

The Effect of Intellectual Capital on Financial Performance with Financial Distress as a Moderation Variable

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Abstract: Increase performance company is objective main for company For attract investors. Financial performance can be used by management to make decisions. Financial performance information is very important for investors as a tool for choosing investments (Rambe, 2020). The company's financial performance shows its ability to use the existing resources of the company as well as possible in order to generate profit or income. Objective from study This is For know influence of intellectual capital, sales growth and leverage to performance finances, and know is financial distress can moderate relationship between independent and dependent variables. Population in study This is company registered manufactures _ in Indonesian Sharia Stock Index (ISSI) and obtained sample as many as 20 companies. Study This using multiple linear regression techniques and Moderating Regression Analysis (MRA) with application eviws . Research results This showing that influential intellectual capital positive significant to performance finance , sales growth No influential to performance finance , leverage significant negative effect to performance finance , financial distress capable moderate influence intellectual capital to performance finance , financial distress No capable moderate influence sales growth to performance finance, financial distress No capable moderate influence leverage to performance finance.

Keywords: Intellectual Capital 1; Financial Performance 2 ; Financial Distress 3

Introduction

The phenomenon that is currently happening in Indonesia is the delisting of several companies (2012-2015 period) that are listed in the Indonesian Sharia Stock Index (ISSI). Delisting is if the shares experience a decline so that they do not meet the requirements for listing, then these shares can be removed from the stock exchange or removed from the list of public companies so that the shares cannot be traded on the capital market anymore (Syuhada et al., 2020) . Based on data from In 2015-2018 there were several relatively large declines, manufacturing companies experienced a decline in production growth so that cause decline performance finance. The decline occurred in 2016 and 2018, in 2015 production growth was 4.76%, in 2016 it fell to 20.51. In 2017 the production growth of manufacturing companies was 4.74% then fell in 2018 to 4.07%. Based on these data, it can be seen that the company can experience continuous losses due to financial difficulties. Because of this, the company will lose the trust of investors and other external parties. Given the many negative impacts of



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these conditions, companies need to prevent and anticipate companies from financial difficulties. Managers use a system that can provide warnings about the company's financial condition, so that managers can overcome the company's financial problems (Sandi & Amanah, 2019).

From the data above, the authors encounter the problem of a gap that occurs between one researcher and another regarding the factors that affect company performance. In addition, data from companies listed on the Indonesian Sharia Stock Index (ISSI) made the authors interested in conducting research on the performance of companies listed on the Indonesian Sharia Stock Index (ISSI). So, based on this background, the research raised the topic "The Influence of Intellectual Capital, Sales Growth, and Leverage on Company Performance with Financial Distress as a Moderating Variable".

Literature Review

Intellectual Capital

Intellectual capital is an intangible asset that can increase company value. Intellectual capital consists of three parts, namely human resources (HR), company structure, and consumers. Ulum (2009) explains that to get a good assessment, companies need to disclose the value of their intellectual capital. Intellectual capital has begun to be considered since the issuance of PSAK No. 19 regarding intangible assets. Intellectual capital in intangible capital that comes from knowledge. This knowledge can be used as a guide for companies to improve knowledge-based products and services in this global era.

Intellectual capital is an intangible asset that can increase company value. Intellectual capital consists of three parts, namely human resources (HR), company structure, and consumers. Ulum (2009) explains that to get a good assessment, companies need to disclose the value of their intellectual capital. According to research conducted by (Febriany, 2020) there is a positive influence between Intellectual Capital on the Company's Financial Performance, while research conducted by (Maesaroh & Rahayu, 2015) has the inverse result, namely a negative effect on financial performance. According to Pulic (1998) intellectual capital can be measured using the formula $VAIC^{TM} = VACA + VAHU + STVA$

a) Value added capital coefficient (VACA)

$$VACA = VA/CA$$

VA is calculated as the difference between output and input

$$VA = OUT - IN$$



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Where:

OUT = output: total sales and other income

IN = input: selling expenses and other costs (other than employee expenses)

b) Calculating Value Added Capital Employed (VACA)

$$VACA = \frac{VA}{CE}$$

Information:

VA = Value Added

CE = Available funds (equity, net profit)

c) Calculating Value Added Human Capital (VAHU)

$$VAHU = \frac{VA}{HC}$$

Information:

VA = Value Added

HC = Labor load

d) Calculating Structural Capital Value Added (STVA)

$$STVA = \frac{SC}{VA}$$

Structural Capital (SC) = VA-HC

Company Performance

Fahmi (2012) states that financial performance is an analysis carried out to see how effective a company's achievement is by using correct and appropriate financial performance rules. One of the factors that must be considered by the company is the level of profitability because it can reflect the interests of various parties, especially creditors and investors. A company is considered profitable if it has proven capabilities to produce an optimal level of profitability (Fahmi, 2014).

According to Saputri (2016), company performance is the achievement of the company based on the use of resources over a certain period of time. Companies that make the best use of their resources can create added value that can be used as a competitive advantage and affect



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company performance. Profit is the basis for fulfilling obligations to investors and creditors, as well as a part that can create value for the company in the future (Zuliansyah, 2019) . company performance can be measured with ROA

$$ROA = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aset}}$$

Financial Distress

Financial distress is a period of decline in which a company faces financial difficulties before going bankrupt. One of the most important aspects to consider when analyzing the financial statements of a company is the viability of a company. Predicting continuity is very important for managers and business owners to predict the probability of bankruptcy. Companies can avoid bankruptcy risk by looking at the company's productivity, regardless of whether it is failing or not. In addition, financial health analysis can assess a company's ability to meet short-term debt, its capital structure, and other factors that can predict how high the risk of bankruptcy of a company is (Haryetti, 2010).

Financial distress is a situation where a company experiences financial difficulties which can range from the mildest, which is a short-term liquidity problem, to the most severe (insolvable), which is difficult to solve. Companies will be better able to meet their short-term obligations and will be less likely to experience financial difficulties in the short term if the level of liquidity is higher (Sandi & Amanah, 2019). For calculate financial distress using the Altman Z-score formula (1968) and the following formula (Foster, 1986):

$$Z = 1.2 X1 + 1.4 X2 + 3.3 X3 + 0.6 X4 + 1.0 X5$$

Information:

X1 = Working Capital/Total Assets

X2 = Retained Earnings/Total Assets

X3 = Profit before interest and tax/Total Assets

X4 = Stock market value/Book value

X5 = Sales/Total assets

Signaling Theory

Signaling theory menurut Amalia (2008) merupakan teori untuk memprediksi dan meningkatkan kualitas pengungkapan perusahaan, khususnya dengan menggunakan media



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internet sebagai media pengungkapan perusahaan. Teori sinyal berfungsi sebagai sinyal informasi dalam mengkomunikasikan pesan internal ke luar atau ke dunia luar. Sinyal tersebut merupakan informasi dan tindakan yang dapat diambil manajemen untuk memenuhi keinginan pemegang saham (Widari, 2018).

Hypothesis

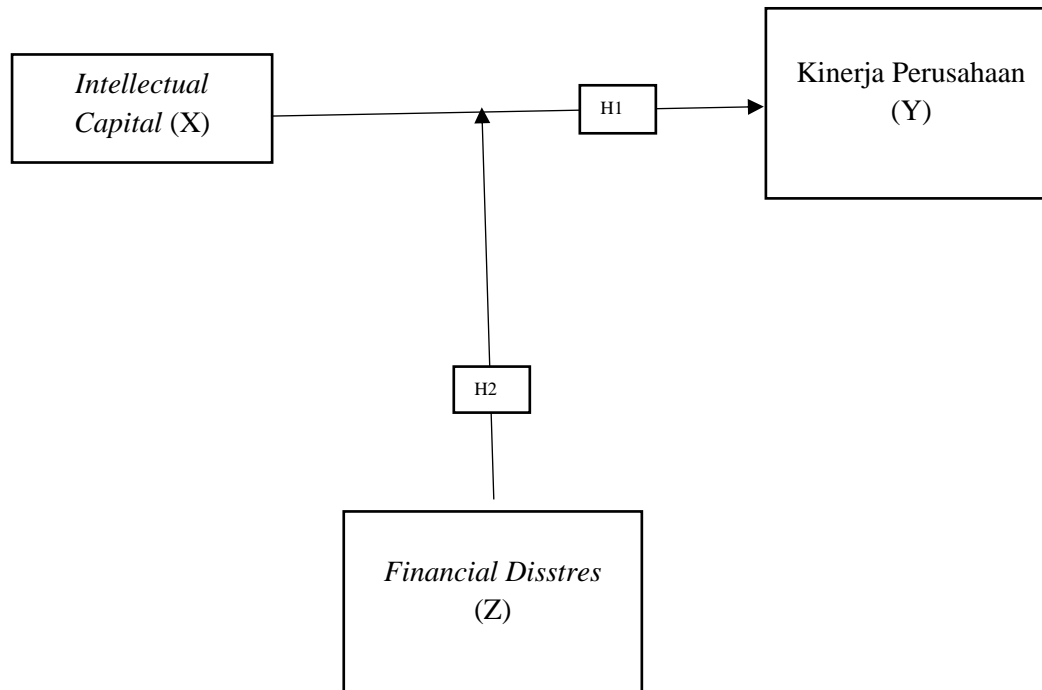


Figure 1. Hypothesis Model

hypothesis Study

H1: Intellectual Capital influential positive significant to performance finance

H2: Financial Distress capable moderate influence intellectual capital to performance finance

Research Methods

According to Kasmiran (2008), this research is a quantitative research, quantitative research is an activity using data in the form of numbers to gain knowledge and then using the numerical data to analyze what is then understood and known. Meanwhile, according to Nana Sudjana and Ibrahim (2001), quantitative research is essentially a hypothesis-based research where variables are determined and analyzed using measurable research models.

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The data used in this research is secondary data. According to Sugiyono (2016), secondary data are data sources that are not directly received by data collectors, either through documents or from sources such as the internet. Secondary data is usually used for quantitative research. Meanwhile, according to Arikunto (2013), secondary data is data obtained from graphic documents (tables, memos, meeting minutes, SMS, etc.), photos, films, video recordings, objects, etc., which can enhance primary data information.

Data Source

The research data in this is for manufacturing companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2018-2021 period and obtained from the idx.co.id website and the company's official website. The data collection method used in this study is the documentation method. Documentation techniques are methods used to obtain accurate data and information in the form of documents, archives, written drawings and diagrams in the form of information that can support research.

Results and Discussion

Table 1
Multiple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.032374	0.015925	2.032930	0.0465
X1	0.008850	0.002600	3.403840	0.0012
Effects Specification				
			S.D.	Rho
Cross-section random			0.047265	0.7005
Idiosyncratic random			0.030907	0.2995
Weighted Statistics				
R-squared	0.156466	Mean dependent var		0.024106
Adjusted R-squared	0.142407	S.D. dependent var		0.033656
S.E. of regression	0.031535	Sum squared resid		0.059667
F-statistic	11.12929	Durbin-Watson stat		1.280435
Prob(F-statistic)	0.001462			

Source : data processed in 2023

Influence Intellectual Capital (X1) on Financial Performance

Based on the Eviews output of multiple linear tests in table 4.1 values probability are : Intellectual Capital (X1) probability value is 0.0012 < 0.5 , then H1 is accepted

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Table 2
MRA Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.030816	0.012807	2.406288	0.0192
X1Z	0.002503	0.000495	5.056195	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			0.041360	0.6673
Idiosyncratic random			0.029205	0.3327
Weighted Statistics				
R-squared	0.293133	Mean dependent var		0.025796
Adjusted R-squared	0.281352	S.D. dependent var		0.034492
S.E. of regression	0.029603	Sum squared resid		0.052580
F-statistic	24.88157	Durbin-Watson stat		1.234355
Prob(F-statistic)	0.000006			

Source: Data processed by Researchers (2019)

Influence Intellectual Capital (X1), Sales Growth (X2), and Leverage (X3) to performance finance with Financial Distress as a Moderation variable

- Multiplication results between intellectual capital (X1) with financial distress (Z) has probability value $0.0000 < 0.5$ then H4 is accepted

Discussion

Influence Intellectual Capital on financial performance

Intellectual Capital has a positive effect on the company's financial performance. So that if the value of intellectual capital is higher, the value of the financial performance ratio will also increase. According to (Febriany, 2020) intellectual capital can provide added value to companies if implemented properly. Intellectual capital also plays an important role in improving financial performance. Effective and efficient management of physical capital is part of the utilization of the company's intellectual capital so that it can improve the company's financial performance. Companies that implement human resources that are competent and able to manage capital will maintain stakeholder trust in the company so that they produce good performance and can increase ROA (Fatikha & Yudiana, 2021). This is in accordance with research conducted by (Nurhayati et al., 2019) which states that there is a significant positive effect between Intellectual Capital on financial performance (ROA).

The Effect of Intellectual Capital on Financial Performance with Financial Distress as a Moderating Variable

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Financial distress can significantly moderate the relationship between Intellectual capital and financial performance. This can be interpreted that the higher the financial distress ratio as a moderating variable can strengthen the relationship between intellectual capital and financial performance. Companies experiencing financial distress can make companies maintain or improve their performance so that companies can increase their profitability. If a company has a Z-Score value of more than <2.99 , it means that the company is in good financial condition. According to the signal theory which suggests how companies should give signals to users of financial statements. This will provide a positive signal for investors to invest in the company so that it can improve the company's financial performance (Agustina & Mranani, 2020).

Conclusion

Based on research conducted on the effect of financial capital on the financial performance of companies with financial distress on the moderating variable, it can be concluded that intellectual capital has a positive influence on the company's financial performance, which means that if the value of intellectual capital increases, financial performance will also increase. Financial distress can moderate the relationship between intellectual capital and financial performance, which means that the higher the financial distress ratio, the stronger the relationship between intellectual capital and financial performance.

Suggestion

For researcher Next, author hope can repair study This with add independent variable that can influence performance finance so that can expand sample with add year research and get obtain maximum results.

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