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The Impact of Intellectual Capital and Corporate Governance on Bank Performance in Indonesia (2022–2024)

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Abstract:

This study aims to analyze the impact of Intellectual Capital and Corporate Governance on financial performance in banking companies listed on the Indonesia Stock Exchange during the period of 2020–2024. The method used is a quantitative approach to identify the relationship between independent and dependent variables using SPSS for Windows 27. The data used are secondary data in the form of financial reports from banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period of 2020–2024, and the sample was taken using purposive sampling technique. The simultaneous test results show that both Intellectual Capital and Corporate Governance variables, when tested individually, have no significant effect on the financial performance of the companies. However, Intellectual Capital and Corporate Governance, when tested simultaneously, have a significant impact on the companies' financial performance. The study also reveals that the independent variables, namely Intellectual Capital and Corporate Governance, contribute to 34.1% of the variation in the dependent variable, which is the companies' performance. The remaining 65.9% is influenced by other variables outside the regression equation or variables not included in this study model.

Keywords: Intellectual Capital, Corporate Governance, Banking Financial Performance

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Introduction

The increasingly competitive global economy drives companies to continuously improve their performance and competitiveness. Technological advancements, digitalization, and global market integration require companies to adapt quickly and efficiently. In this environment, companies can no longer solely rely on physical assets as the primary source of value creation; they are also expected to optimally manage knowledge-based resources in order to sustain business continuity (OECD, 2015).

Financial performance is a crucial indicator that reflects a company's ability to manage resources to generate profits and maintain business sustainability. In the banking

sector, financial performance plays a strategic role as it is directly linked to public trust, financial system stability, and the effectiveness of intermediary functions. One of the common indicators used to assess banking financial performance is Return on Assets (ROA), as it reflects the efficiency of a bank in utilizing its assets to generate profits (Kasmir & Lainnya, 2019).

Empirically, the development of the banking sector in Indonesia during the 2022–2024 period showed a relatively increasing trend in asset growth, in line with the post-pandemic economic recovery. The growth in banking assets reflects the rising level of intermediation activity and public trust in the banking industry. However, this asset growth is not always followed by a proportional increase in ROA. The fluctuation of ROA during the same period indicates that the increase in asset scale has not been fully matched by the efficiency in asset management to generate profits. This condition suggests that the banking sector faces challenges in optimizing the use of its resources so that asset growth can contribute optimally to financial performance (OJK, 2024).

In this context, intellectual capital becomes an important factor to consider in enhancing banking financial performance. Intellectual capital reflects a company's ability to utilize knowledge, skills, internal systems, and relationships with external parties to create added value. For the banking sector, which is service-based and relies on trust, the quality of human resources, the effectiveness of operational systems, and relationships with customers are key elements in supporting financial performance (Ulum et al., 2014).

The measurement of intellectual capital in empirical research is generally conducted using the Value Added Intellectual Coefficient (VAIC) method, which aims to assess the efficiency of value creation through human capital, structural capital, and utilized capital. While VAIC is widely used for its objectivity and accounting-based data, this method has limitations as it does not explicitly include the aspect of the company's external relationships. Consequently, the measurement of intellectual capital using VAIC is considered insufficient to fully reflect the entire intangible resources possessed by the company (Purnama, 2016).

As an extension of VAIC, the Modified Value Added Intellectual Coefficient (MVAIC) was introduced to provide a more comprehensive measurement of intellectual capital by adding the component of Relational Capital Efficiency. Through MVAIC, a company's ability to manage human resources, internal systems, external relationships, and utilized capital can be measured more comprehensively. This approach is considered more relevant for the banking sector, which highly depends on service quality, technology, and customer trust (Ulum et al., 2014).

Previous studies have shown that intellectual capital influences company financial performance, but with varying findings. Some studies have found that intellectual capital has a positive impact on financial performance, in line with Purnama's (2016) research which states that efficient management of intellectual capital can improve financial performance through increased productivity and operational efficiency. These findings also align with Achmad Solechan's research, which indicates that proper intellectual capital management contributes to improved banking financial performance (Solechan, 2017).

On the other hand, there are studies showing different results. Research by Munty Rizkya and Dikdik Saleh Sadikin found that some components of intellectual capital negatively affect financial performance (Rizkya & Sadikin, 2022). This suggests that companies have not yet managed all components of intellectual capital optimally, thus making the increase in intangible resources unable to improve financial performance.

These differing findings highlight the importance of re-examining the effect of intellectual capital on financial performance, especially in the banking sector with more recent conditions and research periods.

Based on the phenomenon of banking asset growth not always being followed by an increase in ROA, as well as the differences in previous research findings, this study becomes essential. This research focuses on the impact of intellectual capital, measured using MVAIC, and corporate governance on the financial performance of banking companies listed on the Indonesia Stock Exchange during the period 2022–2024, aiming to provide a more relevant empirical perspective on the current condition of the banking industry in Indonesia.

Theoretical Framework

Agency Theory

Agency theory explains the contractual relationship between the company's owner (principal) and management (agent), where management is authorized to manage the company on behalf of the owner (Jensen & Meckling, 2019). In this relationship, potential conflicts of interest can arise due to differing goals between the principal and the agent, as well as information asymmetry, where management has more information about the internal condition of the company than the owner (Wahyudi & Pawestri, 2006). This situation can lead to opportunistic behavior from management, which could potentially lower company performance if not properly controlled. Therefore, control mechanisms and performance measurements are necessary to ensure that management acts in the best interest of the company's owner. In the banking context, efficient management of company resources, including intellectual capital, is crucial to minimize agency conflicts and improve financial performance (Ningsih, 2020). Thus, agency theory provides a basis that effective management of intellectual capital is expected to enhance management effectiveness in creating company value, reflected in the improvement of financial performance such as Return on Assets (ROA).

Signaling Theory

Signaling theory explains that companies send information to external parties to reduce information asymmetry between management and external stakeholders, particularly investors. This information is communicated through financial reports and performance disclosures that serve as signals about the company's condition and future prospects. Positive signals are expected to enhance investor confidence in the company's quality, while negative signals may raise perceptions of higher risk (Connelly et al., 2011). In the context of public companies, signaling becomes important because investors do not have direct access to the company's internal information. Efficient management of company resources, including intellectual capital, can be viewed as a positive signal demonstrating management's ability to create added value.

Resource-Based Theory

The Resource-Based View (RBV) theory explains that competitive advantage and company performance are determined by the company's ability to manage internal resources that are valuable, rare, difficult to imitate, and non-substitutable (J. Barney, 1991). Subsequently, RBV emphasizes that intangible resources, such as knowledge, employee competencies, organizational systems, and external relationships, play an

increasingly dominant role in creating company value (J. B. Barney et al., 2011). This theory is relevant for the banking industry because banking operations heavily rely on the quality of human resources, information technology, as well as organizational processes and structures. Efficient management of intellectual capital reflects a company's ability to leverage these strategic resources to create sustainable value. In this study, MVAIC is used to measure the efficiency of intellectual resource utilization as a representation of the RBV concept.

Intellectual Capital

Intellectual capital is a strategic asset derived from the organization's ability to manage knowledge, experience, and intellectual resources to create added value and competitive advantage. Intellectual capital is not limited to human resource quality but also includes systems, procedures, technology, and the relationships the company builds with external parties. In the knowledge-based economy, intellectual capital becomes a key factor determining company success, as worker productivity and competence play a significant role in supporting organizational performance. Intellectual capital is also understood as an intangible asset reflecting the utilization of information, intelligence, professional expertise, and the company's networks to generate revenue and increase entity wealth. Effective management of intellectual capital enables companies to optimize human potential and organizational infrastructure, ensuring efficient and sustainable operational activities. One of the widely used approaches is the quantitative measurement based on the Modified Value-Added Intellectual Coefficient (MVAIC). The MVAIC model is an extension of the Value-Added Intellectual Coefficient (VAIC) method proposed by Pulić (1998), which has been further refined to measure the efficiency of value creation more comprehensively.

Good Corporate Governance (GCG)

Corporate governance can be understood as a framework of rules that directs and controls the company's operations to ensure effective, transparent, and accountable management activities. This concept emphasizes how the roles and relationships between shareholders, management, the supervisory board, and other stakeholders are structured in the company's decision-making processes. The purpose of corporate governance is to ensure that the company is managed in the long-term interests of the stakeholders and in compliance with applicable legal and ethical business standards. The implementation of good governance is expected to improve the quality of supervision over management and reduce the potential for deviations in company management. Thus, corporate governance plays an important role in maintaining business sustainability and enhancing investor trust, especially in public companies such as the banking sector (OECD, 2015). The indicator used in this study for Corporate Governance is Institutional Ownership. Institutional ownership is one of the corporate governance indicators that reflects the proportion of company shares owned by institutions such as banks, insurance companies, pension funds, mutual funds, or the government.

Financial Performance

Financial performance is an indicator of a company's ability to manage its resources to achieve operational goals and generate sustainable profits. Financial performance is generally measured through financial ratio analysis derived from financial

statements, as these ratios provide information about the company's profitability, efficiency, and management effectiveness (Kasmir & Lainnya, 2019). In the banking sector, financial performance plays a very important role because it reflects the bank's ability to manage assets, most of which are derived from public funds. One of the most commonly used financial performance indicators is Return on Assets (ROA), as this ratio shows management's ability to generate profit from the total assets the company owns (Sri Rusiyati et al., n.d.). ROA is considered more suitable for the banking industry compared to other profitability ratios, as it focuses on the efficiency of asset utilization. Therefore, an improvement in financial performance measured through ROA reflects management's success in effectively managing the company's resources.

Financial performance assessment is used to evaluate the level of success a company has in managing its resources and achieving its operational objectives. This indicator is generally measured through financial ratios derived from financial statements, such as liquidity, solvency, activity, and profitability ratios (Kasmir & Lainnya, 2019). In accounting and finance research, profitability ratios often become the primary focus as they reflect the company's ability to generate profits from its resources (Sri Rusiyati et al., n.d.). In the banking industry, the most common profitability indicator used is Return on Assets (ROA), as this ratio assesses the efficiency of using total assets to generate profit. ROA is considered more relevant compared to other profitability indicators because most of the bank's assets are derived from third-party funds managed by management.

Research Hypotheses

The Effect of Human Capital Efficiency (HCE) on Financial Performance

Human Capital Efficiency (HCE) affects a company's financial performance because human resources are a key factor in operational activities, particularly in the service-based banking sector. Efficient management of human resources reflects the company's ability to leverage employees' knowledge, skills, and competencies to create added value, which in turn enhances productivity and financial performance (Pulić, 1998).

This view is supported by previous research showing that Human Capital Efficiency has a positive effect on the financial performance of banking companies. The company's ability to optimally manage and utilize the quality of human resources can increase profits and operational efficiency, as reflected in the improvement of Return on Assets (ROA) (Ningsih, 2020).

H1: Human Capital Efficiency (HCE) has a positive effect on the financial performance of banking companies.

The Effect of Structural Capital Efficiency (SCE) on Financial Performance

Structural Capital Efficiency (SCE) reflects a company's ability to manage systems, procedures, technologies, and organizational structures that support operational activities and value creation. Structural capital serves as the infrastructure that enables human resources to work effectively and consistently. Efficient management of structural capital can improve the quality of internal processes, accelerate decision-making, and enhance operational efficiency, thus impacting the improvement of the company's financial performance (Ulum et al., 2014).

Previous research shows that Structural Capital Efficiency has a positive effect on financial performance. A study by Purnama (2016) found that the efficiency of structural

capital positively impacts financial performance because organizational systems and procedures help support value creation. This finding is supported by Achmad Solechan (2019), who states that good management of structural capital can improve the financial performance of banking companies through strengthening internal processes and managerial effectiveness.

H2: Structural Capital Efficiency (SCE) has a positive effect on the financial performance of banking companies.

The Effect of Capital Employed Efficiency (CEE) on Financial Performance

Capital Employed Efficiency (CEE) reflects a company's ability to utilize physical capital and financial assets to create added value. In the banking sector, the effectiveness of capital use is very important because banks manage large amounts of assets sourced from public funds. Efficient capital management allows the company to increase asset productivity and its ability to generate profits, thereby directly improving the company's financial performance (Chen et al., 2005).

Previous research shows that Capital Employed Efficiency has a positive effect on financial performance. Research by Indriyana Puspitosari found that the efficiency of capital usage positively impacts banking financial performance, measured by Return on Assets (ROA) (Puspitosari, 2016). This finding is supported by Munty Rizkya and Dikdik Saleh Sadikin (2022), who state that the ability of banking companies to efficiently manage employed capital contributes to improved financial performance.

H3: Capital Employed Efficiency (CEE) has a positive effect on the financial performance of banking companies.

The Effect of Relational Capital Efficiency (RCE) on Financial Performance

Relational Capital Efficiency (RCE) reflects a company's ability to manage relationships with external parties, such as customers, business partners, and other stakeholders, to create added value. In the banking sector, good relationships with customers and external parties are crucial because customer trust and loyalty significantly influence business sustainability. Efficient management of relational capital allows the company to improve its reputation, expand its business network, and retain its customer base, ultimately contributing to improved financial performance (Ulum et al., 2014).

Previous research shows that Relational Capital Efficiency has a positive effect on financial performance. Research by Anisa Kartika Ardina and Novita found that managing and disclosing intellectual capital, including relational capital, positively impacts the performance of banking companies (Ardina & Novita, 2023). This finding aligns with research by Shella Oktavia Lee and Hendro Lukman, who state that intellectual capital, reflecting the company's relationships with external parties, contributes to improved financial performance (Lee & Lukman, 2023).

H4: Relational Capital Efficiency (RCE) has a positive effect on the financial performance of banking companies.

The Effect of Corporate Governance Institutional Ownership (IO) on Financial Performance

Corporate governance refers to the mechanisms used to direct and control a company to ensure that resource management is effective and responsible. One of the important corporate governance mechanisms is institutional ownership, which serves as an external monitoring tool for management. High institutional ownership allows for tighter supervision of managerial decision-making, thus minimizing agency conflicts and encouraging improved financial performance (OECD, 2015).

Previous research shows that corporate governance, as represented by institutional ownership, has a positive effect on financial performance. A study by Afni Eliana Saragih and Uci Trisnawaty Sihombing found that institutional ownership has a positive effect on the financial performance of banking companies, measured by Return on Assets (ROA) (Saragih & Sihombing, 2021). This result is supported by research by Shella Oktavia Lee and Hendro Lukman (2023), who state that corporate governance mechanisms, particularly institutional ownership and board supervision, can improve company financial performance.

H5: Corporate governance, as represented by institutional ownership, has a positive effect on the financial performance of banking companies.

Methods

This study uses a quantitative approach to identify the relationship between independent and dependent variables using SPSS for Windows 27 software. The data used are secondary data in the form of financial reports from banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2022–2024, accessed through the official IDX website and the individual company websites. The data collected includes both financial and non-financial information related to the research variables, such as net profit, total assets, components of intellectual capital calculations, and institutional ownership data. The population in this study consists of all banks listed on the Indonesia Stock Exchange (IDX) that published complete annual reports during the research period. The population size is 47 companies, and the sample was taken using purposive sampling technique based on the criteria: 1) Companies that published financial reports consecutively for the 2022–2024 period and 2) banking companies that made profits during the 2022–2024 period. Data analysis includes descriptive statistical tests, classical assumption tests (normality, heteroscedasticity, and autocorrelation), multiple linear regression analysis, and the coefficient of determination (Sugiyono, 2017).

Results

This study uses banking companies listed on the Indonesia Stock Exchange from 2022 to 2024 as the research object. The focus is solely on banking companies listed on the Indonesia Stock Exchange (IDX) within the 3-year period. Below are the results of the descriptive statistical analysis as shown in the table:

Table 1. Descriptive Statistical Analysis Results

N	Minimum	Maximum	Mean	Std. Deviation
HCE	102	1.0720	5.3130	2.804045
SCE	102	0.2050	0.8450	0.598305

CEE	102	0.2075	0.8221	0.456375
RCE	102	0.0019	0.2910	0.110638
IO	102	0.0125	0.9960	0.720040
ROA	102	0.0380	4.7340	1.594430
Valid N (listwise)	102			

Based on the data above, it is found that the Company Performance variable, proxied by Return on Assets (ROA), has a minimum value of 0.0380 and a maximum value of 4.7340. Moreover, it is known that this variable has a mean value of 1.594430. This indicates that, on average, companies are able to generate a profit of 1.59% from their total assets. The standard deviation of ROA is 1.2441435, which is smaller than its mean, indicating that the variation of ROA data is relatively stable despite performance differences between companies.

The Human Capital Efficiency (HCE) variable has a minimum value of 1.0720 and a maximum value of 5.3130. The mean value is 2.804045 with a standard deviation of 1.1499061. Since the standard deviation is smaller than the mean, the HCE data is fairly homogeneous with moderate variation between companies.

The Structural Capital Efficiency (SCE) variable has a minimum value of 0.2050 and a maximum value of 0.8450. The mean value is 0.598305 with a standard deviation of 0.1475818. This indicates that the mean value is larger than the standard deviation, suggesting that SCE data is homogeneous and has low variation.

The Capital Employed Efficiency (CEE) variable has a minimum value of 0.2075 and a maximum value of 0.8221. The mean value is 0.456375 with a standard deviation of 0.1374339. Since the standard deviation is smaller than the mean, the CEE data is homogeneous with relatively low variation.

The Relational Capital Efficiency (RCE) variable has a minimum value of 0.0019 and a maximum value of 0.2910. The mean value is 0.110638 with a standard deviation of 0.0735751. This indicates that RCE data is relatively homogeneous, as the mean is larger than the standard deviation.

The Good Corporate Governance variable, proxied by Institutional Ownership (IO), has a minimum value of 0.0125 and a maximum value of 0.9960. The mean value is 0.720040 or 72% with a standard deviation of 0.2816673. This indicates that the average institutional ownership in companies is relatively high, with a moderate level of variation between companies.

Classical Assumption Test

A. Normality Test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		102
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,98487139
Most Extreme Differences	Absolute	,066
	Positive	,065

	Negative		-,066
Test Statistic			,066
Asymp. Sig. (2-tailed)[c]			,200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		,343
	99% Confidence Interval	Lower Bound	,330
		Upper Bound	,355

Based on the results of the normality test using the One-Sample Kolmogorov-Smirnov Test, the Asymp. Sig. (2-tailed) value is 0.200. Since the significance value is greater than 0.05 (0.200 > 0.05), it can be concluded that the residual data in the regression model are normally distributed.

B. Multicollinearity Test

Table 3. Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-1,701	,648		-2,623	,010		
	HCE	,350	,194	,324	1,809	,074	,204	4,907
	SCE	1,877	1,448	,223	1,296	,198	,221	4,522
	CEE	1,572	,804	,174	1,954	,054	,827	1,210
	RCE	1,046	1,519	,062	,688	,493	,809	1,236
	IO	,496	,383	,112	1,294	,199	,867	1,153

a. Dependent Variable: ROA

The data shows that the Human Capital Efficiency (HCE) variable has a tolerance value of 0.204 > 0.10 and a VIF value of 4.907 < 10. The Structural Capital Efficiency (SCE) variable has a tolerance value of 0.221 > 0.10 and a VIF value of 4.522 < 10. The Capital Employed Efficiency (CEE) variable has a tolerance value of 0.827 > 0.10 and a VIF value of 1.210 < 10. The Relational Capital Efficiency (RCE) variable has a tolerance value of 0.809 > 0.10 and a VIF value of 1.236 < 10. The Institutional Ownership (IO) variable has a tolerance value of 0.867 > 0.10 and a VIF value of 1.153 < 10, thus it can be concluded that no multicollinearity exists in the regression model of this study.

C. Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-,157	,374		-,421	,675		
	HCE	-,075	,112	-,140	-,675	,501	,204	4,907
	SCE	1,567	,836	,373	1,875	,064	,221	4,522
	CEE	,917	,464	,203	1,975	,051	,827	1,210
	RCE	-1,436	,876	-,171	-1,639	,105	,809	1,236
	IO	-,092	,221	-,042	-,415	,679	,867	1,153

a. Dependent Variable: Abs_ROA

Based on the data above, the significance values for the Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), Capital Employed Efficiency (CEE), Relational Capital Efficiency (RCE), and Institutional Ownership (IO) variables are 0.501, 0.064, 0.051, 0.105, and 0.679, respectively. Since these values are all greater than 0.05, it can be concluded that both the independent and dependent variables in this study are free from heteroscedasticity.

D. Autocorrelation Test

Table 5. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,611[a]	,373	,341	1,0101935	,847

a. Predictors: (Constant), IO, CEE, RCE, SCE, HCE

b. Dependent Variable: ROA

Based on the data above, the Durbin-Watson value is 0.847. Referring to the Durbin-Watson table with the sample size (N) = 102 and the number of independent variables (k) = 5 (HCE, SCE, CEE, RCE, and IO), the lower bound (dL) is 1.5762 and the upper bound (dU) is 1.7813. The values of 4 – dU = 4 – 1.7813 = 2.2187 and 4 – dL = 4 – 1.5762 = 2.4238. Since the Durbin-Watson value is smaller than the lower bound (d < dL), which is 0.847 < 1.5762, it can be concluded that positive autocorrelation exists in the regression model.

E. Multiple Linear Regression Analysis Results

Table 6. Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1,701	,648		-2,623	,010
	HCE	,350	,194	,324	1,809	,074
	SCE	1,877	1,448	,223	1,296	,198
	CEE	1,572	,804	,174	1,954	,054
	RCE	1,046	1,519	,062	,688	,493
	IO	,496	,383	,112	1,294	,199

a. Dependent Variable: ROA

Based on the data above, the multiple linear regression equation is as follows:

$$ROA = -1.701 + 0.350(HCE) + 1.877(SCE) + 1.572(CEE) + 1.046(RCE) + 0.496(IO)$$

F. F-Test

The F-test is used to test the regression coefficients simultaneously. The results of the F-test are shown in the table below:

Table 7. F-Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	58,370	5	11,674	11,440	,000[b]
	Residual	97,967	96	1,020		
	Total	156,337	101			

a. Dependent Variable: ROA

b. Predictors: (Constant), IO, CEE, RCE, SCE, HCE

Based on the F-test results, the calculated F value is 11.440, which is greater than the F table value of 2.31, and the significance value is 0.000, which is less than 0.05. Therefore, it can be concluded that the variables HCE, SCE, CEE, RCE, and IO simultaneously have a significant effect on ROA. As a result, the research hypothesis is accepted, and H0 is rejected.

G. T-Test

The t-test is used to test the regression coefficients individually. The results of the t-test are shown in the table below:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1,701	,648		-2,623	,010
	HCE	,350	,194	,324	1,809	,074
	SCE	1,877	1,448	,223	1,296	,198
	CEE	1,572	,804	,174	1,954	,054
	RCE	1,046	1,519	,062	,688	,493
	IO	,496	,383	,112	1,294	,199

a. Dependent Variable: ROA

Based on the data analysis results above, it can be concluded that:

- The independent variable Human Capital Efficiency (HCE) (X1) has a significance value of 0.074 > 0.05 with a t-value of 1.809. Since the t-value is less than the t-table value (1.809 < 1.985), it can be concluded that HCE (X1) does not significantly affect ROA (Y).
- The independent variable Structural Capital Efficiency (SCE) (X2) has a significance value of 0.198 > 0.05 with a t-value of 1.296. Since the t-value is less than the t-table value (1.296 < 1.985), it can be concluded that SCE (X2) does not significantly affect ROA (Y).
- The independent variable Capital Employed Efficiency (CEE) (X3) has a significance value of 0.054 > 0.05 with a t-value of 1.954. Since the t-value is less than the t-table value (1.954 < 1.985), it can be concluded that CEE (X3) does not significantly affect ROA (Y).
- The independent variable Relational Capital Efficiency (RCE) (X4) has a significance value of 0.493 > 0.05 with a t-value of 0.688. Since the t-value is less than the t-table value (0.688 < 1.985), it can be concluded that RCE (X4) does not significantly affect ROA (Y).
- The independent variable Institutional Ownership (IO) (X5) has a significance value of 0.199 > 0.05 with a t-value of 1.294. Since the t-value is less than the t-table value

(1.294 < 1.985), it can be concluded that Institutional Ownership (X5) does not significantly affect ROA (Y).

H. Coefficient of Determination Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,611[a]	,373	,341	1,0101935

a. Predictors: (Constant), IO, CEE, RCE, SCE, HCE

b. Dependent Variable: ROA

The data above shows that the adjusted R-square value is 0.341 or 34.1%. This indicates that the independent variables Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), Capital Employed Efficiency (CEE), Relational Capital Efficiency (RCE), and Institutional Ownership (IO) can explain 34.1% of the variation in the dependent variable, Return on Assets (ROA). The remaining 65.9% is influenced by other variables outside this regression model or variables that were not included in the study model.

1) The Effect of Human Capital Efficiency on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange for the Period 2022-2024

The partial test results show that the Human Capital Efficiency (HCE) variable (X1) has a calculated t-value of 1.809 with a significance value of 0.074 > 0.05 concerning financial performance, as proxied by Return on Assets (ROA). Therefore, this study concludes that Human Capital Efficiency does not have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA). These results are consistent with Rahajeng and Hasibuan, who found that investment in human resources takes time to materialize into profits and does not always manifest immediately in the short term (Rahajeng & Hasibuan, 2020). Additionally, many large banks in Indonesia have already implemented standardized training and compliance practices, making the differences in HCE between smaller banks relatively small.

2) The Effect of Structural Capital Efficiency on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange for the Period 2022-2024

The partial test results show that the Structural Capital Efficiency (SCE) variable (X2) has a calculated t-value of 1.296 with a significance value of 0.198 > 0.05 concerning financial performance, as proxied by Return on Assets (ROA). Therefore, this study concludes that Structural Capital Efficiency does not have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA). These findings align with Hidayah and Moegiri (2024), who found that SCE does not significantly affect financial performance due to information technology investments not being followed by process transformations that alter business outcomes, which are highly dependent on the level of information technology integration.

3) The Effect of Capital Employed Efficiency on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange for the Period 2022-2024

The partial test results show that the Capital Employed Efficiency (CEE) variable (X3) has a calculated t-value of 1.954 with a significance value of 0.054 > 0.05 concerning

financial performance, as proxied by Return on Assets (ROA). Therefore, this study concludes that Capital Employed Efficiency does not have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA). These findings are consistent with the study by Saragih and Sihombing (2021), which states that while the efficiency of asset allocation does play a role, its effectiveness is constrained by liquidity conditions, interest rates, and non-performing loans (NPL). Capital Employed Efficiency may impact financial performance when supported by proper credit risk management and asset allocation.

4) The Effect of Relational Capital Efficiency on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange for the Period 2022-2024

The partial test results show that the Relational Capital Efficiency (RCE) variable (X4) has a calculated t-value of 0.688 with a significance value of 0.493 > 0.05 concerning financial performance, as proxied by Return on Assets (ROA). Therefore, this study concludes that Relational Capital Efficiency does not have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA). The findings suggest that Relational Capital Efficiency, which represents the quality of a bank's relationships with customers, partners, and the ecosystem, does not significantly affect financial performance. This is because relational benefits tend to accumulate in the medium to long term and often manifest more clearly in non-financial indicators or recurring revenues rather than annual ROA.

5) The Effect of Institutional Ownership on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange for the Period 2022-2024

The partial test results show that the Institutional Ownership (IO) variable (X5) has a calculated t-value of 1.294 with a significance value of 0.199 > 0.05 concerning financial performance, as proxied by Return on Assets (ROA). Therefore, this study concludes that Institutional Ownership does not have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA). Institutional Ownership is assumed to strengthen monitoring and governance, thereby improving performance; however, in the context of Indonesian banking, which is heavily regulated by authorities, the marginal effect of Institutional Ownership on ROA is often weak or indirect. These findings reflect the role of regulatory oversight and institutional heterogeneity, suggesting that institutional ownership does not always translate into an improvement in ROA in the short term.

6) The Simultaneous Effect of Intellectual Capital and Corporate Governance on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange for the Period 2022-2024

The simultaneous test results show that Intellectual Capital and Corporate Governance have a calculated t-value of 11.440 with a significance value of 0.000 < 0.05 concerning financial performance, as proxied by Return on Assets (ROA). Therefore, this study concludes that Intellectual Capital and Corporate Governance simultaneously have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA). This finding aligns with stakeholder theory and the studies by Rahajeng and Hasibuan (2020) and Saragih and Sihombing (2021), which state that good management of Human Capital, Structural Capital, Capital Employed, Relational Capital, and

Institutional Ownership will create value-added for the company, which in turn can drive the company's financial performance.

Conclusion

This study aims to examine the effect of Intellectual Capital and Corporate Governance on the Financial Performance of Banking Companies Listed on the Indonesia Stock Exchange (IDX) for the period 2022-2024. The results of the study indicate that Human Capital Efficiency (X1), Structural Capital Efficiency (X2), Capital Employed Efficiency (X3), Relational Capital Efficiency (X4), and Institutional Ownership (X5) do not have a significant partial effect on the financial performance of the companies, as proxied by Return on Assets (ROA), for banking companies listed on the IDX during 2022-2024. However, Intellectual Capital and Corporate Governance, when considered simultaneously, have a significant effect on the financial performance of companies, as measured by Return on Assets (ROA), for banking companies listed on the IDX during the same period.

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