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The Influence Of Good Corporate Governance And Intellectual Capital On Financial Performance (Empirical Study Of Banking Companies Listed On The BEI In 2018 - 2022)

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Abstract. Purpose – This study evaluates the impact of Good Corporate Governance (GCG) and Intellectual Capital on the financial performance of banks in Indonesia during the period 2018-2022. The background of this research is the importance of the banking sector to the Indonesian economy and the challenges it faces due to global economic instability and the Covid-19 pandemic. Methodology/approach – The research method uses secondary data from the financial reports of banks listed on the Indonesia Stock Exchange (IDX). Findings – Testing was conducted using a panel data regression model, and the results show that GCG has a significantly negative impact on financial performance, while Intellectual Capital has a significantly positive impact. Novelty/value – The novelty in this research lies in the research object used, namely the financial sector listed on the IDX for the period 2018-2022.

Keywords: Good Corporate Governance; Intellectual Capital; Financial Performance; Banking; Covid-19 Pandemic.

A. INTRODUCTION

The banking sector is interesting to study because it has an important role in the successful improvement of the Indonesian economy because one of the largest revenues is from business activities originating from the banking sector. According to Fitrianingsih & Asfaro (2022)[7] in developing countries such as Indonesia, the existence of the banking industry is becoming increasingly important. This is because, typical of developing countries, there is a saving-investment gap that cannot be covered by the government budget. The involvement of banks in collecting and redistributing public funds will greatly assist the process of economic development. So it is not surprising that the role of banking in the economy of developing countries is more dominant than banking in developed countries.

However, on the other hand, the banking sector is very vulnerable to economic turmoil that often occurs. Due to uncertainty in global economic recovery in developing countries, especially Indonesia, which can result in high risk of public anxiety about the financial sector such as banks. The global financial recession that occurred due to the widespread Covid-19 outbreak since the birth of 2019, is one of the phenomena that can reduce the stamina of the national economy. The uncertainty of economic conditions as a result of the Covid-19 pandemic has also affected the performance and stability of the banking sector. Not only that, government policy through the Financial Services Authority Regulation (POJK) No.11 / POJK.03 / 2020 concerning credit / financing relaxation for people affected by the Covid-19 pandemic which aims to maintain the stability of the financial and banking systems also has an impact on banking financial performance. Poor financial performance will certainly have an impact on banking profitability. Looking back at this event, the ability of banks to restore the health level of banks and the confidence of investors to invest and make national economic conditions recover is very important, where around 80% of funding for business activities in Indonesia comes from banks [8].

Along with the dynamics of the global market and changes in the business environment, banking companies face increasingly complex challenges in maintaining and improving their financial performance. Good financial performance is not only an indicator of operational success, but also a reflection of the quality of management and corporate strategy. Company performance is the basic thing that investors see in assessing a company so that they can make the right decision to invest their funds in the company [1]. In analyzing financial performance, the results will show the condition of the company. If the company cannot compete and maintain a good performance assessment, it may experience difficulties and exit the industry it is running. Banks that are unable to return customer loans and money show that the bank's performance is poor.

Financial performance is something that investors use to see and assess the company's future performance and prospects. In addition, the assessment of financial work is carried out so that the public and customers believe and believe that the company has good credibility. As for internal parties, financial performance reflected in financial statements can be used to make decisions and to determine financial conditions. By knowing the financial condition, owners and key employees can plan and make the right decisions about what to do in the future and it will be seen whether the company can achieve the previously planned targets or not.

Companies that implement good corporate governance well can increase company trust so that they can improve company performance in carrying out their business activities in order to improve financial performance to achieve the benefits expected by stakeholders. The implementation of GCG in companies is one of the requirements for companies in Indonesia to be able to compete on a national and international scale because companies that have good governance will have stronger resilience in the face of various risks that may occur [6].

In this study, it shows that the financial performance of a company is influenced by the level of trust held by investors, using good corporate governance as a relevant proxy in measuring its impact. Good Corporate Governance on the company's financial performance is that the implementation of GCG can help companies create a fair and accountable decision-making process, so as to meet the expectations of stakeholders.

Good GCG implementation can increase transparency, accountability and integrity of the company, thereby increasing the trust of stakeholders, such as investors, customers and regulators. This can have a positive impact on the company's financial performance, such as increasing investor and customer confidence, increasing operational efficiency, and reducing reputational risk. In the context of banking, the implementation of GCG is also becoming increasingly important given the very strategic role of banking in a country's economy. Banks have a very important role in raising funds from the public and channeling them back in the form of credit to sectors in need. Therefore, banks need to pay attention to GCG implementation as an important factor in maintaining financial system stability and protecting customer interests [10].

In this case, regulators also have a very important role in ensuring that banks apply good GCG principles and meet established standards. In conclusion, good GCG implementation can have a positive impact on the company's financial performance through increased transparency, accountability, integrity, good risk management, increased operational efficiency, and increased access to funding sources. Therefore, companies need to pay attention to GCG implementation as an important factor in efforts to improve their financial performance, and regulators need to ensure that companies apply good GCG principles and meet established standards [7].

According to Badawi (2018)[3] Banks are required to apply the principles of good governance in every business activity of the Bank at all levels or levels of the organization. The implementation of the principles of good governance, among others, is realized in the implementation of the duties and responsibilities of the Board of Directors and the Board of Commissioners, the completeness and implementation of the duties of committees and work units that carry out the internal control function. OJK Chairman, Wimboh Santoso, said that good corporate governance is the main aspect to build a solid corporate fundamental. Good Corporate Governance (GCG) is a form of good corporate management, which includes a form of protection for shareholders (public) as company owners and creditors as external funders. Thus, the implementation of Good Corporate Governance is believed to increase company value [3].

Several previous studies examining the effect of GCG on financial performance such as those conducted by Febriansyah & Fahreza (2020)[5] show that good corporate governance proxied by the board of commissioners and audit committee has a negative and significant effect, while the board of directors has no effect on financial performance. Fitrianingsih & Asfaro (2022)[7] show that good corporate governance has an insignificant effect on return on asset (ROA) financial performance in banking companies. Gemilang & Wiyono (2022)[8[say that independent commissioners and company size have a positive influence on financial performance, audit committees and capital structure have no effect on financial performance, directors and leverage have a negative effect on the company's financial performance.

Intellectual capital has great potential to influence the financial performance of bank companies through improved innovation strategies, better risk management, and increased competitiveness in financial markets. Intellectual capital is the intellectual capital owned by the company, which consists of three components, namely human capital, structural capital, and customer capital. Human capital is intellectual capital related to the knowledge, skills, and experience of the company's employees. Structural capital is intellectual capital related to the systems, procedures, and technology owned by the company. Meanwhile, customer capital is intellectual capital related to the relationship and trust between the company and customers. intellectual capital in a company, especially in banking companies, is enough to affect the company's financial performance [6].

The higher the Intellectual Capital (VAIC), the more profit increases, which makes the ROA value increase. Thus Intellectual Capital will contribute to the company's financial performance [14]. In this case, banking companies that are able to manage their intellectual capital well will have better financial performance than banking companies that are not able to manage their intellectual capital well. In addition, the researchers also found that human capital has a greater influence on the company's financial performance than structural capital and customer capital.

Some studies that conducted research related to intellectual capital on financial performance such as those conducted by Azahra & Gustyana (2020) said that only VACA and VAHU have an influence on the company's financial performance. While simultaneously, VACA, VAHU and STVA together affect the company's financial performance. Meanwhile, Landion & Lastanti (2019)[12] there is a positive influence between intellectual capital on the financial performance of banking companies listed on the Indonesia Stock Exchange. Nurhayati et al (2019)[14] said that value Added Intellectual Capital (VAIC) affects financial performance with return on assets (ROA) indicators.

Based on the background of this study, there is a motivation to conduct research related to financial performance with research objects during 2018-2022 and for the independent variable Good Corporate Governance using different measurements from previous research using the audit committee proxy, the board of commissioners of this study GCG is measured based on the Financial Services Authority Circular Letter NUMBER 32 /SEOJK.04/2015 and Intellectual Capital which is measured using the Value Added Intellectual Coefficient (VAIC). Then, financial performance is proxied by Return on Asset (ROA). Thus the above description that has been explained, the authors are interested in conducting research entitled "The Effect of Good Corporate Governance and Intellectual Capital on Financial Performance".

B. LITERATURE REVIEW

Effect of Good Corporate Governance and Intellectual Capital on financial performance

Good corporate governance, which includes the principles of transparency, accountability, and compliance with regulations, is expected to increase investor confidence and the company's operational efficiency. Meanwhile, the utilization of intellectual capital, which includes knowledge, skills, and innovation, is expected to generate added value and competitive advantage for the company. Both are believed to support each other in creating solid financial performance, which is reflected in the profitability, liquidity, and revenue growth of the company.

This hypothesis is based on the assumption that effective management of good corporate governance and intellectual capital can increase the value of the company and its competitiveness in the market. This research hypothesis states that there is a positive relationship between the implementation of good corporate governance and the utilization of intellectual capital with the company's financial performance. Therefore, the study will examine the simultaneous effect of these two factors on the company's financial performance with the aim of providing a deeper understanding of the importance of these factors in achieving company success.

H1 : It is suspected that good corporate governance and intellectual capital affect financial performance.

The Effect of Good Corporate Governance on Financial Performance

To maximize the financial performance reflected in the financial statements carried out by company management, a good corporate governance (CG) mechanism is needed. Management is expected to carry out important activities and report back to stakeholders. All interested parties have the right to be provided with information about the company's activities. Stakeholders are a consideration for a company to disclose or not disclose information in the company's financial statements. This will motivate and control the nature of management in carrying out the company's operational activities.

The Good Corporate Governance (GCG) mechanism is a system that regulates the relationship between interested parties (stakeholders) in order to achieve organizational goals. Good corporate governance (GCG) can briefly be interpreted as a set of systems that regulate and control the company to create value added for stakeholders. Consistent application of the principles of good corporate governance can improve the quality of financial statements and can also be an obstacle to performance engineering activities which result in financial reports that do not reflect the fundamental value of the company, so that the company is managed more effectively, which will have a positive impact on the company's financial performance.

Based on previous research examining GCG as conducted by Gemilang & Wiyono (2022)[8], it states that independent commissioners and company size have a positive effect on financial performance, audit committees and capital structure have no effect on financial performance, directors and leverage have a negative effect on the company's financial performance. Fitrianingsih & Asfaro's research (2022)[7] shows that directors have a positive and insignificant effect on financial performance, the board of commissioners has a positive and insignificant effect on financial performance, the audit committee has no significant effect on financial performance, good corporate governance has no significant effect on return on financial performance. In this study GCG is proxied by the measurement of SEOJK indicators, this measurement is different from previous research, so the 2nd hypothesis of this study is:

H2: It is suspected that Good Corporate Governance has an effect on Financial Performance.

The Effect of Intellectual Capital on Financial Performance

According to stakeholder theory, good management of human capital, capital employed / physical capital, and structural capital will create value added for the company which can then encourage the company's financial performance. This means that good intellectual capital management will create value added and improve the company's financial performance Yuniar & Amanah (2021)[33] state that the greater the VAICTM value, the better the company's performance. The Intellectual Capital measurement used by the author is to use the VAICTM method because this method is considered more effective in measuring this Intellectual Capital. VAICTM which consists of intellectual resources in the form of human resources, organizational capital, and customer capital that are well managed by the company can create added value for the company itself. The higher the Intellectual Capital, the higher the company's Financial Performance.

Several previous studies such as those conducted by Yuniar & Amanah (2021)[33], Landion & Lastanti (2019)[12], Rahmadi & Mutasowifin (2021)[16] state that Intellectual Capital has a positive effect on Financial Performance. So the research suspects that this 3rd hypothesis is:

H3: It is suspected that Intellectual Capital has an effect on Financial Performance.

C. RESEARCH METHODOLOGY

In this study using a quantitative approach. A quantitative approach is an approach that aims to test theories, build facts, show relationships between variables, provide statistical descriptions, predict and predict the results. The type of research analyzed is hypothesis testing by testing an associative hypothesis which is a conjecture or temporary answer to a problem formulation that questions the relationship between two variables in a study. The research time horizon is time series. Time series data is data recorded over a consistent time interval.

In carrying out this research, the data used is secondary data. Secondary data is research data obtained by researchers indirectly through intermediary media. The data is in the form of financial reports of each banking company listed on the Indonesia Stock Exchange (IDX) as well as financial reports in the form of annual financial reports of banking companies that have been listed on the IDX.

This research was conducted for six months, during these six months the research preparation was carried out in stages starting from the preparation stage, data collection stage, data processing, to the final stage of research collection.
1.Preparation Stage : This stage is the beginning of research activities in the form of data collection by downloading annual financial reports on the IDX and the official websites of related companies.
2.Data Collection Stage : This stage is the implementation stage of obtaining data for research analysis.
3.Data Processing Stage : This stage is to process and analyze the data that has been obtained from the results of data collection with Eviews Software.

D. RESULTS AND DISCUSSION

The variables used in this study are independent variables and dependent variables. The independent variables used are good corporate governance and intellectual capital, the dependent variable is financial performance. These variables will be tested descriptively as shown in table 1 as follows:

Table 1 Descriftive Statistic Test Results

	Kinerja Keuangan	GCG	Intellectual Capital
Mean	0.018184	0.987613	4.598864
Median	0.015312	1.000000	4.022648
Maximum	0.122099	1.000000	12.28143
Minimum	0.000397	0.760000	1.747244
Std. Dev.	0.018817	0.038293	2.006874

The following are the results of three models that will be selected for the selection of which model is best to use.

Table 2 The chow test results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	48.907921	(30,122)	0.0000
Cross-section Chi-square	397.883241	30	0.0000

In the chow test, the basis for decision making is if the prob.cross-section chi-square value <0.05, then the chow test will select the fixed effect model and vice versa if the prob.cross-section chi-square value> 0.05, then the common effect model will be selected.

Based on the statistical test results, the prob.cross-section chi-square value is 0.0000 <0.05, so the fixed effect model is the best model than the common effect model.

Table 3 The results of the Hausman test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.280631	2	0.527'

In the hausman test the basis for decision making is if the p-value <0.05 then we will choose the fixed effect model and vice versa if the p-value> 0.05 then we will choose the common effect model. based on the results of statistical testing obtained a p-value of 0.5271> 0.05, the random effect model was selected in the hausman test.

Table 4 The Lagrange Multipilier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	248.7601 (0.0000)	0.708663 (0.3999)	249.4688 (0.0000)
Honda	15.77213 (0.0000)	-0.841821 (0.8001)	10.55732 (0.0000)
King-Wu	15.77213 (0.0000)	-0.841821 (0.8001)	4.619043 (0.0000)
Standardized Honda	16.55268 (0.0000)	-0.594237 (0.7238)	7.477486 (0.0000)
Standardized King-Wu	16.55268 (0.0000)	-0.594237 (0.7238)	2.242995 (0.0124)
Gourieroux, et al.	--	--	248.7601 (0.0000)

Lagrange multiplier to see the common effect model or random effect model which is the best model. The following are the LM test results. Based on the LM test results, the value of both is 0.000 <0.05, meaning that the random effect model is the best model.

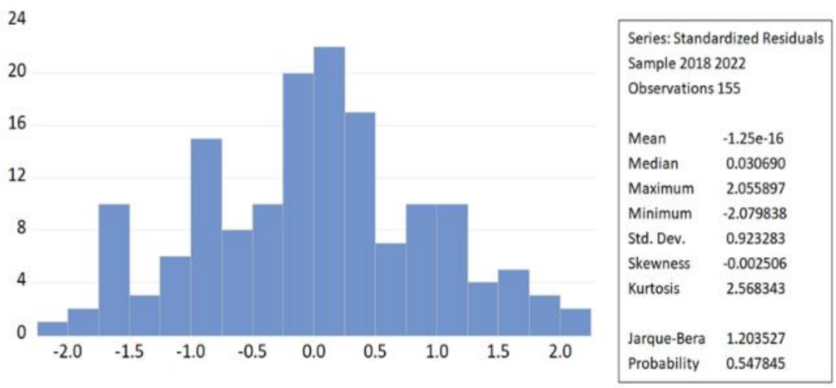

Figure 1 Normality Test Results

From the results of statistical testing of the normality test that the Jarque-Bera value is 1.203 < 2 and the probability is 0.5478 < 0.05, so the data can be said to be normally distributed residuals.

Table 6 Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
Good Corporate Governance	3.825379	670.6271	1.000193
Intellectual Capital	0.001393	6.286543	1.000193
C	3.775438	677.5669	NA

The basis for decision making is if the correlation value between independent variables if the tolerance value is <0.10 or equal to VIF <10. meaning that there is no multicollinearity between independent variables. Based on the results of statistical testing in table 4.10, it is obtained that there is no VIF value above 10 in the range of 1.000193, which means that there is no multicollinearity.

Table 7 Autocorrelation Test Results

R-squared	0.099889	Mean dependent var	0.002523
Adjusted R-squared	0.088046	S.D. dependent var	0.005705
S.E. of regression	0.005448	Sum squared resid	0.004512
F-statistic	8.434050	Durbin-Watson stat	1.852303
Prob(F-statistic)	0.000336		

It is known that the Durbin-Watson (DW) value is 1.852303. Furthermore, this value will be compared with the Durbit Watson table value at a significance of 5% (0.05) with the formula (k; n) while the number of independent variables K = 2, while the number of samples N = 155, then the dL value is 1.7114 and the dU value is 1.7636. So that the DW value of 1.852303 is greater than dL, namely 1.7114 and less than (4 - dU) 4 - 1.7636 = 2.2364, namely dU < DW < (4 - dU), it can be concluded that there are no problems or symptoms of autocorrelation.

Table 8 Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser			
Null hypothesis: Homoskedasticity			
F-statistic	2.013697	Prob. F(2,152)	0.1370
Obs*R-squared	4.000875	Prob. Chi-Square(2)	0.1353
Scaled explained SS	4.038315	Prob. Chi-Square(2)	0.1328

The results of the glejser test test obtained a Prob Obs * R-square value of 4.000875 and a prob.chi-square value of 0.1353 more than 5% or 0.05, it can be concluded that there is no heteroscedasticity.

Table 9 Panel Data Regression Results

Variable	Coefficient	Std. Error	t.statistic	Prob
Good Corporate Governance	-0.156435	0.037165	-4.209203	0.0000
Intellectual Capital	0.001565	0.000709	2.207276	0.0288
C	0.165484	0.036922	4.482011	0.0000
R-squared	0.130694			
Adjusted R-s quared	0.119256	Mean dependent var	0.018184	
S.E of regression	0.017659	S.D dependent var	0.018817	
Sum squared resid	0.047401	Akaike info criterion	-5.215952	
Log Likelihood	407.2363	Schwarz criterion	-5.157047	
F- Statistic	11.42605	Hannan-Quinn criter.	-5.192026	
Prob(F-statistic)	0.000024	Durbin-Watson stat	0.179816	

The regression model obtained from the test results can be written as follows: Y = 0.165484 - 0.156435X1 + 0.001565X2

The regression model equation can be explained as follows:

1. The constant obtained is 0.165484, which means that if the dependent variable is equal to zero (0), then the financial performance is 0.165484.
2. The regression coefficient of variable X1 (GCG) is obtained at -0.156435 with a negative coefficient direction. This means that if variable X1 increases by 1 unit, GCG in non-financial companies listed will increase by -0.156435 with the assumption that other variables are constant.
3. The regression coefficient of variable X2 (intellectual capital) is obtained at 0.001565 with a positive coefficient direction. This means that if the X2 variable increases by 1 unit, the intellectual capital in non-financial companies will increase by 0.001565 with the assumption that other variables are constant.

Table 10. F-test Result

R-squared	0.099889	Mean dependent var	0.002523
Adjusted R-squared	0.088046	S.D. dependent var	0.005705
S.E. of regression	0.005448	Sum squared resid	0.004512
F-statistic	8.434050	Durbin-Watson stat	1.852303
Prob(F-statistic)	0.000336		

Based on Table 10 it is known that the Prob. (F-statistics) value is 0.0003 <0.05, it can be concluded that GCG, Intellectual Capital together or simultaneously affect the financial performance variable.

Table 11. Coefficient of Determination

R-squared	0.099889	Mean dependent var	0.002523
Adjusted R-squared	0.088046	S.D. dependent var	0.005705
S.E. of regression	0.005448	Sum squared resid	0.004512
F-statistic	8.434050	Durbin-Watson stat	1.852303
Prob(F-statistic)	0.000336		

It is known that the coefficient of determination (Adjusted R-squared) for variables without intervening is 0.16 This value means that GIC, Intellectual Capital simultaneously or together affect financial performance by 8%, the remaining 92% is influenced by other factors.

Table 12. T-test Results

Variable	Coefficient	Std. Error	t.statistic	Prob
Good Corporate Governance	-0.067735	0.027419	-2.470352	0.0149
Intellectual Capital	0.001470	0.000534	2.750968	0.0068
C	0.078320	0.027160	2.883604	0.0046

Based on Table 4.16, it is known:

1. The t-count value of the GCG variable is -2.919564 while the t-table is calculated using df = n-k (155-3) (n; 0.05) obtained a t-table value of (1.65494). Based on the t test results, the t-count value is -2.919564> 1.65494 with a significant value of 0.004 <0.05. So it can be concluded that the GCG variable has a negative effect on financial performance.
2. The t-count value of the intellectual capital variable is 2.906853 while the t-count value is 0.004 <0.05.

The effect of good corporate governance and intellectual capital on financial performance. Based on the results of research that has been carried out simultaneously from each variable, the Prob. (F-Statistic) value is 0.000024 <0.05. These results indicate that good corporate governance and intellectual capital simultaneously affect financial performance. The results of this study indicate that the governance implemented by the company is good and this is an important role for the company in the economic development of its business. Where good management can minimize the risk of abuse of authority so as to improve company performance. One of the causes of the abuse of authority occurs due to the lack of corporate governance, so GCG is needed to reduce risk and improve company performance. GCG implementation is also carried out to increase stakeholder value, and ensure managers perform their performance to increase company profits by increasing the company's intellectual capital so that planned goals can be achieved. These results are in line with the research of Landion & Lastanti (2019)[12], Rahmadi & Mutasowifin (2021)[16], Tarigan et al (2019)[25].

Fitrianingsih & Asfaro's opinion (2022)[7] In connection with agency theory, the party with the greatest interest in management performance is the owner (shareholders). The right Corporate Governance mechanism is expected that management will be able to fulfill its responsibilities in relation to the interests of the owner and of course it can be a tool to motivate managers to maximize the value of shareholders. Agency theory is the relationship between the agent (management) and the principal (owner). Separation of ownership in banking institutions can lead to conflicts of interest if supervision is carried out. The results of this study are in line with agency theory because conflict of interest is the difference between the economic interests of the company and the personal economic interests of directors and commissioners and the ranks below, shareholders or affiliated parties of directors, commissioners or shareholders, which can harm the bank. The results of this study are in line with the research of Aprilia et al (2022)[1], Fitrianingsih & Asfaro (2022)[7], Saragih & Sihombing (2021)[18].

The effect of good corporate governance on financial performance. Based on the results of the t test data analysis in table 4.16, it shows that there is an influence between GCG on financial performance. Where from the research results obtained a probability value of 0.0042 <0.05 with the results of the t-count value of 2.906853> 1.65494 (t-table), it means that there is an influence given by GCG on financial performance. So that the higher the value of GCG, the higher the value of the company's financial performance. Thus, it can be concluded that the GCG variable has an effect on financial performance. H2 is accepted or the same as the second hypothesis is proven.

In the opinion of Badawi (2018)[3] Through the implementation of good and correct GCG, it will encourage the creation of transparency which causes external parties and internal parties to gain confidence in the company's performance so that it will encourage an increase in company performance. Corporate governance is a principle that directs and controls the company in order to achieve a balance between the company's power and balance in providing accountability to stakeholders and shareholders. It is intended that good corporate governance is needed so that stakeholders such as shareholders can be confident in the company that the professionalism of the company will bring benefits to these shareholders.

This result is reinforced by research data, based on descriptive statistical data, the total mean on the good corporate governance variable is 1.0000, this figure indicates that companies that disclose GCG as measured by Content Analysis from the Financial Services Authority (OJK) are complete, meaning that banking companies have implemented GCG indicators to maximize their company's performance. The results of this study are in line with the research of Saragih & Sihombing (2021)[18], Fitrianingsih & Asfarro (2022)[7], William & Ekadjaja (2020)[28] which state that good corporate governance has a positive effect on financial performance.

The effect of intellectual capital on financial performance. The 3rd hypothesis in this study is that intellectual capital has an effect on financial performance. Based on the results of statistical testing obtained t-count of -2.919564> 1.65494 (t-table) and a significant value of 0.0040 <0.05, it can be concluded that intellectual capital affects financial performance. Then the 3rd hypothesis in this study is accepted. According to stakeholder theory is to help corporate managers increase the value of the impact of their activities, and minimize losses for stakeholders. This is in line with stakeholder goals where by increasing the company's intellectual capital can help minimize losses and can improve company performance which can be seen from the company's financial performance report with the aim of making a profit, if the company experiences an increase in financial performance then the stakeholder's goal has been achieved.

According to Azahra & Gustyana (2020)[2] Stakeholders of each company must be aware that the company's financial performance is no longer supported by the company's tangible assets alone but also intangible assets sourced from capital employed, human capital, and structural capital. With the disclosure of intellectual capital, the company can provide added value to the company and this can improve the company's financial performance with the support of competitive resources, it will improve company performance. The results of this study are in line with the results of research conducted by Landion & Lastanti (2019)[12], Nurhayati et.al (2019)[14], Febriany (2019)[6], Azahra & Gustyana (2020)[2], Tarigan et.al (2019) which say that there is a positive influence between intellectual capital on the company's financial performance.

CONCLUSION

This study aims to test and analyze empirical evidence of the effect of good corporate governance and intellectual capital on financial performance. Empirical study of non-financial companies listed on the Indonesia Stock Exchange for the period 2018-2022. Based on the results of statistical testing in this study, the following conclusions can be made:

1. Good Corporate Governance and Intellectual Capital affect financial performance.
2. Good Corporate Governance affects financial performance.
3. Intellectual Capital affects financial performance.

Research limitations Based on the coefficient of determination (R2) test, the contribution of the independent variable good corporate governance and intellectual capital only has an influence of 8%, meaning that there are still many other variables that affect financial performance.

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