STRUCTURE ON FINANCIAL PERFORMANCE IN AUTOMOTIVE AND COMPONENTS SUB SECTOR MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCKEXCHANGE IN 2015-2019

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ABSTRACT

This study aims to determine the effect of intellectual capital and capital structure on the financial performance of manufacturing companies in the automotive and component sub-sectors listed on the Indonesia Stock Exchange in 2015-2019. The population of this research is all manufacturing companies in the automotive and component sub-sectors listed on the Indonesia Stock Exchange, a total of 13 companies and the samples taken are 12 companies. The data collection technique in this research is the documentation method. The results showed that Intellectual Capital (VAIC) had a positive and insignificant effect on financial performance. This is evidenced by a significant value of 0.062 > 0.05 with a regression coefficient of 0.897. Capital structure has a negative and significant effect on financial performance. This is evidenced by a significant value of 0.00 < 0.05 with a multiple linear regression coefficient of -7.539. Based on the F test, the simultaneous Intellectual Capital (VAIC) and Capital Structure (DER)together have an effect on financial performance (ROE). This is evidenced by the Fcount 309,727 > 3.15 at a significant level of 0.00 < 0.05.

Keywords: Financial Performance, Intellectual Capital, Capital Structure

INTRODUCTION

In the current era of globalization, there have been many changes in the progress of a business, so that it has an impact on the management of a business, where in the face of competition one has to apply an approach*Intellectual Capital*(intellectual capital). *Intellectual Capital*is an approach used in assessing and measuring intangible assets, not only in the form of employee abilities or skills, knowledge, experience, but also related to company routines, technology, relationships with customers, and organizational systems or procedures (Kurniawan and Yuliana, 2019). Intellectual Capitalis the main factor that can increase the value of a company because the greater the Intellectual Capital value, the company will innovate more compared to other companies so as to create added value for the company (Marzoeki, 2018).

*Capital Structure (capital structure)*A balanced balance can make the company competitive in the long run. For a company, the decision to obtain funding sources in order to strengthen the Capital Structure is a very important decision to be investigated carefully. Decisions taken regarding funding sources can affect the position of the Capital Structure and will have a direct impact on the financial statements so that they have an impact on a company's financial performance. In maintaining the company's financial performance level, the factor that must be considered by the company is the level of the company's capital structure (Yulandari, 2020). The optimal capital structure of the company can be analyzed using financial ratios in the form of solvency ratios. One ratio that describes the solvency ratio is the Debt to Equity Ratio (DER). Debt to Equity Ratio (DER) is a ratio that compares the amount of debt to equity (capital). Equity (capital) and the amount of debt used for the company's operations must be in a proportional or balanced amount. The higher the financial ratio, the greater the financial risk faced by a company.

Financial performance is a picture of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that reflects the work performance of a company in a certain period. A good financial condition usually shows the optimal profit of a company. Good or bad company financial performance is influenced by several factors including Intellectual Capital and Capital Structure. In maintaining the company's financial performance level, the factor that must be considered by the company is the level of the company's capital

structure (Yulandari, 2020). Measurement of financial performance is carried out using financial ratio analysis tools. One of the ratios used as a measurement of financial performance is the profitability ratio,

Financial performance can be seen from the large number of people who own or own private vehicles, so that sales of motorized vehicles always increase from year to year. The automotive and component industry has become a pillar in manufacturing companies as many world-renowned car companies have increased their production capacity in Indonesia.Indonesia has the second largest car manufacturing industry in Southeast Asia and in the ASEAN region (after Thailand which accounts for about 50 percent of car production in the ASEAN region). As of 2017 the total installed production capacity of cars in Indonesia is 2.2 million units per year. However, this capacity utilization is expected to fall to 55 percent in 2017 as the expansion of domestic car production capacity is not keeping pace with growth. domestic and foreign demand for cars made in Indonesia.

Formulation of the problem

Based on the description above, the problems that can be formulated are as follows:

- 1. Does Intellectual Capital affect the financial performance of Manufacturing Companies in the AutomotiveSub Sector and Components listed on the Indonesia Stock Exchange in 2015-2019?
- 2. Does the Capital Structure affect the financial performance of Manufacturing Companies in the AutomotiveSub Sector and Components listed on the Indonesia Stock Exchange in 2015-2019?
- 3. Do the Intellectual Capital and Capital Structure factors together affect the financial performance of Manufacturing Companies in the Automotive Sub Sector and Components listed on the Indonesia Stock Exchange in 2015-2019?

Research purposes

The research objectives to be obtained, namely:

- 1. To determine the effect of Intellectual Capital on financial performance in Automotive and Components SubSector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2019.
- 2. To determine the effect of the Capital Structure on the financial performance of Manufacturing Companies in the Automotive Sub Sector and Components listed on the Indonesia Stock Exchange in 2015-2019.
- 3. To find out the factors of Intellectual Capital and Capital Structure have a joint effect on the financial performance of Manufacturing Companies in the Automotive Sub Sector and Components listed on theIndonesia Stock Exchange in 2015-2019.

Library Studies

Definition of Intellectual Capital

Intellectual capital or*Intellectual Capital*(IC) is a concept that can provide new knowledge-based resources and describe intangible assets which, when used optimally, enable companies to carry out their strategies effectively and efficiently (Prastuti & Budiasih, 2019). Intellectual Capital or intellectual capital is the term given to a combination of intangible assets, intellectual property, employees, and infrastructure that enables companies to function (Ulum in Puspita and Wahyudi, 2021). The intellectual component consists of 3 components, namely Value Added Human Capital, Value Added Structural Capital and Value Added Capital Employee (Sarah and Bestari, 2021).

In summary, the formulation and calculation stages of the VAICTM (Value Added Intellectual Capital Coefficient) put forward by Pulic in Mawarsih (2016) are as follows:

The first stage: calculating Value Added. VA is calculated as the difference between output and input.

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VA=OUT-IN

note:

VA = Value Added OUT = Revenue or income

IN= Expenses in operations and other costs (besides employee expenses)Second stage: calculating Value Added Capital Employed (VACA)

VACA is an indicator for VA created by one unit of physical capital. This ratio shows the contribution madeby each unit of CE to the organization's Value Added.

$$VAVACA = CE$$

note: VACA= Value added capital employer: ratio of VA to CEVA=Value Added CE= Capital Employed (available funds)

Third stage: calculating Value Added Human Capital (VAHU)

VAHU shows how much Value Added can be generated with the funds spent on labor. This ratio shows the contribution made by each rupiah invested in Human Capital to the Organization's Value Added.

$$VAVAHU = HC$$

note:

VAHU = Value Added Human

VA = Value added

HC = Human Capital (employee expenses)

Fourth stage: calculating Structural Capital Value Added. This ratio measures the amount of Structural Capital needed to generate IDR 1 of Value Added and is an indication of how successfulStructural Capital is in creating value.

 $SCSCVA = _{VA}$

Note:

SC = Structural Capital : VA-HCVA = Out-In

In = Cost - HC

Capital Structure

Capital Structure is the balance or comparison between foreign capital and own capital. Margaretha (2011: 112) states "The capital structure describes the company's permanent financing consisting of long-term debt and equity. If the actual debt (realization) is below the target, the loan needs to be added. If the debt ratio exceeds the target, then the shares are sold.

According to Fahmi (2015:84) capital structure (Capital Structure) is an illustration of the form of the company's financial proportions, namely between owned capital originating from long-term debt (long-term liabilities) and own capital (shareholders' equity) which is a source of financing for a company. Factors that affect the capital structure of a company according to Fahmi (2015:186), namely:

- 1. The form or characteristics of the business being carried out.
- 2. The scope of business operations carried out.
- 3. The management characteristics applied in the business organization.
- 4. Characteristics, policies and wishes of the owner.
- 5. Micro and macroeconomic conditions that apply in the country and abroad which also affect thereturn on company decisions.

According to Smith, Skousen, Stice and Stice in Fahmi (2015:187) one of the ratios used in the capital structure (capital structure) Debt to Equity Ratio (debt to equity ratio) or commonly abbreviated as DER or also called the ratio of debt capital . The definition of Debt to Equity Ratio (DER) is a financial ratio that compares the amount of debt to equity. Equity and the amount of debt used for the company's operations must be in a proportional amount. The Debt to Equity Ratio is also often known as the leverage ratio or leverage ratio. The purpose of the leverage ratio is the ratio used to measure an investment in the company.

The formula for calculating DER (Hidayat, 2018:47):

 $DER = \frac{Total HutangModal Sendiri}{Total HutangModal Sendiri}$

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Definition of Financial Performance.

Performance Finance is a reflection of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that describes work performance in a certain period. Financial performance is a description of the achievement of company success which can be interpreted as the results that have been achieved for the various activities that have been carried out (Fahmi, 2015:2).

As for one of the financial ratios used in this study is the ratio of Return on Equity (ROE). Return on Equity (ROE) is a profitability ratio that describes the company's ability to provide benefits to ordinary shareholders (owners of capital) by showing the net profit available for shareholder capital that has been used by the company (Almira and Wiagustini, 2020). Return on equity (ROE) is a measure created to determine a company's ability to generate profits for people who buy its shares. The formula for calculating Return On Equity (Hidayat, 2018:50):

Laba Bersih ROE = Modal Sendiri

Framework

Based on the results of the literature review, the teoritical framework that can be developed in this study is *Intellectual Capital* (X1) and *Capital Structure* (X2) as independent variables and financial performance (Y) as dependent variables. And the picture is as follows:



Figure 2.1 Schematic of the Thinking Framework

Hypothesis

Based on the background, problem formulation and literature review, the researcher proposes a hypothesis which is a temporary conclusion how the influence of two independent variables on one dependent variable in writing the research hypothesis that Intellectual Capital and Capital Structure can significantly influence financial performance in Manufacturing Companies in the Automotive Sub Sector and Components listed on the Indonesia Stock Exchange in 2015-2019.

H1: Intellectual Capital has a positive effect on financial performanceH2: Capital Structure has a positive effect on financial performance

RESEARCH METHODS

Location and Research Object

The location of this research is the Automotive and Components Sub Sector Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019 which can be accessed via the websitewww.idx.co.id. The object of research is the problem under study. As the research object studied is Intellectual Capital, Capital Structure and financial performance in Automotive and Component Sub Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2019.

Population and Sample

The population in the study is the area that the researcher wants to examine. According to Sugiyono (2017: 80) population is a generalized area consisting of objects/subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions. The population to be used as research is all Manufacturing Companies in the Automotive Sub Sector and Components listed on the Indonesia Stock Exchange in 2015-2019.

The sample is part of the population that the researcher wants to examine. According to Sugiyono (2017: 81) the sample is part of the number and characteristics possessed by the population. So that the sample is part of the existing population, so that for sampling it must use a certain method based on existing considerations. In this sampling technique the researcher used a purposive sampling technique.

Based on the sampling method, namely purposive sampling, only companies that meet the criteria are used as samples. This is because not all of these companies meet the criteria determined by the researcher. The criteria in question are as follows:

a. Automotive and Component Sub Sector Companies listed on the Indonesia Stock Exchange in 2015-2019

b. The company published an annual report in 2015-2019

c. The company did not experience a delisted on the Indonesia Stock Exchange in 2015-2019.

Data types and sources

The type of data used in this study is secondary data, in the form of data on the financial reports of manufacturing companies that went public and were listed on the Indonesia Stock Exchange in 2015-2019. The source of data used in this research is the financial reports of Manufacturing Companies in the Automotive Sub Sector and components that go public and are listed on the Indonesia Stock Exchange is Stock Exchange for 2015-2019 obtained from the internet by downloading financial

reports through the website.<u>https://www.idx.co.id</u>da share. ok.

Method of collecting data

To obtain the desired data in accordance with this study, the researchers used the documentation method. The documentation method is a data collection method that is carried out by collecting all secondary data and all information through journals, books, and other information media that can be used to solve the

problems in this study. The data collected is financial report data published on the official website of each Automotive and Components Sub Sector Manufacturing Company listed on the Indonesia Stock Exchange in 2015-2019.

Data analysis method

The data analysis method in this study uses the multiple linear regression analysis method, which is a regression that has one dependent variable and two or more independent variables (Sugiyono, 2018: 192).

Regression is used to measure the influence of the independent variables on the dependent variable. There are two types of regression analysis, namely: multiple linear regression and simple linear regression. In this study using multiple linear regression because the independent variables used are more than one variable.

The multiple linear regression equation can be formulated as follows:

$$\mathbf{Y} = \mathbf{a} + \mathbf{b}\mathbf{1}\mathbf{X}\mathbf{1} + \mathbf{b}\mathbf{2}\mathbf{X}\mathbf{2} + \mathbf{e}$$

Where: Y = Financial Performance a= Constant b1,b2 = Regression CoefficientX1 = Intellectual Capital X2 = Capital Structure e= term error

Hypothesis testing

Hypothesis testing in research

This test uses simultaneous testing (F test) and partial presentation (t test).

1. F test (simultaneous)

According to Basuki (2016: 51), the F test in multiple linear regression analysis aims to determine the effect of the independent variables simultaneously. Temporary Hypothesis SimultaneousTest (Test F) Ho = Intellectual Capital and Capital Structure does not affect the financial performance of the Automotive and Component Manufacturing Sub Sector companies listed on the Indonesia StockExchange Ha = Intellectual Capital and Capital Structure affect the financial performance of Manufacturing Companies in the Automotive Sub Sector and Components listed on the Indonesia Stock Exchange 2. t test (partial)

According to Ghozali (2018: 78), the t statistical test basically shows how far the influence of one independent variable individually explains the dependent variable. The test was carried out using a significance level of 0.05 (α =5%). Acceptance or rejection of the hypothesis is carried out with the following criteria:

- a. If the significant value is > 0.05 then the hypothesis is rejected (the regression coefficient is not significant). This means that partially the independent variables do not have a significant influenceon the dependent variable.
- b. If the significant value is ≤ 0.05 then the hypothesis is accepted (significant regression coefficient). This means that partially the independent variable has a significant influence on the dependent variable.

3. Coefficient of Determination (R2)

The coefficient of determination test (R2) is used to predict how much the independent variable contributes to the dependent variable.

The value of the coefficient of determination is between zero and one. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent

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variable. Conversely, a small coefficient of determination indicates the ability of the independent variable to explain the variation of the independent variable in explaining the variation of the dependent variable is very limited (Ghozali, 2018:97).

RESEARCH RESULTS AND DISCUSSION

General Description of the Research Object

The object used in this research is the Automotive and Components Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2019.

Based on the criteria using purposive sampling method, the number of samples used in this study were 12 companies. This research is to see the effect of Intellectual Capital, Capital Structure on financial performance in Automotive and Components Sub Sector Manufacturing Companies listed on the Indonesia Stock Exchange for the 2015-2019 period.

Results of Data Analysis Classical Assumption Testing

1. Normality test

The normality test aims to test whether in the regression model, the dependent variable and independent variable have a normal distribution or not. To detect normality, statistical tests can be carried out, one of which can be seen through the Kolmogorov-Smirnov test (KS). The normality test can be seen in the following table:

	Unstandardized residual
N _{Normal Parameters} a,b Means std. Deviationabsolute Most Extreme Differences Positive Negative Kolmogorov- Smirnov Z Asymp.Sig. (2-t	60 .0000000 9.36433648 094 094 059 .729 .662

Table of Normality test resultsOne-Sample Kolmogorov-Smirnov Test

From the table above it can be seen that the significant value of 0.662 is more than the predetermined value of 0.05 which indicates that the results of the normality test have a normal distribution. Thus the sample meets the requirements for further research.

2. Multicollinearity Test

Multicollinearity can be seen from the tolerance value and its opposite variance inflation factor (VIF). To avoid multicollinearity, the tolerance limit is > 0.1 and the VIF value is < 10. The results of the multicollinearity test in this study can be seen in the following table.

Coefficientsa				
Model	Collinear	rity Statistics		
	tolerance	VIF		
(Constant)				
	1,000	1,000	1	VAIC
	1,000	1,000		DER

Table of Multicollinearity test results

a. Dependent Variable: ROE Source: SPSS output version 21 (data processed)

Based on the table above, there is no tolerance below 0.10 and the VIF value is not above 10, this means that there is no multicollinearity between the two independent variables and can be used to see the effect of Intellectual Capital and Capital Structure on financial performance in Sub-Sector Manufacturing

Companies Automotive and Components listed on the Indonesia Stock Exchange during the observation period.

Multiple Linear Regression Analysis

From testing the classical assumptions it can be concluded that the data is normally distributed, there is no multicollinearity and no autocorrelation so that it meets the requirements to perform multiplelinear regression analysis. From the results of calculations using SPSS version 21, the results are obtained in the following table:

Table of Multiple Linear Regression Test Results

	_	Coefficients	sa	_	_
Model	Unstandardized Coefficients		tandardized Coefficients	t	Sig.
	В	std. Error	Betas		
(Constant)VAIC DER	11,584	1,573		7,366	.000
	.897	.471	.073	1906	062
	-7,539	.303	955	-24,844	.000

a. Dependent Variable: ROE Source: SPSS output version 21 (dataprocessed)

Financial Performance = 11,584 + 0.897VAIC - 7,539 DER + e

Based on the regression equation model from the table above, the results are as follows:

1. The multiple linear regression equation above is known to have a constant of 11.584 so that the magnitude of the constant indicates that if the variables (Intellectual Capital and Capital Structure) are assumed to be constant, then the dependent variable, namely financial performance, will increase by 11.58.

2. The coefficient of the Intellectual Capital variable is 0.897, meaning that each Intellectual Capital increases by 1% will cause an increase in financial performance by 8.97% assuming the DER variable remains constant.

3. The coefficient of the Capital Structure (DER) variable is -7.539, meaning that if the Capital Structure increases by 1%, it will cause a decrease in financial performance by 7.539% assuming that the Intellectual Capital variable is considered constant.

Hypothesis Test Results

1. Partial Test (t test)

This test aims to determine the significant effect of each independent variable on the dependent variable. This test is carried out by comparing the significance value of t indicated by the sig of t in the table below with the significance level taken in this case 0.05. If the sig value of t <0.05 then the independent variables affect the dependent variable.

Partial Test Table (t test) Coefficientsa

Model	Unstandardized Coefficients B std. Error		standardized Coefficients Betas	t		Sig.
Constant)VAIC	11,584	1,573		7,366		.000
DER	.897	.471	.073	1906	İ	062
	-7,539	.303	955	-24,844	.00	
		1	I	I	~	

a. Dependent Variable:ROE

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Source: SPSS output version 21 (data processed)

Based on the results of calculations using SPSS version 21, it can be seen that not all independent variables affect the dependent variable, the variable that has an effect is the Capital Structure with a significant level of 0.00 which is smaller than the predetermined value of 0.05. While that has no effect, namely the Intellectual Capital variable with a significance level of 0.062 is greater than the predetermined value of 0.05.

1) The results of the Intellectual Capital (X1) hypothesis test on financial performance.

From the research results obtained the regression transformation coefficient for variable *Intellectual Capital* (VAIC) of 0.897 and not significant to financial performance because it

is greater than 0.05 meaning that any changes that occur in Intellectual Capital (VAIC) have an effect but not significant to financial performance.

2) Hypothesis test results*Capital Structure*on financial performance

Based on the regression equation, it can be seen that the coefficient for the Capital Structure (DER) variable is -7.539. The results of the partial test show a significant value of 0.00, less than 0.05, which means that the Capital Structure variable has a significant effect on financial performance.

2. Simultaneous Test (Test F)

Table

This test is used to test the significance of the influence of Intellectual Capital (X1), capital structure (X2) together on financial performance (Y). The results of the simultaneous test (Test F) in this study can be seen in the following table

	AN	of OVAa	F TestResults
Model	Sum of	Df	MeanSquare F Sig
	Squares		
Regression	56226.457	2	28113.229 309,727 .000b
1 residual	5173.757	57	90,768
Total	61400215	59	

a. Dependent Variable: ROE

b. Predictors: (Constant), DER, VAIC

Source: SPSS output version 21 (data processed)

In the table above, it can be seen that the results of the F test are shown with a significant F value of 0.000 < 0.05 and an Fcount value of 309,727 Ftable > 3.15. This shows that the independent variables simultaneously influence the dependent variable. This means that any changes that occur in Intellectual Capital (X1) and Capital Structure (X2) jointly affect financial performance (Y).

R2 Test (Coefficient of Determination)

The coefficient of determination (R2) is a number that indicates the proportion of the dependent variable that is explained by the independent variable. R2 shows how far the regression equation fits the data. The results of the R2 test in this study can be seen in the following table:

Table of Determination Coefficient (R²)

Summary model b

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a. Predictors: (Constant), DER, VAIC b. Dependent Variable: ROE

From the table it can be seen that the R2 value is 0.916, meaning that the influence of Intellectual Capital and Capital Structure on financial performance which can be explained by this model is 91.6% while the remaining 8.4% is determined by other variables outside the model.

DISCUSSION

The Effect of Intellectual Capital and Capital Structure on Financial Performance

Based on the results of the F test, we can see that Intellectual Capital and Capital Structure show a Fcount value of 309,727 Ftable 3.15 and a significant value of 0.000. This value is less than 0.05, so it can be said that the VAIC and DER variables together have an effect on financial performance.

The Effect of Intellectual Capital on Financial Performance

The results of the study show that Intellectual Capital has a positive and insignificant effect on financial performance. This is indicated by a significant t value of 0.062 > 0.05 and a tcount value of 1.906 < ttable 1.67065 so that it can be concluded that Intellectual Capital has a positive and insignificant effect on financial performance. Therefore H1 which states that Intellectual Capital (VAIC) has a positive and significant effect is rejected.

The test results with the t test show that Intellectual Capital (VAIC) has a positive and not significant effect on financial performance. This means that every increase of 1 unit of VAIC will increase the level of financial performance and vice versa if every decrease of 1 unit of VAIC will reduce financial performance, although not significantly.

The results of this study are in line with research conducted by Mawarsih (2016) which says that Intellectual Capital has a significant positive effect on financial performance.

Effect of Capital Structure (DER) on Financial Performance

The results of the study show that the Capital Structure partially has a negative and significant effect on financial performance. This is indicated by a significant t of 0.00 0.05 and a tcount of -24,844ttable1.67065, the hypothesis which states that Capital Structure has a significant positive effect on financial performance is rejected so that it can be concluded that capital structure has a significant effect on financial performance. This means that every increase in DER of 1 unit will reduce financial performance, meaning that the higher the DER, the lower the financial performance.

This research is in line with Yulandari (2020), where the research results show that Capital Structure (DER) has a positive and significant effect on financial performance (ROE).Conclusion

This study aims to examine Intellectual Capital and Capital Structure on the financial performance of Manufacturing Companies in the Automotive Sub Sector and Components listed on the Indonesia Stock Exchange for the 2015-2019 period. A sample of 12 companies obtained from purposive sampling. Based on the results of the discussion it can be concluded as follows:

- 1. From a regression coefficient of 0.897 and a significant 0.062 > 0.05, it means that the Intellectual Capitalvariable has a positive and insignificant influence on financial performance.
- 2. From the regression coefficient of -7.539 and a significant value of 0.00 <0.05, which means that the Capital Structure variable has a negative and significant effect on financial performance.
- 3. Based on the simultaneous F test with a significance of 0.00 <0.05 and the Fcount value of 309.727 Ftable 3.15 this shows that the independent variables simultaneously influence the dependent variable. This means that any changes that occur in Intellectual Capital (X1) and Capital Structure (X2) jointly affect financial performance (Y).
- 4. All independent variables in this study are able to explain 91.6% of the existing independent variables. This means that there are still 8.4% of other independent variables that have not been known or studied scientifically which can affect financial performance.

Suggestion

The following are some suggestions for researchers who want to conduct research on the same topic, namely:

- 1. Future research is expected to use sectors with high Intellectual Capital intensity, such as technology, telecommunications, real estate, pharmaceuticals and the health sector.
- 2. In making decisions related to Capital Structure, companies need to consider the cost of capital issued from alternative sources of funds selected and companies also need to choose an optimal Capital Structure that can improve the company's financial performance.
- 3. Future research is expected to use different company financial ratios, which have not been included in this research model because there are still other financial ratios that may also affect financial performance.

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