

Analysis Of The Effect Of Intellectual Capital And Good Corporate Governance On The Financial Performance Of Sharia Commercial Banks (2017-2021 Period)

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ABSTRACT

This study aim to determin the effect ofintellectual capital and good corporate governanc on the financial performance of Islamic commercial bank. This type of research is a quantitative research with secondary data sources used. This study uses data from the annual financial reports of Islam commercial banks for 2017-2021. The research sample is Islamic Commercial Banks in Indonesia in 2017-2021. The sample was selected using a purposive sampling technique in order to obtain eight Islamic Commercial Banks. Processing techniques and data analysis using Descriptive Statistical Analysis, Multiple Linear Regression Analysis, Classical Assumption Test and Hypothesis Test. The program used for calculations uses SPSS version 25 which then interprets the results from SPSS. The results of the study show that the intellectual capital variable has a signifikan effect on financial performance. Meanwhile, the variables of institutional ownership andmanagerial ownership have no significant effect the financial performance of Islamic Commercial Bank.

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INTRODUCTION

Banking is the dance of the establishment of money that entertains itself with widespread imitation in the spirit of high economics, almost every economic movement, banking utility applications and consequences as the origin of money to help a helping hand accompany economic activities.

The difference between conventiona bank and Islamic banks lies in the distribution of profits that will be handed over to customers. In Islamic business banks, all functional exercises use benefit sharing, and do not involve income as a means of getting paid, especially charging clients for the use of assets and credit because income is usury which is forbidden by Islam.

Riba is unexpected taking, in exchange trading and borrowing and obtaining that is contrary to sharia standards. Islam offers the concept of profit sharing in business activities which is now being developed in Islamic banking. The progress of Islamic banking in achieving its goals requires an estimate of work results which is called execution. The link with implementation is that budget summaries are most of the time used as the rationale for surveying organizational performance. The budget summary shows the monetary position and exhibition signs of the organization. However, not all of the organization's budget report data is correct

METHOD

This exploration uses quantitative research methods. The quantitative checking approach is a methodology that emphasizes testing speculation or theory through assessing research factors in numbers and dissecting information using measurable strategies and appropriate demonstrations. This study aims to find out how the influence of autonomy, especially Intellectual Capital and Good Corporate Governance on the dependent variable specifically on the Financial Performance of Islamic Commercial Banks.

Judging from the degree of position of these factors, this exploration is cooperative causal in nature, namely a special examination that determines the causal relationship or the influence of independent factors on the dependent variable. The variables in this study are Intellectual Capital (X1), Institutional Ownership (X2), Managerial Ownership (X3) and Financial Performance (Y). The data collection technique used in this study is secondary data, namely studying the data contained in the financial reports of Islamic commercial banks and related to this research. The variable used is the dependent variable, namely the financial performance of Islamic Commercial Banks, the independent variables, namely Intellectual Capital, Institutional Ownership and Managerial Ownership obtained from the financial reports of Islamic commercial banks for 2017-2021.

This data uses a multiple linear regression model supported by quantitative analysis using an econometric model to get a clear picture of the relationship between the variables used in this study. The author uses Statistical Product and Service Solutions (SPSS) version 25.

RESULTS AND DISCUSSION

The decision making in this test is if the significance value is less than α (Sig. $< \alpha = 0.05$) and the tcount value is greater than the t table value (tcount $>$ ttable) then there is a relationship between the independent variable (X) and the dependent variable (Y) partially. If the significance value is greater than α (Sig. $> \alpha = 0.05$) and the tcount value is less than the ttable value (tcount $<$ ttable) then there is no relationship between the independent variable and the dependent variable partially.

Tabel 1. T Test Result

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,074	,164		-,450	,655
	X1_Intellectual_Capital	,589	,111	,658	5,319	,000
	X2_Kepemilikan_Institusional	,089	,274	,040	,326	,746

a. Dependent Variable: Y_Kinerja_Keuangan

In table 1. it can be seen the results of the t statistical test of each independent variable. It can be concluded:

The Intellectual Capital variable (X1) obtains a significance value of 0.000. This value is smaller than the significance level (α) which is 0.05 (0.000 $<$ 0.05). In addition, Intellectual Capital obtains a tcount of 5.319 where this value is greater than the ttable value of 2.030 ((tcount $>$ ttable). So it can be stated that Intellectual Capital has a significant effect on the financial performance of Islam banks. Ho1 is rejected and Ha1 is accepted.

Institutional Ownership Variable (X2) obtains significance value of 0.746. This value is greater than the significance level (α) which is 0.05 (0.746 $>$ 0.05). In addition, Institutional Ownership obtains a tcount of 0.326 where this value is smaller than the ttable value of 2.030 ((tcount $<$ ttable).

Institutional Ownership (X2) has no significant effect on the financial performance of Islamic banks. Ho2 is accepted and Ha2 is rejected.

Tabel 2 F Test Result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,430	2	3,215	14,616	,000 ^b
	Residual	8,138	37	,220		
	Total	14,568	39			
a. Dependent Variable: Y_Kinerja_Keuangan						
b. Predictors: (Constant), X2_Kepemilikan_Institusional, X1_Intellectual_Capital						

The F statistic test (simultaneous test) is a test used to see whether all independent variables have an effect simultaneously on the dependent variable. The decision making in this test is if the significance value is less than α (Sig. $< \alpha = 0.05$) and the Fcount value is greater than the Ftable value (Fcount $>$ Ftable) then there is a relationship between the independent variable (X) and the dependent variable (Y) simultaneously. If the significance value is greater than α (Sig. $> \alpha = 0.05$) and the Fcount value is smaller than the Ftable value (Fcount $<$ Ftable) then there is no relationship between the independent variable (X) and the dependent variable (Y) simultaneously.

Table 2 shows that the Intellectual Capital (X1) and Institutional Ownership (X2) variables obtain a significance value of 0.000. This significance value is smaller when compared to the α value, which is 0.000 $<$ 0.05. Besides that, the Fcount value was obtained at 14.616. This Fcount value is greater than the Ftable value, which is 14.616 $>$ 3.245. Then the two independent variables Intellectual Capital (X1) and Institutional Ownership (X2), Managerial Ownership (X3) affect the financial performance of Islamic Commercial Banks simultaneously so that Ho4 is rejected and Ha4 is accepted.

The Effect of Intellectual Capital on the Financial Performance of Islamic Commercial Banks

Based on the results of the study, it was significant that the iB-VAIC 0.000 $<$ 0.05 and the tcount value was 5.319 $>$ ttable 2.030. This shows that Intellectual Capital influences the financial performance of Islamic commercial banks.

This could be due to companies, especially Islamic banking, which are services that operate on excellent service capabilities and the use of human capital. Islamic banking in Indonesia has succeeded in "utilizing" and maximizing the skills, knowledge and mindset of its employees to create value for the company. From the shareholder side, this condition is clearly beneficial because it shows management's ability to manage the organization for the benefit of shareholders (owners).

The Effect of Institutional Ownership on the Financial Performance of Islamic Commercial Banks

Institutional ownership has no significant effect on the financial performance of Islamic banks. This is indicated by a tcount of 0.326 where this value is smaller than the ttable value of 2.030 ((tcount $<$ ttable). So it can be stated that Institutional Ownership (X2) has no significant effect on the financial performance of Islamic banks. Ho2 is accepted and Ha2 is rejected.

It is suspected that institutional ownership only maximizes personal benefits without regard for responsibility to other stakeholders. In addition, this is also suspected because other institutions that have shares in banking are still small, so that there is no optimal supervision of social responsibility disclosure.

In applying the principles of good corporate governance, banks must disclose transparently and accurately so that they can help stakeholders, investors and interested parties in a company to evaluate/control the results of decisions taken to improve financial performance. Based on agency theory, good corporate governance is used to monitor company activities in order to minimize conflicts of interest between principals and agents. And GCG has been able to prove management's success in managing the company to be accountable to principals and agents.

The Influence of Managerial Ownership on the Financial Performance of Islamic Commercial Banks

Managerial ownership has no significant effect at financial performance. This may be because statistically the average number of managerial shareholdings in Islamic banking in Indonesia is relatively small

The Influence of Intellectual Capital, Institutional Ownership and Managerial Ownership on the Financial Performance of Islamic Commercial Banks

Based on the results of simultaneous research, a significance value of 0.000 was obtained. This significance value is smaller when compared to the α value, which is 0.000 $<$ 0.05. Besides that, the Fcount value was obtained at 14.616. This Fcount value is greater than the Ftable value, which is 14.616 $>$ 3.245. Then the three independent variables Intellectual Capital (X1), Institutional Ownership (X2) and Managerial

Ownership (X3) affect the financial performance of Islamic Commercial Banks simultaneously so that Ho4 is rejected and Ha4 is accepted.

This is because the financial performance still uses a lot of fixed assets in its operations, the better the company is in managing the intellectual capital component, the more impact it will have on the company. Companies can generate profits on all assets owned and can maximize the performance of intellectual capital, so that the company is also increasing. In this case the company will process the assets owned effectively and efficiently.

Good company management will indirectly improve the company's financial performance. Good corporate governance is used to monitor company activities in order to minimize conflicts of interest between principals and agents. And good corporate governance has been able to prove the success of management in managing the company to be accountable to principals and agents

CONCLUSION

1. Partially Intellectual Capital has a significant positive effect on the Financial Performance of Islamic Commercial Banks in 2017-2021.. This could be due to companies, especially Islamic banking, which are services that operate on excellent service capabilities and the use of human capital. Islamic banking in Indonesia has succeeded in "utilizing" and maximizing the skills, knowledge and mindset of its employees to create value for the company. From the shareholder side, this condition is clearly beneficial because it shows management's ability to manage the organization for the benefit of shareholders (owners).
2. Partially, Institutional Ownership does not affect the Financial Performance of Islamic Commercial Banks in 2017-2021. This is in line with previous theories, theoretically the application of good corporate governance can add value to the company which has a significant positive effect on company performance. It is suspected that institutional ownership only maximizes personal benefits without regard for responsibility to other stakeholders. In addition, this is also suspected because other institutions that have shares in banking are still small, so that there is no optimal supervision of social responsibility disclosure.
3. Managerial Ownership has no significant effect on the financial performance of Islamic commercial banks because statistically the average number of managerial shareholdings in Islamic banking in Indonesia is relatively small.
4. Simultaneously Intellectual Capital and Institutional Ownership, Managerial Ownership have a significant effect on the Financial Performance of Islamic Commercial Banks in 2017-2021. This is evidenced by the significance value of $0.000 < 0.05$ and the Fcount value of $14.616 > F_{table} 3.245$. This is because the financial performance still uses a lot of fixed assets in its operations, the better the company is in managing the intellectual capital component, the more impact it will have on the company. And good corporate governance has been able to prove the success of management in managing the company to be accountable to principals and agents.

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