial achievement, what is meant is Hypothesis 1c is fulfilled. It can be explained that the t-table value is smaller than the T-statistic value, namely  $1.96 < 5.453$  and the path coefficient value of 0.797.

**Outer Model.** This test is towards inspect the clout of the elements of intellectual capital (Human Capital Efficiency, Structural Capital Efficiency and Capital Employed

Efficiency) on the company's fiscal achievement as proxied by Return On Equity (ROE), Return On Assets (ROA), Return On Invested Capital (ROIC). , Profitability, and Asset Turnover (ATO).



**Figure 4.** describes the test model

Source: PLS outcome processed, 2021

The formative parameters in this study use outer weight analysis, the results are shown in table 6 below:

**Table 6.** Outer oadings

	HCE	SCE	CEE	Financial Performance	Fsize	Leverage
HCE	1.000					
SCE		1.000				
CEE			1.000			
Fsize					1.000	
Leverage						1.000
ROE				-0.076		
ROA				-0.151		
ROIC				0.013		
PROFIT				1.040		
ATO				0.234		

Source: Outcome PLS processed, 2021

**Table 7.** Outer Weight Test Value

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T-Statistics ((O/STDEV))</i>
<b>HCE&lt;-HCE</b>	1.000	1.000	0.000	
<b>SCE&lt;-SCE</b>	1.000	1.000	0.000	
<b>CEE&lt;-SCE</b>	1.000	1.000	0.000	
<b>FSIZE - &gt;FSIZE</b>	1.000	1.000	0.000	
<b>LEV -&gt;LEV</b>	1.000	1.000	0.000	
<b>ROE -&gt;achievement Financial</b>	-0.067	-0.101	0.170	0.446
<b>ROA -&gt;Achievement Financial</b>	-0.161	-0.113	0.295	0.514
<b>ROIC -&gt;Achievement Financial</b>	0.023	-0.016	0.244	0.053
<b>PROFITABILITY -&gt;Achievement Financial</b>	1.030	1.018	0.223	4.669
<b>ATO -&gt;Achievement Financial</b>	0.234	0.226	0.082	2.847

Source: PLS outcome processed, 2021

The conclusion from the results of the inner model and outer model above is that the criteria that are met are  $1.96 < T\text{-statistic (one-tailed)}$  or  $1.64 < T\text{-statistic (two-tailed)}$  on the independent variables SCE and CEE on the dependent variable that can meet These criteria are Profitability and ATO. Meanwhile, for the control variable, none of the T-statistic criteria were met.

**One-way ANOVA test.** The second hypothesis at these study is first to calculate the value of  $VAICTM = HCE + SCE + CEE$ . Next divide the IC levels into three groups: (1). Group 1: 58 samples of the High Intellectual Capital category, (2). Group 2: 58 samples of the Moderate Intellectual Capital category. (3). Group 3: 58 samples of the Lower Intellectual Capital category.

**Table 8.** One-way ANOVA test results

		Sum of Squares	df	Mean Square	F	Sig.
ROE	Among Groups	.041	3	.017	6.007	.003
	Inside Groups	.535	151	.003		
	Total	.767	163			
ROA	Between Groups	.007	3	.003	3.564	.018
	Within Groups	.162	151	.002		
	Total	.170	163			
ROIC	Between Groups	.023	3	.006	4.608	.021

	Within Groups	.239	151	.002		
	Total	.259	163			
PROFIT	Between Groups	.006	3	.003	3.872	.012
	Within Groups	.168	151	.002		
	Total	.178	163			
ATO	Between Groups	.473	3	.232	9.395	.001
	Within Groups	3.893	151	.013		
	Total	4.697	163			

Source: Secondary data processed by SPSS, 2021

Table 8, the outcome of the One-way Anova test, shows that the proxies for financial performance are as follows: ROE 0.003, ROA 0.18, ROIC 0.021, Ptofitability0.012 and ATO 0.001. The significant values of the five proxies of financial performance are below 5% or  $<0.05$ . It can be concluded that  $\alpha$ -value  $<0.05$ ,  $H_0$  is rejected and  $H_a$  is accepted, which means that in IC participation there are significant differences in the company's financial performance between different financial sub-divisions, so that further testing is needed.

The following is a summary of the results of hypothesis testing for hypothesis 1a, hypothesis 1b, and hypothesis 1c and hypothesis 2

**Table 9.** Summary of Hypothesis Testing Results

	Hypothesis	Score	Output
<b>H1</b>	a. Financial achievement is negatively affected by <i>Human Capital Efficiency</i> (HCE)	<b>0,94 &lt; 1,96</b>	<b>Rejected</b>
	b. Financial achievement is positively influenced by <i>Structural Capital Efficiency</i> (SCE)	<b>2,97 &gt; 1,96</b>	<b>Be Accepted</b>
	c. Financial achievement is positively influenced by <i>Capital Employed Efficiency</i> (CEE)	<b>5,35 &gt; 1,96</b>	<b>Be Accepted</b>
<b>H2</b>	IC contribution for financial achievement there is no significant difference among difference sub divisions	<b>(0,001, 0,026, 0,012, 0,021, 0,000) &lt; 0,05</b>	<b>Rejected</b>

Results Interpretation. Hypothesis 1a: The company's financial achievement is influenced by Human Capital Efficiency. After testing, this study found that the company's financial achievement is negatively influenced by human capital efficiency (HCE), which is indicated by the inner model test result value, T-statistic  $0.96 < 1.96$ , then for hypothesis 1a it is rejected.

The outcome of these study indicate that Indonesia is still unable for properly use human capital in financial division companies. If companies are able to use knowledge from workers, human capital will increase. In this study, it is still evident that the participation of human resources has not been reliable in improving financial performance

Hypothesis 1b: the company's financial performance is affected by structural capital efficiency (SCE). This research test resulted in the finding that the company's financial performance is positively influenced by structural capital efficiency (SCE) with the inner model T-statistic test value of  $2.89 > 1.96$ , then Hypothesis 1a is accepted.

The results of this study to test hypothesis 1a indicate that structural capital governance in financial division companies is good enough. Motivation for improving the



company's financial performance in the financial division has been assisted by a corporate management culture, the existence of a trademark and the quality of internal operations.

Hypothesis 1c: the company's financial performance is affected by capital employed efficiency (CEE). The test outcome of these study show that CEE is the component that has the greatest affect in the company's financial achievement. The increase in the financial achievement of companies at the financial division is still largely affected by the role of physical capital and financial capital.

The both hypothesis; The role of intellectual capital (IC) at the company's financial achievement among different sub-divisions. Table 8 above shows that the participation hypothesis of intellectual capital on the company's financial achievement varies between sub-divisions. This can be shown in the outcome of the one-way ANOVA test where the significant value of ROE is 0.003, ROA 0.018, ROIC 0.021, Profitability 0.012, ATO 0.001, these five values are smaller than the significant value of 0.05 or 5%, so the conclusion that hypothesis 1c is rejected.

The findings of these learn are inconsistent with watchfulness managed by Dzenopoljac, V et al, (2016) whose found lest "there is no difference in financial performance between different sub-sectors". In this study, there are findings of differences in financial achievement between sub-divisions.

## CONCLUSION

Companies that have the ability to apply and utilize knowledge capital will be used as a competitive advantage factor for other companies. When the knowledge capital is maximally managed, it will achieve maximum profit and added value for the company. It is important to know that the use of IC and knowledge is highly significant for the company, in that it can impact the company's capability to be competitive in the worldwide market.

The conclusions from Chapter IV of the results of the analysis and discussion are: (1). According to the test outcome of the PLS analysis method, it was found that there was a significant effect of human capital efficiency (HCE) on the financial achievement of the financial division companies, but negatively. Then H1a was rejected. (2). According to the test results of the PLS analysis method, it was found that the financial achievement of the financial division companies was significantly positively affected by structural capital efficiency (SCE). This means H1b is accepted. (3). According to the test results of the PLS analysis method, it was found that the financial achievement of the financial division companies was significantly positively affected by capital employed efficiency (CEE). Then H1c is accepted. (4). According to the results of the One-way ANOVA test analysis method, it was found that the participation of IC in financial performance was different between different sub-divisions. Then H2 is rejected.

**Suggestion.** From the results of this study, we will try to put forward some suggestions with regard to what has been concluded: (1). The results of this study still provide evidence based on tests that have been carried out on financial companies listed on the IDX for the 2017-2019 period and publish financial reports consistently every year. The researcher hopes to expand the number of financial companies to meet the predetermined criteria so that they can be described more perfectly. (2). It is hoped that further research

can try to develop the same research to make it more perfect. (3). In order to obtain more generalizable results, the research period was further extended.

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