

The influence of intellectual capital, good corporate governance and accounting conservatism on company's financial performance

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Abstract

Purpose - This research aimed to determine the effect of intellectual capital, good corporate governance (board of commissioners, independent commissioners and managerial ownership) and accounting conservatism on company financial performance (study of companies listed on the Jakarta Islamic Index (JII) in 2017-2019).

Method - The population in this research was 42 companies registered in JII 2017-2019. Purposive sampling method was used for sample selection and 16 companies were selected. This research used secondary data with multiple regression model data analysis.

Result - The results of this research stated that intellectual capital had a positive and significant effect on the company's financial performance. Good corporate governance as measured by the board of commissioners, independent commissioners and managerial ownership had a negative but insignificant effect on the company's financial performance, and accounting conservatism had a positive but insignificant effect on the company's financial performance.

Implication - Companies registered in JII are advised to improve the financial performance of their companies, especially those listed in 2017-2019.

Originality - The secondary data sources used in this research were obtained from the official website of the Indonesia Stock Exchange (BEI), namely www.idx.co.id.

Keywords: intellectual capital; good corporate governance; accounting conservatism; financial performance



Introduction

The rapid economic progress in the era of globalization in various countries today has an impact on the business environment in Indonesia, both in the financial and non-financial sectors. This condition encourages each company to compete with each other in order to continue to gain the trust of investors and the public for increasing profits. A powerful way to get to this condition is to improve the company's financial performance. The company's financial performance is the financial condition of the company which is analyzed using financial analysis tools. This can reflect work performance in a certain period related to the company's financial condition. In measuring financial performance, a company can use measuring tools, namely several financial ratios, such as liquidity ratios, solvency ratios (Faisal, Samben, & Pattisahusiwa, 2017).

This research focuses on the financial performance of companies listed in the Jakarta Islamic Index (JII). In order to improve a good corporate image, the companies must improve their financial performance. If the company's financial performance is well reflected, it is expected that stakeholders and society will increasingly trust the company. In this case, financial performance measured using Return on Assets (ROA) in companies listed in JII 2017-2019 is displayed in Table 1.

Table 1. ROA of Companies Registered in JII 2017-2019

No	Code	Name of Company	2017	2018	2019
1	ADRO	Adaro Energy Tbk.	7,604%	6,637%	6,027%
2	AKRA	AKR Corporindo Tbk.	7,755%	8,089%	3,065%
3	ANTM	Aneka Tambang Tbk.	0.272%	5.081%	0.642%
4	ASII	Astra International Tbk.	0.782%	0.794%	0.756%
5	BSDE	Bumi Serpong Damai Tbk.	11.092%	2,771%	6,177%
6	CTRA	Ciputra Development Tbk.	3,212%	3,868%	3,560%
7	ICBP	Indofood CBP Sukses Makmur Tbk.	11,206%	13,556%	13,847%
8	INDF	Indofood Sukses Makmur Tbk.	5,766%	5,140%	6.136%

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9	KLBF	Kalbe Farma Tbk.	14,764%	13,762%	12,522%
10	LPPF	Matahari Department Store Tbk.	35.138%	21,788%	28,283%
11	PTBA	Bukit Asam Tbk.	20,681%	21.185%	15,482%
12	PTPP	PP (Persero) Tbk.	4,126%	3,728%	2,042%
13	TLKM	Telekomunikasi Indonesia (Persero) Tbk.	16,475%	13,084%	12.473%
14	UNTR	United Tractors Tbk.	37,592%	46,037%	34,336%
15	UNVR	Unilever Indonesia Tbk.	8,874%	10,784%	7,833%
16	WIKA	Wijaya Karya (Perero) Tbk.	2,968%	3,500%	4,220%

Source: Annual report of companies registered in JII 2017-2019

Based on the table above, it can be seen that 25% of the companies listed in JII 2017-2019 experienced a decrease in their company's financial performance, 62.5% of companies experienced quite sharp fluctuations in increase and decrease, and only 12.5% of companies increase and is relatively stable. This phenomenon indicates that there are various factors that influence the company's financial performance, due to the fact that there are still many companies listed in the JII that have not provided good financial performance, especially in 2017-2019. Therefore, it is important for the companies to recognize the factors and performance measures that can improve the company's financial performance. In the process of creating good financial performance and increasing the ability to compete in the company, the knowledge of human resources possessed by the company is considered very important.

Several factors that can affect a company's financial performance include Intellectual Capital (IC), Good Corporate Governance (GCG), and accounting conservatism. Of course, parties who have an interest in making decisions should consider these factors. From the rapid development in the field of information technology and science, of course business people recognize the IC from a company as very important because the financial performance of the company can be increased by having a quality IC. IC deals with information technology and science in which there is hidden value for a

company in order to increase financial performance and competitiveness in the company (Arini, 2018).

The next factor that can affect the company's financial performance is Good Corporate Governance (GCG). GCG is a form of good corporate management (Badawi, 2018). In other words, the company's financial performance will increase with the optimal implementation of GCG. The optimal implementation of GCG can certainly prevent errors and fraudulent accounting practices (Sinurat, Daat, & Hutadjulu, 2019). In addition, every company must be careful in preparing financial reports so they can account for the resulting financial statements and provide benefits to each user. This precautionary action taken by the company is also known as accounting conservatism. In a company, the principle of accounting conservatism can reduce the discrepancy of existing information and manipulation of financial statements. Therefore, choosing the principle of accounting conservatism in presenting financial report is one way that can be implemented so that management does not manipulate financial statements (Isnaningrum, 2016).

Currently, research on the effect of IC and GCG on company's financial performance is increasingly being carried out, including research by Badawi (2018) showing that IC and GCG (only independent commissioners) have a significant positive effect on company's performance as represented by ROA in banking in Indonesia 2015-2017 period (Badawi, 2018). Research by Febriany (2019) shows that IC has a positive and significant effect on the financial performance of Kompas100 company. This means, the better the IC owned by Kompas100 company, it will cause the company's financial performance to increase (Febriany, 2019).

In addition, there are also several studies showing that IC and GCG do not have a significant effect on the company's financial performance. A research by Sinurat, Daat, & Hutadjulu (2019) stated that GCG consisted of managerial ownership, institutional ownership, and independent commissioners did not have a significant positive effect on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange for the period 2014-2016, although IC had a significant positive effect on the

company's financial performance (Sinurat, Daat, & Hutadjulu, 2019). Research according to Linda, Tumpalmanik, and Ruwanti (2017) stated that IC had absolutely no positive and significant impact on the company's financial performance in manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2014. And for GCG which consists of measures board of commissioners, the proportion of independent commissioners did not have a positive and significant effect on the company's financial performance, while the size of the board of directors had a significant positive effect and the audit committee had a significant negative effect on the company's financial performance (Linda, Tumpalmanik, & Ruwanti, 2017).

Based on these studies, it can be seen that there are inconsistencies in the results of these studies. This indicates that there is a research gap, so it is necessary to carry out a research by adding the accounting conservatism variable to differentiate it from the previous studies. This research linked the IC, GCG, and accounting conservatism variables to the company's financial performance in sharia-based companies, namely companies listed in JII as research with the addition of new variables and improving previous studies.

Based on the background description, the problem formulations are: (1) Does Intellectual Capital affect the financial performance of companies listed on the Jakarta Islamic Index (JII) in 2017-2019? (2) Does the Board of Commissioners affect the financial performance of companies listed on the Jakarta Islamic Index (JII) in 2017-2019? (3) Does the Independent Commissioner affect the financial performance of companies listed on the Jakarta Islamic Index (JII) in 2017-2019? (4) Does Managerial Ownership affect the financial performance of companies listed on the Jakarta Islamic Index (JII) in 2017-2019? (5) Does accounting conservatism affect the financial performance of companies listed on the Jakarta Islamic Index (JII) in 2017-2019?

Literature Review

Resources Based Theory

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Resources Based Theory (RBT) is related to Intellectual Capital (IC), because it always provides clues and value added to maximize the company's resources. It can be said that IC affects financial performance and will make market performance increase (Shella & Wedari, 2016). The more IC is used properly by the company, the company value will increase and the company's financial performance will also be better (Sinurat, Daat, & Hutadjulu, 2019).

Signaling Theory

Signaling theory indicates that a company that has good governance will intentionally be able to provide a signal, namely in the form of positive information on the market by means of disclosure in financial statements (Nandaria & Kusuma, 2014).

Agency Theory

The relationship between agency theory and accounting conservatism lies in that agency theory demands and forces a company to clearly describe all costs and revenues contained in the company. To achieve a good relationship between the company and investors, the managers will apply the accounting conservatism concept. It means that managers must show and disclose all costs according to the facts. So that later investors will believe in what is stated by the company. Thus, there will be no more misunderstanding between managers and companies and between managers and investors (Sinambela & Almilia, 2018).

Financial performance

Company performance can be formulated as work results obtained from the implementation of activities over a certain period of time in order to obtain a profit. Meanwhile, profit is used as an important measure of the performance appraisal of a company (Efriyanti, Anggraini, & Fiscal, 2012). It

can be concluded that the company's financial performance is the management of financial operational activities effectively and efficiently as an effort to generate optimal operating profits (Budiyono & Arum, 2020).

Return on Asset (ROA)

ROA is a ratio measuring the effectiveness of a company in generating profits using assets owned by the company (Handyansyah & Lestari, 2016).

Intellectual Capital

Intellectual Capital (IC) is an intangible asset in which human capabilities exist. In addition, IC is also defined as knowledge that provides value added to companies and identifies them differently from other companies (Puspita, 2018). It can be concluded that IC is an intangible asset, which in the financial statements, is not directly stated. In this case, it can be in the form of knowledge and information resources that function to increase the competitiveness of a company and can improve company's performance (Sari, Prasetyoningrum & Hartono, 2020).

Value Added Capital Employed (VACA)

Value Added Capital Employed (VACA) is a company's resource efficiency that comes from physical capital (Fariana, 2014). The relationship between Value Added (VA) and Capital Employed (CE) is an indicator in VA created by the existence of one unit of physical capital. If one unit of CE generates a higher return than other companies, then the company is better at utilizing its CE so that the better utilization of CE will become part of the company's Intellectual Capital (IC).

Value Added Human Capital (VAHU)

Value Added Human Capital (VAHU) is a company's resource efficiency that comes from Human Capital (HC) (Fariana, 2014). VAHU is the relationship between Value Added (VA) and HC. From the VAHU, it can show the amount of VA generated from the funds spent for employees. An

indication of the relationship created by VA with HC is the ability arising from HC to create company value. The indicator for the HC of the company is obtained from total salary and wage costs.

Structural Capital Value Added (STVA)

Structural Capital Value Added (STVA) is a company's resource efficiency that comes from Structural Capital (SC) (Fariana, 2014). The STVA relationship shows a contribution from SC in creating company value. From STVA, it can be measured the amount of SC needed to produce 1 rupiah of Value Added (VA) and indicate how successful the SC is in creating firm value. Unlike Human Capital (HC), SC is not an independent measure of company value creation. In this case, it means that the more HC contributes to the creation of company value, the less the SC's contribution in this regard.

Good Corporate Governance

The definition of Good Corporate Governance (GCG) according to the Organization for Economic Corporation and Development (OECD) is a system used in directing and controlling the activities of a company (Ferlinda, Ribawanto, & Siswidiyanto, 2010). The Forum for Corporate Governance in Indonesia (FCGI) also emphasized that GCG aims to create value added for all company stakeholders (Simamora & Sembiring, 2018). In conclusion, Good Corporate Governance (GCG) is a corporate governance system that aims to achieve the maximum possible company performance through methods that will not harm stakeholders.

Board of Commissioners

The board of commissioners according to Law no. 40 of 2007 is part of the organs of a company that carries out supervision both in general and specifically as a task in accordance with the stipulated articles of association and provides advice to the board of directors. The board of commissioners carries out supervision so that the management can work properly (Kusumandari, 2016).

Independent Commissioner

An independent commissioner is a member of the board of commissioners who has no financial relationship, management relationship, share ownership relationship, or other family relationship with other members of the board of commissioners, directors or controlling shareholder or relationship with the company, which in turn can affect their ability to work independent action (Widyati, 2013).

Managerial ownership

Managerial ownership is the total share ownership of the owner, the executive board, and management of a company. In other words, managerial ownership is the proportion of shareholders by management who actively participate in making company decisions, namely directors and commissioners (Widyati, 2013).

Accounting Conservatism

The official definition of accounting conservatism according to the Financial Accounting Statement Board (FASB) of Statement of Concept No. 2, is the prudent reaction in dealing with uncertainty, ensuring that the uncertainty and risks in the business situation have been considered (Wahyuni & Muchlis, 2016). Other definition of accounting conservatism is a company principle to determine each value contained in financial statements with prudence. It can be concluded that accounting conservatism is a principle of prudence in financial reporting that is used by companies and its application will slow down in recognizing possible revenues and accelerate in recognizing possible costs.

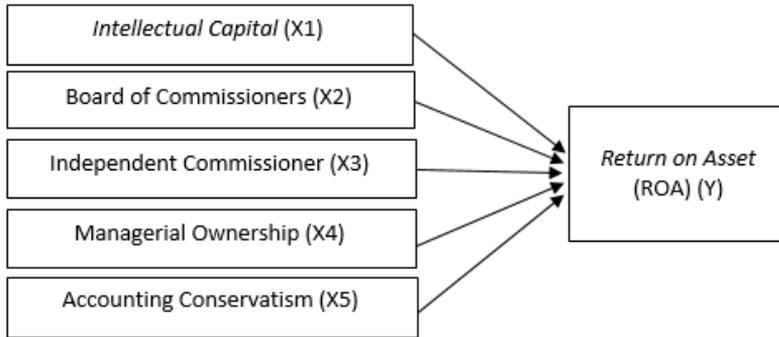


Figure 1. Research Framework

Hypothesis Development

Research by Ariantini, Yuniarta, and Sujana (2017) shows that the statistical results of t count 5,708 with a probability significance level of 0,000, which means that Intellectual Capital (IC) has a significant positive effect on the financial performance of manufacturing companies listed on the IDX 2011-2015 (Ariantini, Yuniarta, & Sujana, 2017).

H₁: Intellectual Capital (IC) has a positive effect on the company's financial performance in companies listed in JII in 2017-2019.

Research by Rahmawati, Rikumahu and Dillak (2017) shows that the board of commissioners has a positive and significant effect on financial performance (ROA) in coal mining sub-sector companies listed on the IDX in 2013-2015 (Rahmawati, Rikumahu, & Dillak, 2017).

H₂: The Board of Commissioners has a positive effect on the company's financial performance in companies listed in JII in 2017-2019.

Research by Badawi (2018) shows that the independent commissioner variable affects the company's financial performance in Indonesian banking (Badawi, 2018).

H₃: The Independent Commissioner has a positive effect on the company's financial performance in companies listed in JII in 2017-2019.

Research by Ratnasari, Titisari and Suhendro (2015) shows that managerial ownership has an effect on financial performance as measured by Return on Assets (ROA) (Suhendro, Ratnasari, & Titisari, 2015).

H₄: Managerial ownership has a positive effect on the company's financial performance in companies listed in JII in 2017-2019.

Research by Wibisono and Mahardika (2019) produces a Prob value. The t count of accounting conservatism is 0.0001, where the value is smaller than the significance value (α) = 5% which shows that accounting conservatism has a significant positive effect on the value of the transportation sub-sector companies listed on the IDX for the 2014-2017 period (Wibisono & Mahardika, 2019).

H₅: Accounting conservatism has a positive effect on the company's financial performance in companies listed in JII in 2017-2019.

Research Methods

The type of research in this research was quantitative. Quantitative research is a research process with data used in the form of numbers as a tool to analyze it (Hayati, 2019). This research was conducted at companies listed on the Jakarta Islamic Index (JII) in 2017-2019. This type of research data was secondary. Secondary data were data obtained by researchers indirectly (Sugiyono, 2013). Sources of data used by researcher in this research were secondary obtained from the official website of the Indonesia Stock Exchange (BEI), namely www.idx.co.id in which there are companies listed in the Jakarta Islamic Index (JII).

The population used in this research was a list of companies registered on the Jakarta Islamic Index (JII) in 2017-2019 with a total of 42 companies. The sampling technique used purposive sampling. The criteria for sampling in this research were: (1) Companies listed on the Jakarta Islamic Index (JII) during the research period in 2017-2019 continuously. (2) Companies that published financial reports in 2017-2019. (3) Companies that experience profits in 2017-2019, because if you want to see the value of the company's financial performance, the company must be in a profit state. If the company is in a loss, it will make the value of the

company's Intellectual Capital (IC) negative. There were 16 companies that met the criteria and were selected to be the samples in this research.

The data collection method in this research used documentation research. Documentation is a method implemented to present documents using accurate evidence from recording specific sources of information originating from essays/writings, wills, books, laws, etc. (Wikipedia, 2020). This research model used multiple linear regression.

Results and Discussion

Multiple Linear Regression Test

The regression equation above shows between the independent variable and the dependent variable partially, from this formulation it can be concluded that: (1) The constant value is 5.790, meaning that when the variables of Intellectual Capital (IC), Good Corporate Governance (board of commissioners, independent commissioners, and managerial ownership), and Accounting Conservatism (the values of X1, X2, X3, X4 and X5) are assumed to be 0, then Financial Performance of the company will increase by 5.790. (2) The regression coefficient value for Intellectual Capital (IC) is 0.912. The positive regression coefficient indicates that the value of intellectual capital (IC) has a positive effect on the company's financial performance. This shows that every 1 unit addition to the Intellectual Capital variable (X1), with the assumption of Good Corporate Governance (as measured by the Board of Commissioners variable (X2), the Independent Commissioner variable (X3) and the Managerial Ownership variable (X4)), and Accounting Conservatism (X5) is 0 (zero), then the company's financial performance will increase by 0.912 units.

Table 2. Multiple Regression Test Results

Model	Coefficients				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	5.790	2.325			2.491	.017
Intellectual Capital	.912	.222	1.355		4.101	.019
Board of Commissioners	-.060	.528	-.012		-.113	.910
Independent Commissioner	-3.542	7.845	-.057		-.452	.654
Managerial Ownership	-19.750	5.878	-.441		-3.360	.170
Accounting Conservatism	9.802	6.480	.434		1.513	.138

a. Dependent Variable: Company's Financial Performances

Source: SPSS 20.0 Output, Processed Secondary Data, 2020

(3) The regression coefficient value for Good Corporate Governance (Board of Commissioners variable) is -0.060. This value indicates that the Board of Commissioners has a negative effect on the company's financial performance (ROA). This means that, if every increase of 1 unit of the Board of Commissioners variable with the other variable assumption is 0 (zero), the company's financial performance (ROA) will decrease by 0.060 units. (4) The regression coefficient value for Good Corporate Governance (Independent Commissioner variable) is -3.542, this value indicates that the Independent Commissioner has a negative effect on the company's financial performance (ROA). This means that, if every 1 unit increase in the Independent Commissioner variable assuming the other variable is 0 (zero), it will decrease the company's financial performance (ROA) by 3.542 units.

(5) The regression coefficient value for Good Corporate Governance (Managerial Ownership variable) is -19.750. This value indicates that Managerial Ownership has a negative effect on the company's financial performance (ROA). This means that, if every 1 unit increase in Managerial Ownership with the assumption of other variable is 0 (zero), it will decrease the company's financial performance (ROA) by 19.750 units. (6) The regression coefficient value of Accounting Conservatism is 9.802. This value

illustrates that accounting conservatism has a positive effect on the company's financial performance (ROA). This means that, if every 1 unit increase in the Accounting Conservatism variable (X5) assumes the variable of Intellectual Capital (X1) and Good Corporate Governance (as measured by the Board of Commissioners variable (X2), the Independent Commissioner variable (X3), and the Managerial Ownership variable (X4)) is 0 (zero), then the company's financial performance (ROA) will increase by 9.802 units.

Determination Coefficient Test (R^2)

Based on the table 3, the results of the determinant coefficient test show the value of R square (R^2) of 0.570 or 57%, which means that 57% of variations in the company's financial performance can be explained by IC, GCG (Board of Commissioners, Independent Commissioners, and Managerial Ownership), and conservatism accounting collectively. Meanwhile, other 43% is explained by other variables outside the model. This condition means that the model built in this research is relatively good.

Simultaneous Significance Test (F Test)

The table 4 shows that from the results of the F test, it is found that the F count is 13.219 with a significant level of 0.000, which means that the value is less than 0.05 ($0.000 < 0.05$). This means that the Intellectual Capital variable, Good Corporate Governance (the Board of Commissioners variable, the Independent Commissioner variable, and the Managerial Ownership variable), and the Accounting Conservatism variable together have a significant effect on the Company's financial performance, because these values indicate that H_0 is rejected and H_a is accepted.

Table 3. Test Results of the Coefficient of Determination (R^2)

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.786	.617	.570	5.04232	1.817

a. Predictors: (Constant), Accounting Conservatism, Board of Commissioners, Independent Commissioners, Managerial Ownership, Intellectual Capital

b. Dependent Variable: Company's Financial Performance

Source: SPSS 20.0 Output, Processed Secondary Data, 2020

Table 4. Simultaneous Significance Test Results

ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1680.472	5	336.094	13.219	.000
Residual	1042.424	41	25.425		
Total	2722.896	46			

a. Dependent Variable: Company 's Financial Performane

b. Predictors: (Constant), Accounting Conservatism, Board of Commissioners, Independent Commissioners, Managerial Ownership, Intellectual Capital

Source: SPSS 20.0 Output, Processed Secondary Data, 2020

Significance Test of Individual Parameters (Statistical t Test)

Table 5. Statistical t Test Results

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.790	2.325		2.491	.017
Intellectual Capital	.912	.222	1.355	4.101	.019
Board of Commissioners	-.060	.528	-.012	-.113	.910
Independent Commissioner	-3.542	7.845	-.057	-.452	.654
Managerial Ownership	-19.750	5.878	-.441	-3.360	.170
Accounting Conservatism	9.802	6.480	.434	1.513	.138

a. Dependent Variable: Company's Financial Performances

Source: SPSS 20.0 Output, Processed Secondary Data, 2020

Based on the table above, it can be explained as follows: (1) The Intellectual Capital variable has a significance value of 0.019, which means that the significance value is less than 0.05 ($0.019 < 0.05$). This indicates that H_a is accepted and H_o is rejected. Meanwhile, when viewed by comparing the value of t count and the value of t table, IC has a value of t count of 4.101 and a value of t table of 2.01808, which means the value of t count > t table ($4.101 > 2.01808$). It shows that H_a is accepted and H_o is rejected. In conclusion, there is a positive and significant influence of the Intellectual Capital variable on the Company's Financial Performance (ROA) variable. (2) The variable of the Board of Commissioners has a significance value of 0.910, meaning that the

significance value is greater than the value of 0.05 ($0.910 > 0.05$), so this indicates that H_0 is accepted and H_a is rejected. Meanwhile, when viewed by comparing the t value and t table value, the Board of Commissioners has a t value of -0.113 and a t table value of 2.01808 which means the t value $<$ t table ($-0.113 < 2.01808$), then this indicates that H_0 is accepted and H_a is rejected. In conclusion, GCG (the Board of Commissioners variable) has a negative and insignificant effect on the Company's Financial Performance (ROA) variable.

(3) The Independent Commissioner variable has a significance value of 0.654 which means that the significance value is greater than the value of 0.05 ($0.654 > 0.05$), so this indicates that H_0 is accepted and H_a is rejected. Meanwhile, when viewed by comparing the t value and the t table value, the Independent Commissioner has a t value of -0.452 and a t table value of 2.01808 which means the t value $<$ t table ($-0.425 < 2.01808$), then this indicates that H_0 is accepted and H_a is rejected. In conclusion, it means that GCG (Independent Commissioner variable) has a negative and insignificant effect on the Company's Financial Performance (ROA) variable. (4) The managerial ownership variable has a significance value of 0.170, which means that the significance value is greater than the value of 0.05 ($0.170 > 0.05$), so this indicates that H_0 is accepted and H_a is rejected. Meanwhile, when viewed by comparing the t value and t table value, Managerial Ownership has a t value of -3.360 and a t table value of 2.01808 which means the t value $<$ t table ($-3.360 < 2.01808$), then this indicates that H_0 is accepted and H_a is rejected. In conclusion, it means that GCG (Managerial Ownership variable) has a negative and insignificant effect on the Company's Financial Performance (ROA) variable.

(5) The Accounting Conservatism variable has a significant value of 0.138, meaning that the value is greater than the value 0.05 ($0.139 > 0.05$), so this indicates that H_0 is accepted and H_a is rejected. Meanwhile, when viewed by comparing the value of t count and the value of t table, Accounting Conservatism has a value of t count of 1.513 and a value of t table of 2.01808 which means the value of t count $<$ t table ($1.513 < 2.01808$), then it shows that H_0 is accepted and H_a is rejected. In conclusion, the variable accounting

conservatism has a positive but insignificant effect on the variable of corporate financial performance (ROA).

The Influence of Intellectual Capital (IC) on the Company's Financial Performance (ROA)

From the results of hypothesis testing conducted and previously described, it shows that the Intellectual Capital (IC) variable has a significant positive effect on the company's financial performance (ROA) variable which can be observed from the significance level of $0.019 < 0.05$. It can be said that it has a positive effect seen from the Intellectual Capital (IC) variable which has a positive regression coefficient value of 0.912. Based on these results, it means that the Intellectual Capital (IC) variable has a positive and significant effect on the company's financial performance. So that the first hypothesis (H1) which states that intellectual capital (IC) has a positive effect on the financial performance of companies listed in JII in 2017-2019 is accepted.

The result is in line with the research conducted by Ariantini, Yuniarta, Sujana (2017) entitled "The Influence of Intellectual Capital, Corporate Social Responsibility, and Good Corporate Governance on Company Performance (Case Study of Manufacturing Companies Listed in Indonesia Stock Exchange 2011-2015)" which stated that Intellectual Capital (IC) has a significant positive effect on the financial performance of manufacturing companies listed on the IDX for the 2011-2015 period. Intellectual Capital (IC) describes the resources that a company has in the form of knowledge in order to produce higher value assets. Intellectual working capital includes all knowledge that comes from employees, organizations, and their ability to create value added and create a competitive advantage in a sustainable manner. Based on the accepted hypothesis, the results of this research indicate that the company's Intellectual Capital (IC) has been used and developed properly and maximally, this is in accordance with the Resources Based Theory (RBT), which states that IC affects financial performance and will create market performance to increase.

The Influence of Board of Commissioners on the Company's Financial Performance (ROA)

From the results of the hypothesis testing conducted and previously described, it shows that GCG (the Board of Commissioners variable) has a negative and insignificant effect on the company's financial performance variable (ROA) which can be observed from the significance level of $0.910 > 0.05$. It can be said that it has a negative effect seen from the GCG (board of commissioners variable) which has a negative regression coefficient value of -0.060 . Based on these results, it means that GCG (the Board of Commissioners variable) has a negative but insignificant effect on the company's financial performance. So that the second hypothesis (H2) which states that the Board of Commissioners has a positive effect on the financial performance of companies listed in JII in 2017-2019 is rejected.

This is in line with research conducted by Ariantini, Yuniarta, and Sujana (2017) entitled "The Influence of Intellectual Capital, Corporate Social Responsibility, and Good Corporate Governance on Company Performance (Case Study of Manufacturing Companies Listed in Indonesia Stock Exchange 2011-2015)" which states that GCG (measured by the board of commissioners) has no significant negative effect on company performance.

Based on the rejected hypothesis, the results of this research indicate that the appointment of the Board of Commissioners in a company may only be carried out for regulatory compliance or just a formality, but has not been able to promote Good Corporate Governance within the company. Thus, the increasing number of personnel who become the Board of Commissioners will create problems, such as many different opinions among the Board of Commissioners and make it difficult for the Board of Commissioners to carry out the role of supervising and controlling management actions. In addition, the Board of Commissioners also finds it difficult to make decisions that are useful for the company.

The Influence of Independent Commissioners on the Company's Financial Performance (ROA)

From the results of hypothesis testing conducted and previously described, it shows that GCG (Independent Commissioner variable) has a negative and insignificant effect on the company's financial performance variable (ROA) which can be observed from the significance level of $0.654 > 0.05$. It can be said that it has a negative effect seen from the GCG (Independent Commissioner variable) which has a negative regression coefficient value of -3.542 . Based on these results, it means that GCG (Independent Commissioner variable) has a negative but insignificant effect on the company's financial performance. So that the third hypothesis (H3) which states that the Independent Commissioner has a positive effect on the financial performance of companies listed in JII in 2017-2019 is rejected.

This is in line with the research conducted by Linda, Tumpalmanik, and Ruwanti (2017) entitled "The Influence of Intellectual Capital and Good Corporate Governance on Company Financial Performance (Manufacturing Companies Listed on the Indonesia Stock Exchange 2011-2014)" which states that Good Corporate Governance as measured by the size of the board of commissioners and the proportion of independent commissioners has a negative and insignificant effect on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange 2011-2014.

Based on the rejected hypothesis, the results of this research indicate that the Independent Commissioner in the company is a formality only for regulatory compliance. So that it makes the company's supervisory function from the Independent Commissioner run ineffective and not optimal. This triggers a decline in the company's financial performance and is not in accordance with the signaling theory because the company has not yet had good enough governance, so the signal in the form of positive information on the market by means of disclosure in financial statements does not appear. In

practice in the business world, the implementation of GCG principles in some companies is in fact only at a conceptual level.

The Influence of Managerial Ownership on the Company's Financial Performance (ROA)

From the results of the hypothesis test conducted and previously described, it shows that GCG (Managerial Ownership variable) has a negative and insignificant effect on the company's financial performance (ROA) variable which can be observed from the significance level of $0.170 > 0.05$. It can be said that it has a negative effect seen from the GCG (Managerial Ownership variable) which has a negative regression coefficient value of -19.750. Based on these results, it means that the GCG variable (Managerial Ownership variable) has a negative but insignificant effect on the company's financial performance. So that the fourth hypothesis (H4) which states that Managerial Ownership has a positive effect on the financial performance of companies listed in JII in 2017-2019 is rejected.

This is in line with research conducted by Sinurat, Daat, & Hutadjulu (2019) entitled "The Effect of Good Corporate Governance and Intellectual Capital on Financial Performance (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange)" which states that GCG which consists of managerial ownership, institutional ownership, and independent commissioner, the three of them have a negative and insignificant effect on financial performance in manufacturing companies listed on the Indonesia Stock Exchange for the 2014-2016 period.

Based on the rejected hypothesis, the results of this research indicate that Managerial Ownership in the sample companies is still small. The low managerial ownership of the company makes managers less optimal in carrying out their role in optimizing shareholder wealth, namely increasing the company's financial performance through ROA. It causes the company's financial performance to decline and is not in accordance with the signaling theory because the company does not have good enough governance, so the

signal in the form of positive information on the market by means of disclosure in financial statements does not appear.

The Influence of Accounting Conservatism on the Company's Financial Performance (ROA)

From the results of hypothesis testing conducted and previously described, it shows that the accounting conservatism variable has a positive and insignificant effect on the company's financial performance (ROA) variable which can be observed from the significance level of $0.139 > 0.05$. The conservatism variable has a positive regression coefficient value of 9.802. This illustrates that the influence between accounting conservatism and company financial performance is not significant even though every addition of one unit of accounting conservatism variable will increase the company's financial performance with a positive regression coefficient value of 9.802. Based on these results, it means that the accounting conservatism variable has a positive but insignificant effect on the company's financial performance.

This is in line with research conducted by Millah, Luhglatno, & Wahyuningsih (2020) entitled "Analysis of the Effect of Accounting Conservatism and Capital Structure on Corporate Financial Performance" which states that accounting conservatism does not have a significant effect on company financial performance (Millah, Luhglatno, & Wahyuningsih, 2020).

Financial reports that show conservative accounting are a positive signal from management to investors that management has applied the principles of accounting conservatism to generate quality earnings. Conservative accounting applied in financial reports can prevent information discrepancy through management restrictions in manipulating financial statements. Based on the rejected hypothesis, the results of this research indicate that the accounting conservatism principle applied to the company is low. Financial reports produced with the principles of accounting conservatism tend to be more biased and do not describe the actual condition of the company. This happens because there is no alignment between the expenses incurred and

the income earned. This causes the company's financial performance to decline and is not in accordance with agency theory because a good relationship between the company and investors has not been created. In this case, the manager has not actually shown and disclosed all costs according to the facts, so that misunderstandings still occur between managers and companies and between managers and investors.

Conclusion

From the research conducted, the conclusion is that Intellectual Capital (IC) has a significant positive effect on the company's financial performance. The board of commissioners has a negative but not significant effect on the company's financial performance. Independent commissioners have a negative but insignificant effect on the company's financial performance. Managerial ownership has a negative but not significant effect on the company's financial performance and accounting conservatism has a positive but insignificant effect on the company's financial performance.

Based on these conclusions, the authors propose several suggestions from this research; companies listed in JII are expected to continue to explore their ability to optimally empower intellectual capital, carry out good company management and improve the implementation of accounting conservatism. As a result, the company's financial performance will improve every year. It is recommended that the next researchers develop this research. This development can be done by adding research variables, adding research periods, and adding company samples so that the research has new and more complete variations.

From the research carried out, of course there are research limitations, because of the limitations of visiting the company directly and only seeing financial reports via the website, of course there is a lack of data that might give different results. In addition, because the calculation uses SPSS version 20.0, it is possible that the data obtained is different from the latest SPSS version or others.

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