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Abstract

The existence of technology and information that is increasingly sophisticated results in the advancement of economic growth, in this case the banking subsector is a subsector that has an important role in maintaining the stability of a country's economy, for that reason the importance of improving financial work in banking. This study has two variables that affect financial performance, namely intellectual capital and company size, this study aims to determine the influence of intellectual capital and company size the financial performance of banking subsector companies listed on the Indonesia Stock Exchange. The object of this study is a banking subsector company listed on the Indonesia Stock Exchange. In period this study is 2017-2020. This study, financial performance was proxied with Return On Assets (ROA), while intellectual capital was proxied with the formula Variable Added Intellectual Coefficient and the size of the company was proxied with formula Ln Total Assets. The total population in this study was 33 companies. Have 132 samples, The analysis method used in this study is the panel data regression analysis method. The results of this study show that simultaneously, intellectual capital and company size affect financial performance, partially intellectual capital affects on financial performance and company size have no effect on financial performance. As a result of this study, researchers hope that this researcher will become a reference in the company. In addition, researchers hope that this study can be described again in a broader direction.

Keywords
economic growth, financial management, financial performance, intellectual capital, and company size

1. Introduction

Financial statements are a structured presentation of the financial position and performance of an entity. In a company, determining the good and bad of a company can be measured through financial performance. Financial performance is a representation of the company how to carry out its duties according to the application of good finances, it can be interpreted as an image as the achievement of the company. Assessing the performance of the company can be seen from how much the company has produced effective and efficient financial performance in financial statements that can be published in each company, this is because financial performance can see the effectiveness of the company in operations in obtaining profits based on managing company resources (Akmil et al., 2019). In terms of the company's financial performance, it must be able to create profit, the indicator used by the company to assess the company's financial performance, namely by using the calculation of the profitability ratio, the profitability ratio used by this study is return on assets (ROA). The greater the Return On Assets, the greater the profit obtained by the company. In 2020 government banking companies published financial performance, not only government banks, national private.
banks also published their financial statements. The financial performance of government banks and private banks experienced a significant decline in profits. In 2020, profits shrank by approximately 30 to 40 percent compared to 2019. During the pandemic, the company was unable to increase profitability throughout 2020, because the majority of people tended to save rather than spend. This can have an impact on the growth of companies in the banking sector which results in the company's financial performance declining.

Financial performance can be influenced by intellectual capital, research by Kurniawati et al., (2020) namely intellectual capital affects the financial performance of a company. This statement is in line with the results of research by Tasawar & Haniffa (2017) that intellectual capital affects financial performance. Another factor affecting financial performance is the size of the company. In Putri's research (2018) explained that the size of the company has a positive effect on financial performance in line with research by Tisna & Agustami (2016) that the size of the company has a positive effect on financial performance because a large company size will carry out all business activities properly.

This research was conducted based on the results of previous studies, there are still research incoherences regarding financial performance. In this case, if there is a poor financial performance, it affects the company in making a profit and makes the company that does not make a profit.

1.1 Objectives
This study aims to determine the effect of intellectual capital and firm size on the financial performance of banking sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020.

2. Literature Review
Agency Theory was initiated in 1976 by Jensen and Meckling, who described agency relationships as a contract in which one of the parties (principals) used the other party (agent) to work on a certain service for their benefit. In this case, the financial performance of the company (principal) that has a company tends to want to get a high profit, but (agent) managers tend to think about things in managing the company so that profit is stable without thinking about high profits. Signalling Theory was initiated in 1973 by Spence saying that the sending party who has the information, provides information that reflects an enterprise that is beneficial to the recipient of the information. In this case, the relationship between signal theory and financial performance if the management in the company gives a positive signal to interested parties.

2.1 Financial Performance
Financial performance is an analysis or measure of company's success for efforts in implementing performance. In financial performance, profit is a scale used to determine the survival of the company, the profit is obtained from the results of managing the company's resources. Financial performance is also a representation of the good and bad management of the company that has been published during a certain period as measured by the aspects of capital adequacy, liquidity, and profitability.

2.2 Intellectual Capital
Intellectual capital is an asset of knowledge owned by every company which if managed properly will create added value for the company and provide advantages in the competitive world. Intellectual capital in this study uses the Value Added Intellectual Coefficient (VAIC) indicator is one of the measurements with an indirect method to measure how efficient intellectual capital and employee capital are in creating value aware of the relationship between three main components, namely human capital, capital employed, and structural capital. The increase in intellectual capital, the performance of keuangan in the company is getting better (Weqar & Haque, 2021).

H1: Intellectual Capital positively affects financial performance

2.3 Company Size
The size of the company is the large scale of a company which seen from how big the total assets owned by the company. Large companies have greater capabilities than small companies. The size of the company is spelled out in total assets, sales and market capitalization. If the bigger it is, the bigger the size of the company. In the study using the total asset indicator, where total assets represent that the size of the company can affect the size of the company because the larger the assets, the larger the company. According to Arisanti (2020) the size of the company with In
total assets has a positive effect on financial performance. A company that has relatively large assets is able to operate at a higher level, therefore a company that has large assets is able to obtain loans from banks or other parties. 

H2: Company Size has positively effects on financial performance

3. Methods

In this study, the type of research used was descriptive research. Descriptive research according to Sugiyono (2017) is a study using a data analysis method with a description and description of the collected data without having the intention to make generally accepted conclusions. This, the study looked at the influence of intellectual capital and company size on financial performance. This research uses quantitative research methods. Quantitative research according to (Bahri, 2018) is another name for traditional approaches, positivism, experimental and empirical, emphasizing the testing of hypotheses and theories by measuring research variables in numbers and data analysis using symmetrical statistics measurements. This study used a case study strategy. A case study is a researcher conducting an in-depth exploration of programs, events, processes, activities, of one or more people (Sugiyono, 2016). The object of research in this study is the group of banking subsector companies listed on the Indonesia Stock Exchange in 2017-2020. This study used purposive sampling, so that the criteria to be used were as follows: (Table 1)

2. Banking subsector companies listed on the Indonesia Stock Exchange consistently present financial statements for the 2017-2020 period.

Table 1. Variable Operations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Concept of Variables</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance (Y)</td>
<td>Return On Assets (ROA) is an asset reward ratio used to evaluate whether management has received adequate remuneration from controlled assets (Priatna, 2016)</td>
<td>ROA = \frac{Laba setelah pajak}{Total Aset}</td>
<td>Ratio</td>
</tr>
<tr>
<td>Intellectual Capital (X1)</td>
<td>Value Added Intellectual Coefficient (VAIC) is a tool to measure intellectual capital owned by companies that are relatively easy to measure and do because they come from accounts in the company's financial statements (Astari &amp; Darsono, 2020)</td>
<td>VAIC = VACA + VAHU + STVA</td>
<td>Ratio</td>
</tr>
<tr>
<td>Company Size (X2)</td>
<td>Ln Total Assets is a measuring tool where the scale of the company is seen from total assets (Jaya, 2020)</td>
<td>Ln Total Aset</td>
<td>Ratio</td>
</tr>
</tbody>
</table>

Descriptive statistical analysis is a series of data transformation of a study in the form of tabulations and there is information related to the characteristics of research variables and is presented in summary form, besides that it is also presented in the form of tables and numerics (Indriantoro & Supomo, 2018). In this study, the descriptive statistical analysis used was the minimum value, maximum value, mean (average) and standard deviation as an illustration of the intellectual capital variable (X1), company size (X2), and financial performance (Y). (Table 1)

The analysis equations of the panel data method used in this study are:

\[ Y = \alpha + \beta_1 X_{1t} + \beta_2 X_{2t} + e \]
4. Data Collection
According to Nasution (2017) Descriptive analysis is an analysis of research data to test the abstraction of research results based on one sample, which describes each variable in this study.

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>132</th>
<th>-1.8967</th>
<th>2.6811</th>
<th>0.1604</th>
<th>0.5633</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Size</td>
<td>132</td>
<td>28.4500</td>
<td>34.9500</td>
<td>31.4361</td>
<td>1.8172</td>
</tr>
</tbody>
</table>

Source: data from the author (2022)

Based on the Table 2 of results from descriptive statistics showing the value of each research variable, the ROA value in financial performance was the lowest at -1.8967. When viewed from the average ROA value of 0.1604 with a standard deviation of 0.5633, it can be concluded that the sample data have varied or non-group data. In the table of results from descriptive statistics, the VAIC value derived from the results of three components, namely VACA (value added capital employed), VAHU (value added human capital), and STVA (structural capital value added), to the VAIC value generated in the lowest intellectual capital of -3.2501, while the VAIC value in intellectual capital is the highest at 26.7348. Judging from the average VAIC of 3.6856 with a standard deviation of 3.5640, it can be concluded that the sample data have data that do not vary or are in groups. Furthermore, in the results table of descriptive statistics, the Ln value of Total Assets in the lowest company size is 28.4500, while the Ln value of total assets is highest at 34.9500. Judging from the average Ln of total assets of 31.4361 with a standard deviation of 1.8172, it can be concluded that the sample data has data that does not vary or is in groups. The data presented in this study used panel data regression analysis techniques using Eviews 12 Software. In testing panel data, there are 3 models of analysis techniques, namely, the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). After that, the selection of a panel data regression model was carried out in order to find out what model was accurate to use in this study. There are 3 stages of testing, namely, Chow Test, Hausman Test, and Lagrange Multiplier Test.

4.1 Classical Assumption Test
The classical assumption test aims to provide certainty results that the regresi equation obtained has the accuracy to be consistent.

1. Multicollinearity Test
   The multicollinearity test aims to test whether the regression model found there is a correlation between independent variables. A regression model is said to experience multicolliniearity when the correlation coefficient has a > 0.8 but if < 0.8 then there is no multicollinearity problem.

<table>
<thead>
<tr>
<th>X1</th>
<th>X2</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>1.000000</td>
</tr>
<tr>
<td>X2</td>
<td>0.296948</td>
</tr>
</tbody>
</table>

   Source: data from via EViews 2012 (2022)

   Based on the test results Table 3, the results of the multicholinearity test on the correlation efficiency value possessed by none of them > 0.8 so that no multicollinearity occurs.

2. Heteroskedasticity Test
   The Heteroskedasticity Test aims to test whether in the regression model there is an inequality of residual variance (Ghozali, 2019)
Based on the test results Table 4, the absence of heteroskedasticity in the regression model, since the probability value is 0.1928 > 0.05.

### 4.2 Panel Data Regression Model

**1. Chow Test**

In the chow test, if the cross-section probability value of \( F > 0.05 \) then \( H_0 \) is accepted, meaning that the common effect model (CEM) is more in line with this study. On the other hand, if the cross-section probability value of \( F < 0.05 \) then \( H_0 \) is rejected, meaning that the fixed effect model (FEM) is more in line with the study.

**Table 5. Chow Test**

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>0.654110</td>
<td>(32.97)</td>
<td>0.9136</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>25.791887</td>
<td>32</td>
<td>0.7727</td>
</tr>
</tbody>
</table>

Source: data from via EViews 2012 (2022)

The probability value of cross-section \( F \) in chow test is 0.9136 then it is explained that if cross-section \( F > 0.05 \) then \( H_0 \) received the selected in the chow test is the common effect model (CEM). Furthermore, a thirstman test is carried out. (Table 5)

**2. Uji Hausman**

In the Hausman test, if the random cross section value > 0.05 then \( H_0 \) is accepted, meaning that the common effect model (CEM) is more in line with the study. But on the contrary, if the value of the random cross section < 0.05 then \( H_0 \) is rejected, it means that the fixed effect model (FEM) is more appropriate in this study.

**Table 6. Hausman Test**

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistic</th>
<th>Chi-Sq. d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>4.861056</td>
<td>2</td>
<td>0.0880</td>
</tr>
</tbody>
</table>

Source: data from via EViews 2012 (2022)
The probability value of random cross-section in Hausman test is 0.0880 > 0.05 then H₀ is accepted, the corresponding model is the random effect model (REM). Furthermore, a lagrange multiplier test was carried out. (Table 6)

3. Lagrange Multiplier Test
Lagrange multiplier test, if the Breusch-pagan probability value (BP) > 0.05 then H₀ is accepted, meaning that the common effect model (CEM) is more in line with the study, on the contrary, if the breusch-pagan probability value (BP) < 0.05 then H₀ is rejected, meaning that the random effect model (REM) is more in line with this study. (Table 7)

Table 7. Lagrange Multiplier Test

<table>
<thead>
<tr>
<th>Test Hypothesis</th>
<th>Cross-section</th>
<th>Time</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breusch-Pagan</td>
<td>4.354532</td>
<td>79.63726</td>
<td>83.99180</td>
</tr>
<tr>
<td></td>
<td>(0.0369)</td>
<td>(0.0000)</td>
<td>(0.0000)</td>
</tr>
</tbody>
</table>

Source: data from via EViews 2012 (2022)

The Breusch-pagan probability value of 0.0000 < 0.05 then it is explained that if the breusch-pagan < 0.05 then H₀ is rejected, and the corresponding model in the study is the random effect model (REM).

4.3 Panel Data Regression Model Selection
Based on the model tests that have been carried out, the model that is good for use in research is the random effect model (REM). The following are the results of testing using a random effect model (REM). (Table 8)

Table 8. Random Effect Model

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 06/19/22 Time: 21:59
Sample: 2017 2020
Periods included: 4
Cross-sections included: 33
Total panel (balanced) observations: 132
Swamy and Arora estimator of component variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-1.283625</td>
<td>0.855230</td>
<td>-1.500912</td>
<td>0.1358</td>
</tr>
<tr>
<td>X1</td>
<td>0.051351</td>
<td>0.014077</td>
<td>3.647950</td>
<td>0.0004</td>
</tr>
<tr>
<td>X2</td>
<td>0.039916</td>
<td>0.027607</td>
<td>1.445847</td>
<td>0.1506</td>
</tr>
</tbody>
</table>

Effects Specification
S.D.  Rho
Cross-section random 0.000000 0.0000
Idiosyncratic random 0.548309 1.0000

Weighted Statistics
R-squared 0.146994  Mean dependent var 0.160436
Adjusted R-squared 0.133769  S.D. dependent var 0.563285
S.E. of regression 0.524258  Sum squared resid 35.45522
F-statistic 11.11491  Durbin-Watson stat 1.630221
Prob(F-statistic) 0.000035

Unweighted Statistics
R-squared 0.146994  Mean dependent var 0.160436
Sum squared resid 35.45522  Durbin-Watson stat 1.630221

Source: data from via EViews 2012 (2022)
Results of the random effect model (REM) test, it can be known that the panel data regression equation in this study is as follows:

\[ Y = -1.283625 + 0.051351X_1 + 0.039916X_2 + e \]

5. Results and Discussion

5.1 The Effect of Intellectual Capital and Company Size on Financial Performance
Based on the probability value (f-statistic) of 0.000035 < 0.05 then \( H_0 \) is rejected and \( H_1 \) is accepted, it can be interpreted that the independent variables of this study intellectual capital and company size affect the dependent variables of financial performance in banking subsector companies listed on the IDX in 2017-2020.

5.2 The Effect of Intellectual Capital on Financial Performance
Intellectual capital (\( X_1 \)) has a probability value of 0.0004 < 0.05 with a positive regression coefficient value of 0.051351. This means that \( H_0 \) is rejected, and \( H_a \) is accepted so that intellectual capital partially has a positive influence on financial performance.

5.3 The Effect of Company Size on Financial Performance
The size of the company (\( X_2 \)) has a probability value of 0.1506 > 0.05 with a positive regression coefficient value of 0.039916. This means that \( H_0 \) is rejected, and \( H_a \) is accepted so that the size of the company partially has no influence on financial performance.

6. Conclusion
This research proves that intellectual capital and company size have a simultaneous effect on financial performance. However, partially intellectual capital has a positive effect on financial performance, in this case it shows that intellectual capital can play a role in improving financial performance, meaning that the higher the intellectual capital, the better the company's financial performance. This, the company is able to use and maximize existing resources such as the use of creativity and innovation of employees in the company so as to create added value for the company. Firm size has no negative effect on financial performance, in this case because the increase in a company is not always with total assets for which there are many other indicators that improve the financial performance of a company.

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Biography
Dr. Leny Suzan, S.E., M.Si., CIFM is senior doctorate graduate of accounting science, Padjadjaran University, doctoral education in accounting. Position on campus as a permanent lecturer, specializing in cost accounting and management accounting.

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