

Effect of Intellectual Capital to Financial Performance and Market Value Company Listed in Indonesia Stock Exchange (Idx) Year 2010-2015

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Abstract: The development in the field of economy has an impact on the significant changes toward business management and strategy of companies in Indonesia. One of the companies experiencing intense competition in the economy of Indonesia is company on finance industry. The finance company is one of the knowledge based industries in the service industry, where the company has the characteristics of economics based on science effecting on the importance of intellectual capital value in the company. This study aims to determine how the influence of intellectual capital on financial performance and market value of companies listed on Indonesia Stock Exchange in 2010-2015. The unit of analysis used in this study is all finance companies listed on the Indonesia Stock Exchange consisting of 16 companies. This research data is the company's financial report for 6 years that is in period 2010-2015. The data used is the balance panel data, which then will be analyzed by using Eviews 9. The result of this study shows that intellectual capital has a significant influence and positive relationship on almost all sub-variables financial performance proxied on the ratio of NPM, ROA, ROE, ARTO, TATO, CR, DR, and TIER on finance company, and intellectual capital has a significant influence and positive relationship on variable of market value proxied on MBV on finance company.

Key Words: Intellectual Capital, Financial Performance, Market Value, Finance Company

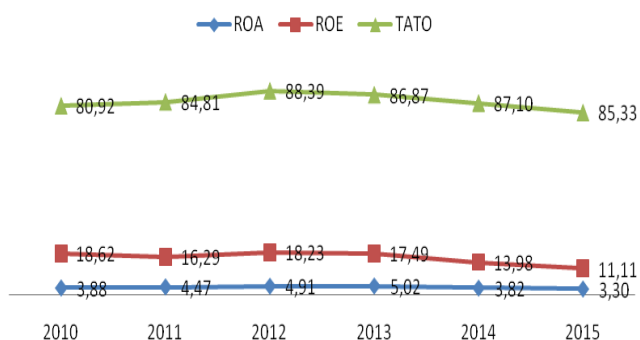
1. INTRODUCTION & LITERATURE REVIEW

The development in the field of economy has an impact on the significant changes toward business management and strategy of companies in Indonesia. One of the companies experiencing intense competition in the economy of Indonesia is company on finance industry. Finance company in Indonesia continues to work in improving business strategies to cope with economic development by improving financial performance and market value. Mangkunagara (2002: 22) reveals that the performance is the result of work both in quality and quantity achieved by a person in carrying out the task according to the responsibility given. Financial performance is a financial achievement illustrated in the financial statements of the company that is the balance sheet and financial performance describing the company's business (operation income). The profitability of a company can be measured by linking the profits derived from the firm's primary activities with the assets used to generate profits (Muslich, 2003: 44). Market value is a ratio that gives a measure of management ability to create a market value of its business above investment costs, aiming to be the benchmark that links the relationship between the common stock price and the overall company's earning Sugiono and Untung (2008: 73).

The finance company is one of the knowledge based industries in the service industry, where the company has the characteristics of economics based on science effecting on the importance of intellectual capital value in the company. Intellectual Capital (IC) is generally defined as the difference between the market value of the firm (business enterprise) and the book value of the company's assets or its financial capital (Ulum, 2009: 21). Bukh et al. (2005) defined IC as a resource of knowledge in the form of employees, customers, processes or technologies in which a company can use it in the process of creating value for the company. Meanwhile, according to Bontis et al. (2000) stated that in general, the researchers identified three main constructs of IC, namely: human capital (HC), structural capital (SC), and customer capital (CC) (Ulum, 2009: 30). The growth of finance companies in Indonesia continues to change, where there was increasing performance from 2010 to 2012, and in 2013 to 2015 financial performance of finance companies has been decreasing. It can be seen in the financial ratios of finance companies in graph 1.

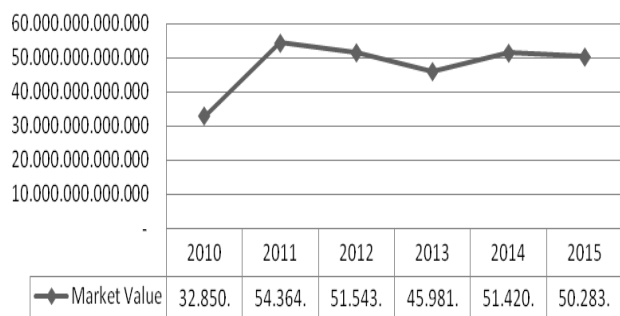
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Graph 1: Financial Ratios of Financing Companies Listed on IDX Period 2010-2015



The market value of the finance industry also experienced downward trend since 2010 to 2015.

Graph 2: Market Value of Financing Companies Listed on IDX Period 2010-2015



In graph 2, it is illustrated that the market value of finance companies listed on the IDX in 2010 to 2011 has increased by Rp 21,514 trillion rupiah, but by the end of 2011 to 2013 the market value has decreased by Rp 8,383 trillion in which the market value was recorded by Rp 51,543 trillion in 2012 and Rp 45,981 trillion in 2013. In 2014, the market value got increased back to Rp 51,420 trillion and got decreased back to Rp 50.283 trillion in 2015.

In the business world, financial performance and market value are important factors that must be measured to assess the company in the future in order to attract investors. The better the performance of a company, the greater the company will get investment opportunities. This study will perceive at the effect of IC on financial performance and market value on finance companies listed on the Indonesia Stock Exchange (IDX) by adding some commonly used analytical tools in assessing financial performance and market value and using different analytical methods as well.

2. REVIEW RESEARCH AND FRAMEWORK

Fikriyani (2015) in his research examined the effect of intellectual capital on financial performance and its implications on the value of the company with the

population of all financial institutions listed on the Indonesia Stock Exchange period 2009-2013. The results of this study stated that the IC has a positive effect on financial performance and financial performance affecting the value of the company.

Ghozali and Hatane (2014) also stated the same thing by previous research. Ghozali and Hatane see the effect of IC on financial performance and market value especially in the mining industry. From the results of testing and discussion they have done, it can be concluded that based on test results, intellectual capital has a positive and good significant impact on the financial performance of the company.

Tohfi's et.al research,(2016) also showed similar results. They see the relationship of IC to the performance and value of the company to the banking in Maroco. They found that HC is the most important component of IC. The empirical findings indicate that the IC is still far from the determinants of the performance of financial banks on the Moroccan Stock Exchange.

Sumedrea (2013) in the study of "Intellectual Capital and Firm Performance: A Dynamic Relationship in Crisis Time" stated that in times of crisis, the development of the company is influenced by human and structural capital, while the additional profitability is associated with capital through the coefficient of intellectual capital of added value. Similar results were also shown by other studies conducted by Yudhanti and Shanti (2011), Al-Mussali and Ismail (2014), Ozkan et al (2016), Maryani (2011), Taib (2013), Wijaya (2012), and Ariff et al (2016).

Other studies have shown opposite results, such as research conducted by Kuryanto and Syafaruddin (2008) who examined the effect of intellectual capital on the performance of company, with a sample of 73 companies listed on the main board of BEI and Indonesia Capital Market Directory. This study found that there is no positive influence between a company's IC and its performance; the higher the IC value of a company, the performance is not getting higher. There is no positive influence between the level of the growth of IC and the future performance of the company. IC's contribution to future performance of the company will be different according to the type of industry.

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Table 1. Differences and Similarities of Research

SCOPE OF RESEARCH	PREVIOUS RESEARCH													THIS RESEARCH
	Al-Musali & Ismail (2014)	Kuryanto & Syafaruddin (2007)	Sumedrea (2013)	Ozkan et al. (2016)	Yhudanti & Shanti (2011)	Taib (2013)	Gozhali & Hatane (2014)	Berzkelne & Zeigalve (2014)	Tohfi, et al. (2016)	Ariff, Islam & Ziji (2016)	Wijaya (2012)	Maryani (2011)	Fikriyantie (2015)	Eka Chyntia (2017)
ROA	√	X	√	√	X	√	√	X	√	X	X	X	X	√
ROE	√	√	√	X	X	X	X	X	√	X	√	X	√	√
ROI	X	X	X	X	X	X	X	X	√	X	X	X	X	X
PMS	X	X	X	X	X	X	X	X	X	X	√	X	X	√
EPS	X	√	X	X	X	X	X	X	X	X	X	X	X	X
ASR	X	X	X	X	X	X	X	X	X	X	X	X	X	X
TATO	X	X	X	X	√	X	X	X	X	X	√	X	X	√
ARTO	X	X	X	X	X	X	X	X	X	X	X	X	X	√
EP	X	X	X	X	X	X	√	X	X	X	X	X	X	X
DR	X	X	X	X	X	X	X	X	X	X	√	X	X	√
QR	X	X	X	X	X	X	X	X	X	X	X	X	X	√
MV	X	X	X	X	X	X	X	X	√	X	X	X	X	X
BV	X	X	X	X	X	X	X	X	√	X	X	X	X	X
MBV	X	X	X	X	√	X	√	X	X	√	√	√	X	√
Q TOBIN	X	X	X	X	X	X	X	√	X	√	X	X	X	X
SIZE	X	X	X	X	√	X	X	X	X	X	X	X	X	X
Grow	X	X	√	X	X	X	X	X	X	X	X	X	X	X
IC	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Research methods														
Population	X	X	√	√	X	X	√	X	X	X	√	X	√	√
Sample	√	√	X	X	√	√	X	√	√	√	X	X	X	X
Survey	X	X	X	X	X	X	X	X	X	X	X	√	X	X
Statistic Method														
Multiple Resgesion	√	√	√	√	√	√	√	X	√	√	√	X	X	X
Corelation Analisys	X	X	X	X	X	X	X	√	X	√	X	X	X	X
Determinasion Coefffision	X	X	X	X	X	X	X	X	X	X	X	X	√	X
Path Analisys	X	X	X	X	X	X	X	X	X	X	X	X	√	X
Resgesion of Panel Data	X	X	X	X	X	X	X	X	X	X	X	X	X	√

Source: Processed data (2017)

3. RESEARCH METHODOLOGY

The unit of analysis in this study are all finance companies listed on the Indonesia Stock Exchange consisting of 16 companies. This research data is the company's financial report for 6 years in period 2010-2015. The data used is balance panel data which is panel data that its unit object (cross section) has same amount of period data (time period). The number of observations in this study were 96 observations of whole populations. The technique of data collection in this study was conducted through literature study. The technique of collecting data was obtained through documentation.

The data analysis is done in accordance with the hypotheses that have been formulated and using multiple linear regression analysis method of panel data model. The data is processed by using the program of Eviews version 9.

3.1 Analysis Method and Hypothesis Testing Design

This research will use panel data regression analysis method which will be processed by using the help of e-view program 9 where the panel data is combination between cross section data and time series data. The panel data regression equation from the combination between cross section and time series data can be modeled as follows:

$$Y_{it} = \alpha + \beta X_{it} + \varepsilon_{it} \text{ for } i = 1,2,3,\dots,I, N; t = 1,2,3,\dots, T$$

Where:

- N = Number of cross section
- T = Amount of time
- NxT = number of panel data

Based on the above model, the panel data regression equation in this study are:

$$\begin{aligned} NPM_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ ROA_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \end{aligned}$$

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$$\begin{aligned} ROE_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ ARTO_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ TATO_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ CR_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ DR_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ TIER_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \\ MBV_{it} &= \alpha + \beta VAIC_{it} + \varepsilon_{it} \end{aligned}$$

Information:

NPM	= Net Profit Margin
ROA	= Rate Return on Assets
ROE	= Rate Earned on Common Stockholder,s Equity
ARTO	= Account Receivable Turnover
TATO	= Total Assets Turnover
CR	= Current Ratio
DR	= Debt Ratio
TIER	= Time Interested Earning Ratio
MBV	= Market to Book Value
α	= Constants
β	= Regression coefficient of independent variables
ε	= Error Term

3.2 Panel Regression Estimation Method

In this research, there are several methods commonly used in estimating regression model with panel data, those are pooling least square (Common Effect), Fixed Effect approach, Random Effect approach.

A. Pooling Least Square (Common Effect)

The Common Effect or Pooled Least Square Model is an estimation model that combines time series data and cross section data using the OLS (Ordinary Least Square) approach to estimate the parameters. In this approach, it does not take into account individual dimensions as well as time so that data behavior among companies is assumed to be the same in various periods. The form of the Ordinary Least Square model is:

$$Y_{it} = \alpha + \beta X_{it} + \varepsilon_{it}$$

Where:

i = show the object (finance company), and

t = indicates time.

A. Fixed Effect Model

Fixed Effect model technique is a technique of estimating panel data using dummy variable to capture the difference of intercept. The definition of Fixed Effect is based on the difference of intercept among the companies but the intercept is the same between times (time in variant). The equation on the estimation using the Fixed Effect Model can be written in the following form:

$$Y_{it} = \alpha + \beta_1 X_{it} + \beta_2 D_{2i} + \dots + \varepsilon_{it}$$

Where: $i = 1, 2, \dots, n$ and $t = 1, 2, \dots, t$

D = dummy

B. Random Effect Model

Random Effect Model is a model of panel regression estimation with assumption of constant slope coefficient and

intercept is different between individual and inter-time (Random Effect). The inclusion of dummy variables in the Fixed Effect Model aims to represent ignorance about the actual model. However, it also brings the consequences of the reduced degrees of freedom. The common form of Random Effects is:

$$Y_{it} = \beta_1 + \beta_j X_{it}^j + \varepsilon_{it} \text{ with } \varepsilon_{it} = u_i + v_t + w_{it}$$

Where :

$u_i \sim N(0, \delta u^2)$ = component of *cross section error*

$v_t \sim N(0, \delta v^2)$ = component of *time series error*

$w_{it} \sim N(0, \delta w^2)$ = component of *combination error*

3.3 Selection of Panel Data Model

As explained earlier in the panel data regression analysis, there are 3 kinds of approaches, so we need to choose which approach is best from the three approaches that we will use to predict the regression model of the research. And here are some tests done to get the best approach in panel data regression analysis:

a. Chow Test

Chow test is a test to determine the Fixed Effect or Common Effect model that is more appropriate to be used in estimating panel data. The hypotheses in the chow test are:

H_0 : *Common Effect Model*

H_1 : *Fixed Effect Model*

b. Hausman Test

Hausman test is a statistical test to select whether Fixed Effect or Random Effect model is more appropriate to be used in panel data regression. Hausman test can be done based on the difference of estimate. The testing is done by the following hypotheses:

H_0 : *Random Effect Model*

H_1 : *Fixed Effect Model*

c. Lagrange Multiplier Test (LM)

Lagrange Multiplier (LM) is a test to determine whether a random effect model or common effect model is more appropriate to be used. This random effect significance test is developed by Breusch Pagan. The Pagan Breusch method for random effects is based on the residual value of the OLS method. The hypotheses used are:

H_0 : Model follows *common effect*

H_1 : Model follows *random effect*

If the result from LM calculates > Chi-Square table, then H_0 is accepted.

If the result of LM counts < Chi-Square table, then H_1 is accepted.

4. RESULT AND DISCUSSION

4.1 Selection Test of Panel Data Regression Model and Estimation Model

In determining the approach / model in panel data regression estimation, the procedure to be performed is: (1) Chow test to choose between approach of pooled least square or common effect model with fixed effect model; (2) Hausman test is performed to choose between fixed effect model approach with random effect model; as well as Lagrange Multiplier Test to choose between common effect model and random effect model. Each test hypotheses are as follows:

Chow Test Hypothesis

Ho : Common Effect Model

Ha : Fixed Effect Model

Hausman Test Hypothesis

Ho : Random Effect Model

Ha : Fixed Effect Model

Lagrange Multiplier Test Hypothesis

Ho : Common Effect Model

Ha : Random Effect Model

With the following decision:

If Prob (sig value) > α (0.05) then Ho is accepted

If Prob (Value sig) < α (0.05) then Ho is rejected

Table 2. Result of Regression Test and Estimation of Intellectual Capital Against Financial Performance & Market Value

Dependent Variable	Selection of estimed result model			The Result of The Final Estimated
	Chow Test	Hausman Test	Leverage Multiple Test	
ROA	Fixed Effect Model	Fixed Effect Model	-	Fixed Effect Model
ROE	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
NPM	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
ARTO	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
TATO	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
CR	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
DR	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
TIER	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model
MBV	Fixed Effect Model	Random Effect Model	Random Effect Model	Random Effect Model

Source: Processed data (2017)

Table 2 shows that the results of regression testing and estimation of NPM sub variable use regression result done by using fixed effect model, and for sub variables of ROA, ROE, ARTO, TATO, CR, DR, and TIER use random effect model, while the market value in this study is proxied on the market to book value (MBV). Hence, the result of the regression estimation uses the regression data by using the random effect model.

4.2 Hypothesis Testing Results

This research is a research with hypothesis testing using simple linear regression analysis. In this study, independent

variables used is only one that is the Intellectual capital measured by using the ratio of VAIC, while the dependent variable used are two variables with one dependent variable consisting of several sub variables that is financial performance variable consisting of ratio of NPM, ROA, ROE, ARTO, TATO, CR, DR, TIER and variable of market value which is measured by using the MBV ratio. Simple linear regression analysis is used to obtain regression coefficients that will determine whether the hypothesis made will be accepted or rejected. Based on the regression analysis using eviews9 program, it is obtained the results that can be seen in Table 3.

Table 3. Descriptive Statistics

	N	Minimum	Maksimum	Mean	Str.Deviasi
NPM	96	-0,07	51,03	14,83	14,724
ROA	96	-1,75	24,60	3,83	3,908
ROE	96	-5,40	45,50	10,30	9,165
ARTO	96	0,00	46,34	3,05	7,694
TATO	96	-0,04	0,87	0,10	0,127
CR	96	0,00	131,54	7,10	22,676
DR	96	0,00	1,69	0,61	0,339
TIER	96	-0,69	14,31	1,41	1,879
MBV	96	-1,37	7,58	0,83	1,752
VAIC TM	96	-2,05	20,05	3,84	3,377

Source: Processed data (2017)

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Table 4. Result of Regression of Intellectual Capital to Financial Performance and Market Value of Financing Company Year 2010-2015.

Dependent Variable		Coeffision (β)	t-statistic	Prob.	Informations
NPM	VAIC	0.8486	3.7497	0.0003	Significant
	Contanta	11.5759	10.6992	0.0000	
ROA	VAIC	0.2357	2.5999	0.0108	Significant
	Contanta	2.9294	3.4847	0.0008	
ROE	VAIC	0.7799	4.4557	0.0000	Significant
	Contanta	7.3091	3.4224	0.0009	
ARTO	VAIC	0.5593	3.0779	0.0027	Significant
	Contanta	0.9019	0.5307	0.5969	
TATO	VAIC	0.0052	1.3475	0.1811	No Significant
	Contanta	0.0759	3.2421	0.0016	
CR	VAIC	1.0073	1.4712	0.1446	No Significant
	Contanta	3.2317	0.9252	0.3572	
DR	VAIC	0.0471	6.6671	0.0000	Significant
	Contanta	0.4303	6.0320	0.0000	
TIER	VAIC	0.1390	2.6258	0.0101	Significant
	Contanta	0.8772	2.4666	0,0155	
MBV	VAIC	0.1868	4.2913	0.0000	Significant
	Contanta	0.1133	0.3148	0.7536	

Source: Processed data (2017)

From the result of regression shown in Table 4 above, it is known that VAIC variable has positive and significant effect to NPM variable in finance company listed in Indonesian Stock Exchange with regression coefficient value of 0.8486. If the value of intellectual capital increases by 1 unit, then the NPI value will increase by 0.8 units. Table 4 also shows the results of regression to sub variable of ROA where it is known that the variable of VAIC has positive and significant influence to ROA variable. The coefficient value of VAIC to ROA is equal to 0,2357. This indicate that if there is an increasing of variable of intellectual capital value by 1 unit, then ROA will also increase as much as 0,2 unit. In sub variable of ROE, variable of VAIC has positive significant effect to variable of ROA with the coefficient value of VAIC is 0,7799. The escalation by 1 unit of intellectual capital variable will also increase the value of ROE by 0.8 units. In sub variable of ARTO, variable of VAIC has positive significant effect to variable of ARTO. The coefficient value of VAIC or intellectual capital of finance companies listed on the BEI will increase the value of ARTO to finance companies listed on the BEI. Table 4 shows that the value of VAIC coefficient is 0,5593, so that each addition of 1 unit of intellectual capital value will increase ARTO value that is 0,6 unit.

Table 4 also shows that the variable of VAIC has no significant effect on the sub variable of TATO, or the VAIC has no significant effect on TATO. The coefficient value of the output will not affect the value of the TATO sub variable. In sub variable of current ratio (CR), it is also known that the variable of VAIC does not significantly affect the variable of current ratio, and the coefficient value of the output will not affect the CR value. The regression

results shown in Table 4 indicate that the variable of VAIC significantly influence the variable of DR, or positively and significantly influence the variable of DR. The coefficient value of VAIC in the sub variable of DR is 0,0471, so it is concluded that each addition of 1 unit of intellectual capital value (VAIC) will increase the DR value by 0.05 units. Table 4 above also shows that the variable of VAIC significantly influences the variable of TIER at α 5% or VAIC has positive and significant effects on variable of TIER. The value of VAIC coefficient shown in table 4 is 0.1390, so that each addition of 1 unit of intellectual capital value (VAIC) will increase the value of TIER by 0.1 units.

The last is the equation and the regression result done on the sub variable of MBV. From table 4, it is known that the variable of VAIC has significant effect on the variable of MBV, or in other words the VAIC positively and significantly influences the variable of MBV, with the VAIC coefficient value is 0.187. Therefore each addition of VAIC values by 1 unit will effect on the escalation of MBV by 0.2 units.

4.3 Adjusted R²

The adjusted R-square value is the R-square value that has been corrected by the default error value. Adjusted R-squared is performed when the research regression model undergoes modifications such as the addition or reduction of independent variables (assuming the exact same as if there is problem of multi co linearity in the regression model). The result of intellectual capital regression test to NPM shows that the adjusted R-square value is 0.816, which means that VAIC affects NPM by 81,6%, while the rest is influenced by variable outside model. It can be argued that the sample may

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well represent the total population. The adjusted R-square value of the ROA sub-variable shows the value by 0.057. The VAIC variable affects ROA by 5.7%, while the remaining of 94.3% is influenced by variables outside of the model. In other words, the sample is poor in representing the total population. The adjusted R-square value on the regression result between the VAIC and ROE variables is 0.167 or 16.7%. It can be interpreted that the VAIC affects the ROE variable only by 16.7% and the rest is influenced by the variables outside of the model.

Adjusted R-square which shows for sub variable of ARTO is 0,082. Therefore, it can be interpreted that the VAIC affects the ARTO by 8.2%, while 91.8% of the rest is influenced by variables outside of the model. This value is still very small from the usual standard value determined to assess how much the influence of all independent variables toward the dependent variable, which is usually categorized well more than 50%. Adjusted R-square value of TATO sub variable is 0,009 or only 0,9%. It means that the VAIC affects the TATO variable by only 0.9% or 1% only and the

rest of 99% is influenced by variables outside of the model. The adjusted R-square value of the CR subgroup of the regression results also shows a small value of 0.012 or only 1.2%. It means that the VAIC affects variable of CR by only 1.2% or 1% only and the rest of 99% is influenced by variables outside of the model. The regression also shows the adjusted R-square value of the sub variable of DR by 0.312. It can be interpreted that the VAIC influences the DR by 31.2%, while the rest is influenced by the variables outside of the model.

Adjusted R-square in sub variable of TIER is 0,059. It states that VAIC influences TIER by 5.9%, while the rest is influenced by variable outside of model. It can be interpreted that the sample may not be well represented from the total population. The adjusted R-square value of the market numeral variables of MBV is 0.154. It can be interpreted that VAIC affects MBV by 15.4%, while the remaining 84.6% is influenced by other variables outside of the model. Here is the data of regression results against coefficient of determination results:

Table 5. Coefficient of Determination Results

Dependen Variable	R ²	Adjusted R ²	S.E. of regression	S.D dependent var	Informations
NPM	0,846898	0,815889	6,317890	14,72423	Model Regresi Valid
ROA	0,067350	0,057428	2,583533	2,661072	Model Regresi Valid
ROE	0,175696	0,166927	4,922688	5,393377	Model Regresi Valid
ARTO	0,091965	0,082305	5,174209	5,401255	Model Regresi Valid
TATO	0,019136	0,008701	0,114662	0,115164	Model Regresi Valid
CR	0,022508	0,012109	22,53816	22,67587	Model Regresi Valid
DR	0,318934	0,311689	0,201802	0,243238	Model Regresi Valid
TIER	0,068814	0,058908	1,555456	1,603399	Model Regresi Valid
MBV	0,163336	0,154436	1,254734	1,364515	Model Regresi Valid

Source: Processed data (2017)

4.4 Discussion

Based on the results of statistical analysis in this study, it is found that intellectual capital (VAIC) has significant influence and positive relationship on almost all sub-variables of financial performance of finance companies. VAIC has significant positive influence on financial performance proxied on NPM, ROA, ROE, ARTO, DR and TIER. These results indicate that if company is able to manage the intellectual capital owned more efficiently and effectively, it will increase the financial performance. In the other sub variables proxied on TATO and current ratio, the variable of VAIC has no significant influence but has a positive relationship on variable of TATO and current ratio. Based on the results in this study, the finance companies need to add information about intellectual capital companies into the company's financial statements. It will be important information for investors to increase the value of the

company's performance in order to attract investors' interest in investing.

Based on the results of statistical analysis on the above description, it is found that intellectual capital (VAIC) has a significant influence and positive relationship on market value variables proxied on MBV in finance companies, with the effect by 0.154 or only 15%. These results indicate that if company is able to manage the intellectual capital owned more efficiently and effectively, it will increase the financial performance. The results of this study also found that the information about intellectual capital can increase the market value of finance companies and provide positive effect on the value of the company for investors, creditors and public.

5. CONCLUSION

Based on the results of tests that have been found by using multiple linear regression tests and the discussion described

in the previous chapter, it can be concluded that intellectual capital (VAIC) has a significant influence and positive relationship on almost all sub financial performance variables of finance company. VAIC has a significant positive influence on financial performance proxied on NPM, ROA ROE, ARTO, DR, and TIER. For sub variable of financial performance proxied on TATO and DR, variable of VAIC has no significant effect and has positive correlation, while the intellectual capital market value (VAIC) has significant influence and positive relation on variable of market value proxied on MBV of finance company. If company is able to manage the intellectual capital owned more efficiently and effectively, it will increase the financial performance. The information about the company's intellectual capital may be one of the reasons for the rising of share price of the company due to the good valuation of the company by the investor.

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