

The Influence of Intellectual Capital and Capital Structure on Company Value with Financial Performance as Intervening Variable in *Go-Public* Banking on Indonesia Stock Exchange

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Abstract: Intellectual Capital is a set of intangible capital (knowledge, training, information, experience, team communication systems, customer relationships, and brands) that can create added value. This study aims to analyze the influence of Intellectual Capital and Capital Structure on Company Value with Financial Performance as an Intervening variable in the go-public banking sector in the Indonesia Stock Exchange. Data obtained from secondary data in the form of financial statements of 28 banks on the Indonesia Stock Exchange for the period 2012-2016 through the website www.idx.co.id. The data analysis method used is a panel data regression analysis. Intellectual capital has a positive and significant effect on financial performance. Capital Structure has an adverse and significant effect on Financial Performance. Intellectual Capital has a positive and significant effect on Company Value. Capital Structure has an adverse and insignificant effect on Company Value, and Financial Performance has a positive and significant effect on the Value of the Company. The Influence of Intellectual Capital on Company Values through Financial Performance as an intervening variable that is positive and significant. The effect of capital structure on company value through financial performance as an intervening variable is an adverse and significant effect. The implication of this research is the utilization of intellectual capital which is an effective and efficient company resource will contribute to creating value added in increasing the value of the company.

Key Words: Intellectual Capital, Debt to Asset Ratio, Return on Asset, Price Book Value.

1. INTRODUCTION:

One of the methods of obtaining funds is through an Initial Public Offering (IPO) which simultaneously changes the status of the company into a public company [1]. The primary objective of go-public companies is to increase the prosperity of the owners or shareholders by increasing the value of the company [2][3]. Company value is the perception of investors to see a company, which is often associated with the company's stock price. The value of the company is significant because high company value will be followed by the high prosperity of shareholders [4].

The disclosure of intellectual capital needs to be done by a company due to the increasing demand for transparency in the capital market, so that intellectual capital information helps investors better assess the company's ability. At present, the intellectual capital theory is one of the options for managing intangible assets in facilitating the success of the banking business. Practitioners assume that intangible assets are one of the determinants of success. In order to continue to survive and achieve success quickly, the company changes the business based on labor (business-based business) to a knowledge-based business with the main characteristics of science [5].

Appuhami [6] states that the higher the value of intellectual capital, the more efficient use of company capital, thus creating value added for the company. Physical capital as part of intellectual capital is a resource that determines the company's performance. Besides, if intellectual capital is a measurable resource for increasing competitive advantages, intellectual capital will contribute to the performance of the company [7]. Intellectual capital is believed to play an essential role in improving financial performance and company value.

The creation of company value with intellectual capital was measured by the Value Added Intellectual Coefficients (VAIC) method. Value Added Intellectual Coefficients (VAIC) is a method developed by Pulic [8] states it is easy to measure intellectual capital because it uses the components of financial statements. An indirect measurement of intellectual capital by measuring the efficiency of the added value produced by the company's intellectual ability (Value Added Intellectual Coefficients - VAIC) [9][10].

Intellectual Capital (IC) companies have a positive impact on the economy and financial performance. However, unlike the performance of the stock market, in this study found the relationship between Intellectual Capital (IC) and stock market performance is only significant for high-tech industries. The results also show that the capital used remains a significant determinant of financial performance and the stock market despite the negative impact on economic performance. Kamal [11] also found the significance of the impact of Intellectual Capital (IC) variables, namely working capital value added (VACA), human capital (VAHU) added value on bank performance.

One of the company's efforts to improve and maintain the company's performance is to measure the ability of the capital structure to influence the level of company profitability and the value of the company that can increase the prosperity of the company owner. The capital structure is related to the amount of debt and own capital used to finance company assets. An optimal capital structure can create a secure and stable financial condition. In this case, the company must be able to determine its capital structure, namely how much to borrow from a third party by considering the benefits and costs of using debt.

The most appropriate measure of banking performance is by measuring the ability of banks to generate profit or profit from various activities they do, as generally the purpose of a company is to achieve high values, where to achieve that value the company must be able to efficiently and effectively in managing various activities. One measure to find out how far efficiency and effectiveness are achieved is by looking at the profitability of the company, the higher the profitability, the more effective and efficient the management of the company's activities. The right measure of profitability in assessing the performance of the banking industry is Return on Assets (ROA) [12]. The influence of intellectual capital and capital structure on the value of companies that are still different from each other as well as the results of previous studies are also still different from each other.

2. LITERATURE REVIEW

A review summary of previous researchers is presented in the following table:

Table 1. Previous Research Review

No.	Author and Title	Research Variable	Result
1	Rehman, <i>et al</i> (2011) Intellectual Capital Performance and its Impact on Corporate Performance: an Empirical Evidence From Modaraba Sector of Pakistan.	Independent Variable: Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), and Capital Employed Efficiency Dependent Variable: Return on Equity (ROE), Return on Investment (ROI) and Earnings per Share (EPS)	The results showed that HCE had a significant relationship in (P <0.1) with financial performance (ROE and EPS), SCE in (P <0.1) and (P <0.05) with financial performance (ROE) and (EPS) respectively. Whereas CEE had a substantive effect on ROE and ROI in (P <0.05) and with (EPS) in (P <0.1) respectively [13].
2	Appuhami (2007) The Impact of Intellectual Capital on Investors Capital Gain on Shares.	Independent Variable: Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), and Capital Employed Efficiency Dependent Variable: Capital Gain	Empirical research has found that the intellectual capital of a company has a significant positive relationship with investors' capital gains in stocks. This finding increases the knowledge base of intellectual capital and develops the concept of intellectual capital in achieving competitive advantage in developing countries such as Thailand [6].
3	Bukair and Rahman (2015) Bank Performance and Board of Directors Attributes by Islamic Banks.	Independent Variable: BS (Bank Size), BC (Board composition), CEO (Separation of CEO and chairman roles), CHAIR (Independent Chair), IAH (investment account holders), ZAK (Zakat), LTA (Bank size), LEV (leverage ratio), GDP (gross domestic product per capita) Dependent Variable: ROA and ROE	The results showed that both the size and composition of the board of directors had an adverse effect on bank performance. On the other hand, the separation of the CEO's role and the role of chairman and IAH does not affect, while the independent chairman has a positive impact. Whereas for the control variable, the size of the bank has a positive effect on bank performance while leverage has an adverse effect. Zakat and gross domestic product (gross domestic product) have no significant effect on bank performance [14].
4	Zéghal and Maaloul (2010) Analysing Value Added as an Indicator of Intellectual Capital and its	Independent Variable: VAIC Dependent Variable:	The results showed that the IC of the company had a positive impact on the economy and financial performance. However, the relationship between IC and stock market performance is only significant for high-tech

	Consequences on Company Performance.	<p>OI / S (ratio of operating income divided by total sales), ROA (ratio of earnings before interest and tax divided by book value of total assets) and MB is total market capitalization ratio.</p> <p>Control Variable: Company Size and Leverage (Lev)</p>	industries. The results also show that the capital used remains a significant determinant of financial performance and the stock market despite the negative impact on economic performance [15].
5	<p>Kamal et al (2012)</p> <p>Intellectual Capital And Firm Performance Of Commercial Banks In Malaysia.</p>	<p>Independent Variable: VACA, VAHU and STVA</p> <p>Dependent Variable: Return on Asset (ROA) and Return on Equity (ROE)</p>	The results show the significance of the variable impact of intellectual capital, namely VACA, Human Capital Value (VAHU) on bank performance [11].
6	<p>Ferdianti et al (2015)</p> <p>Intellectual Capital, Firm Value and Ownership Structure as Moderating Variable: Empirical Study on Banking Listed in Indonesia Stock Exchange period 2009-2012.</p>	<p>Independent Variable: Intellectual Capital (VAIC)</p> <p>Dependent Variable: Firm's Value (Nilai Perusahaan)</p> <p>Moderate Variable: Managerial Ownership and Institutional Ownership.</p>	Intellectual capital has a positive and significant effect on company value. This study also proves that managerial ownership is a moderating variable that has a negative impact on the relationship of intellectual capital to the value of the company, while institutional ownership does not moderate the effect of intellectual capital on firm value [16].
7	<p>Aminul (2014)</p> <p>An Analysis of the Financial Performance of National Bank Limited Using Financial Ratio.</p>	<p>Independent Variable: Return On Equity (ROE), Return On Asset (ROA), Cost to Income (C/I), Cash and Portofolio Investment to Deposit (CPIDR), Net Loans to Total Asset (NLTA), Loans to Deposit (LDR) and Nonperforming Loans to Total Loans (NPLTL).</p> <p>Dependent Variable: Financial Performance</p>	The results show that the overall performance of the bank regarding profitability (ROA, ROE, C / I), liquidity and credit performance has improved since 2008 to 2011 and declined in 2012 including 2013. The Bank increased the size of portfolios during that period [17].
8	<p>Sidharta and Affandi (2016)</p> <p>The Empirical Study on Intellectual Capital Approach toward Financial Performance on Rural Banking Sectors in Indonesia.</p>	<p>Independent Variable: Value added capital (VACA), Value added human (VAHU) and Structural capital value added (STVA).</p> <p>Dependent Variable: Operational Cost (OC), Non-Performing Loan (NPL), Return on Assets (ROA), Return on Equity (ROE), Capital Adequacy Ratio (CAR), Loan to Deposite Ratio (LDR).</p>	The results show that the value-added (VA) variable of capital employees has a significant effect on financial performance and VA variable human capital and structural capital variables VA have a significant effect on financial performance [18].

9	Joshi (2012) Intellectual Capital and Financial Performance: an Evaluation of the Australian Financial Sector.	Independent Variable: Value Added Intellectual Coefficient (VAIC™) Dependent Variable: Return on Asset	VAIC has a significant relationship with human costs and value other than that made by Australian banks. All Australian banks have relatively higher human capital efficiency compared to capital use efficiency and structural capital efficiency. The size of the number of assets, the total number of employees and shareholder equity has little or no impact on the performance of ICs from Australian banks [19].
10	Ibrahim (2015) Measuring the Financial Performance of Islamic Banks.	Independent Variable: Liquidity Level, Profitability Level, Management Capacity, Capital Structure and Stock Performance. Dependent Variable: Financial performance	Both banks are financially feasible because both have used the right financial and policy tools to manage their business organizations and to adapt to their environment, to be more competitive and maximize their profits. The level of liquidity in Dubai's Islamic banks is less than that of competitive banks. It shows that the Dubai Islamic bank has a high level of profitability and instability from the Islamic bank of the Abu Dhabi bank [20].
11	Abdolmuhammadi (2005) Intellectual Capital Disclosure and Market Capitalization	Independent Variable: Intellectual Capital Dependent Variable: Market Capitalization	The results of the study show a very significant effect on the disclosure of intellectual capital at market capitalization. Research limitations/implications - The timeframe was limited in the years before the market excesses of the late 1990s and the 2000s market decline. The results have significant implications for setting intellectual capital disclosure standards in the annual report [7].
12	Al Musalli (2012) Intellectual Capital and its Effect On Financial Performance of Bank: Evidence from Saudi Arabia.	Independent Variable: Number of Independent Directors Dependent Variable: Intellectual Capital Control Variable: Bank Size and Financial Performance (ROA and ROE)	The results showed that the performance of ICs of GCC banks registered was low. In contrast to our expectations, the number of independent directors has a significant negative relationship with the performance of the ICs of banks registered with GCC [21].
13	Chen et al (2005) An Empirical Investigation of The Relationship Between Intellectual Capital and Firm's Value and Financial Performance	Independent Variable: Intellectual Capital RD expenditures (RD) and advertising expenses (AD). Dependent Variable: Market to book value of equity (M / B), Financial Performance, Return on equity (ROE), Return on total assets (ROA), Income growth (GR), Employee productivity (EP).	The results showed that the intellectual capital of the company has a positive impact on market value and financial performance. The author finds investors can place different values on the three components of value creation efficiency (physical capital, human capital, and structural capital). There is evidence presented that RD expenditures can capture additional information regarding structural capital and have a positive effect on company value and profitability [10].
14	Tan et al (2007) Intellectual Capital and Financial Returns of Companies.	Independent Variable: Intellectual Capital Dependent Variable: Return on Equity (ROE) Earning per Share (EPS) Annual Share Returns (ASR)	The results of the study show that Intellectual Capital has a positive effect on company performance [22].

3. METHODOLOGY:

3.1 Independent Variable

3.1.1 Intellectual Capital

Intellectual capital is a form of combining intangible market assets, intellectual property, people and infrastructure that enables a company to carry out its functions. Measured by using the Value Added Intellectual Coefficient (VAICTM) method, the calculation formula is as follows:

$$VAIC^{TM} = VACA + VAHU + STVA$$

Following is the calculation of each VAICTM component:

a) Value Added Capital Employed (VACA)

The ratio of Value Added (VA) to Capital Employed (CE). VACA shows the contributions made by each unit of the Capital Employed (CE) to Value Added (VA) companies.

$$VACA = \frac{\text{Value Added}}{\text{Capital Employed}}$$

b) Value Added Human Capital (VAHU)

VAHU is how much value added (VA) is formed by the expenditure of workers' rupiah. The relationship between large value added (VA), and Human Capital (HC) indicates HC's ability to create value in a company. So the relationship between VA and HC indicates HC's ability to form values in a company with the following formula:

$$VAHU = \frac{\text{Value Added}}{\text{Human Capital}}$$

c) Structural Capital Value Added (STVA)

STVA is the ratio of Structural Capital (SC) to Value Added (VA). STVA measures the amount of SC needed to generate 1 rupiah from VA and shows the contribution of the SC in the value formation with the following formula:

$$STVA = \frac{\text{Structural Capital}}{\text{Value Added}}$$

3.1.2 Capital Structure

The capital structure in this study was proxied by Debt to Asset Ratio (DAR). DAR shows the percentage of company assets funded by debt. The higher the value of this ratio, the higher the financial risk. Financial risk is an additional risk that is charged to shareholders as a result of the decision to obtain funding through debt with the following formula:

$$DAR = \frac{\text{Total Liabilities}}{\text{Total Asset}} \times 100\%$$

3.2 Intervening Variable (Z)

Intervening variables used in this study are financial performance proxied by Return on Assets (ROA). ROA is part of the profitability ratio in the analysis of financial statements or measurement of the company's financial performance. This ratio is the ratio between the balance of net income after tax and the total assets of the company as a whole with the following formula:

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

3.3 Dependent Variable

The dependent variable used in this study is the value of the company proxied by Price Book Value (PBV). The value of the company is the investor's perception of the company's success rate that is often associated with stock prices. PBV shows the level of the company's ability to create value relative to the amount of capital invested. The following formula calculates this ratio:

$$PBV = \frac{PS}{BVS}$$

Table 2. Operational Definition of Variable Measurement Variables

Variable	Operational Definition	Formula	Measuring Scale
Intellectual Capital (VAIC TM)	Measured by adding the value of Value Added Capital Employed, Value Added Human Capital and Structural Capital Value Added.	$VAIC^{TM} = VACA + VAHU + STVA$	Ratio
Value Added Capital Employed (VACA)	The ratio of value added (VA) to capital employed (CE). VACA shows the contribution made by each unit of CE to the company's value added.	$VACA = \frac{Value\ Added}{Capital\ Employed}$	Ratio
Value Added Human Capital (VAHU)	This is a comparison of Value Added to Human Capital.	$VAHU = \frac{Value\ Added}{Human\ Capital}$	Ratio
Structural Capital Value Added (STVA)	This is a comparison of Structural Capital (SC) to Value Added (VA)	$STVA = \frac{Structural\ Capital}{Value\ Added}$	Ratio
Debt to Asset Ratio (DAR)	Debt to Asset Ratio is a ratio of debt to assets owned by a company. The higher the value of this ratio, the greater the financial risk.	$DAR = \frac{Total\ Liabilities}{Total\ Asset}$	Ratio
Return on Asset (ROA)	Financial Performance is proxied by Return on Assets (ROA), which is the ratio of net income to total assets.	$ROA = \frac{Laba\ Bersih}{Total\ Aset}$	Ratio
Price Book Value (PBV)	The company value is proxied by Price Book Value (PBV). Price Book Value (PBV) is used to measure the performance of stock market prices on the value of the book.	$PBV = \frac{PS}{BVS}$	

4. RESULT AND DISCUSSION:

4.1 Descriptive Analysis

Intellectual Capital variables have a range of statistical results of -13.16 -10.41. The minimum statistical value of -13.16 obtained by the Bank of India Indonesia Tbk reflects that the company makes investments in the form of physical capital derived from current assets and fixed assets, all expenses for employees and various infrastructure needed to support employee productivity, lower than the independent variables another is the capital structure. The capital structure is an investment of the company, where the investment only focuses on financial capital, with a minimum value of -7.79 obtained by Bank J Trust Indonesia Tbk in 2013.

In contrast to the maximum statistical value, the highest value on Intellectual Capital was 10.41 obtained by Bank Woori Saudara Indonesia 1906 Tbk in 2013. It indicated that the company made investments in the form of physical capital derived from current assets and fixed assets, all expenses for employees and various infrastructures needed to support employee productivity are higher than the 0.96 Capital Structure which is owned by Bank J Trust Indonesia Tbk in 2012. So the Intellectual Capital average is higher than the capital structure of $2.4810 \geq 0.7086$.

Return on Assets (ROA) is the ratio used to measure the ability of a bank's management to gain profits or overall profits. The higher the ROA value of a bank, the higher the level of profit that the bank will achieve and the better the position of the bank from the use of assets. Based on the data that has been collected, the average Return on Assets of the Bank (ROA) reached 1.2131. It reflects that the average ROA achieved is still not healthy because Bank Indonesia as the monetary authority sets a Return on Assets (ROA) rate of 2% so that the bank can be said to be in good health. Bank Return on Assets (ROA) has a range of statistical results of -11.04 - 3.41. The minimum statistical value of -11.04 obtained by Bank of India Indonesia Tbk in 2016 reflects the low level of profit from the use of assets owned, or even experiencing losses. While the maximum statistic value of 3.41 obtained by Bank Rakyat Indonesia (Persero) Tbk reflects the ability of the bank's management to obtain profit or overall profit from the use of assets is outstanding, and the bank is categorized as a healthy bank.

For the dependent variable in this study, the Company Value has a statistical average value (mean) of 1.4394 reflecting that the average value of the company is healthy because naturally, a healthy company has PBV above one. The high value of the company is the desire of the owners of the company because with high value shows the prosperity of shareholders is also high.

4.2 Effect of Intellectual Capital on Financial Performance

From the results of statistical tests, it is known that Intellectual capital has a positive influence ($\rho_1 = 0.824$) and significant (P-value = 0.0000) in influencing the financial performance of go-public banking companies on Indonesia Stock Exchange for the 2012-2016 period. If there is an increase in intellectual capital, the company's financial performance will also increase. The results of this study are supported by prior research by Mahfoudh and Ismail researchers [21] using value-added intellectual coefficients (VAIC), and investigating the impact of Intellectual Capital (IC) on financial performance by sampling all banks in Saudi Arabia registered during 2008 to 2010, shows that the intellectual capital performance of Saudi banks is low and positively related to financial performance.

The results of this study are also supported by the research of Firer and Williams [23] who researched to examine the creation of added value through the physical capital, human capital and structural capital components to profitability, and productivity. Data is taken from 75 public companies in South Africa. This study uses the company's performance as one of the dependent variables, namely profitability which is described by Return on Assets (ROA), the results state that there is a positive influence between Intellectual Capital and company performance. The Intellectual Capital affects Financial Performance (ROA).

The results of this study are not in line with some of the previous studies which provides empirical evidence that intellectual capital has an adverse effect on profitability of companies proxied by ROA and ROE. The results of this study also contradict the research conducted by previous research stated that IC is not positively related and does not have a very close relationship with company performance.

This research is also not in line with the previous research that intellectual capital does not affect the profitability of the company. It can be due to the vast amount of intellectual capital that is judged based on the employee's burden. It is not a guarantee of the magnitude of the performance of the workforce so that the employee burden will increase but net profit does not show significant changes, but it can be caused by differences in the need for intellectual capital and profitability for each type of company.

4.3 Effect of Capital Structure on Financial Performance

From the results of statistical tests, it is known that the capital structure has an adverse effect ($\rho_2 = -0.216$) and is significant (P-value = 0.0001) in influencing the financial performance of go-public banking companies on Indonesia Stock Exchange in the 2012-2016 period. Improved capital structure measured by comparing total liabilities with total assets does not affect financial performance. The negative influence of the capital structure on Return on Assets (ROA) shows the validity of the trade-off theory where the use of debt will pose a risk of financial difficulties and agency costs. It needs to be watched out, primarily by companies in the banking sub-sector, given their essential risk-prone characteristics. The test results support the results of previous studies conducted by Fadhillah [24] states that the capital structure has an adverse and significant effect on ROA. It is supported by other studies stated that the company's capital structure has a significant adverse effect on ROA.

The negative influence of Debt to Asset Ratio (DAR) is due to the increase in the portion of the debt will increase the financial burden in the form of interest and financial expenses that reduce income to obtain net income derived from the management of company assets. Debt to assets ratio (DAR) shows the percentage of company assets funded by debt. The higher the value of this ratio, the higher the financial risk, in contrast to the financial performance

represented by the profitability ratio with indicators of return on assets (ROA), the higher the ROA ratio, the higher the rate of return, this means that the bank's business is developing soundly.

4.4 Effect of Intellectual Capital on Company Value

From the results of statistical tests, the intellectual capital has a positive effect ($\rho_3 = 0.386$) and is significant (P-value = 0.0006) in influencing the value of go-public banking companies on Indonesia Stock Exchange in the 2012-2016 period. If there is an increase in intellectual capital, the value of the company will also increase. The results of this hypothesis have succeeded in proving that intellectual capital has a direct effect on firm value.

With the acceptance of this third hypothesis, the market has given a higher valuation to companies that have higher intellectual capital. The findings of this study indicate that market appreciation for a company is not only based on physical resources owned but also intellectual capital owned by the company, investors also focus on the intellectual resources of the company [25]. Therefore, when intellectual capital is managed optimally, it can lead the company to good performance. Moreover, with the excellent performance shown by the company, it will attract many investors to invest in the company, so that the market value of the company will also increase.

Intellectual capital has been identified as an intangible set (resources, abilities, and competencies) that drive organizational performance and value creation [26]. Intellectual capital as a total share of collective knowledge, information, technology, intellectual property rights, experience, organizational learning and competence, team communication systems, customer relationships, and brands that can create company value. Based on the results of the study showed that intellectual capital has a positive effect on the value of the company.

In theory, intellectual property that is managed efficiently by the company will increase market appreciation of the company's market value to increase the value of the company. The effective management and use of intellectual capital are proven to be able to increase the value of the company which in this study was measured by the Price to Book Value (PBV) ratio. Before giving an appreciation of the market value of the company, investors first consider the influence of intellectual property owned by the company. So investors do not just look at the company's stock price. The higher the stock price, the investor will place a high value on the company.

4.5 Effect of Capital Structure on Company Value

From the results of statistical tests, the capital structure has an adverse effect ($\rho_4 = -0.083$) and is not significant (P-value = 0.2891) in influencing the value of go-public banking companies on Indonesia Stock Exchange for the 2012-2016 period. The results of this study are consistent with the research conducted by Eli (2008) regarding the influence of capital structure and company growth on firm value in manufacturing companies in the Jakarta Stock Exchange stating that the capital structure hurts substantial value.

The capital structure is related to the amount of debt and own capital used to finance company assets. Negative influence Capital structure on the value of this company shows the validity of the Trade-off theory. The trade-off theory explains that if the capital structure position is below the optimal point, any additional debt will increase the value of the company. Conversely, if the capital structure position is above the optimal point, then any additional debt will reduce the value of the company where the use of debt will pose a risk of financial difficulties and agency costs.

The negative influence of Debt to Asset Ratio (DAR) is due to the increase in the portion of the debt will increase the financial burden in the form of interest and financial expenses that reduce income to obtain net income derived from the management of company assets. Debt to assets ratio (DAR) shows the percentage of company assets funded by debt. The higher the value of this ratio, the higher the financial risk that will affect the value of the company because the company's capital structure policy that uses more debt will decrease stock prices.

Research conducted by Fitri [27] also proves that debt policy has an adverse and significant effect on company value. The results of the study indicate that the company's debt increases the obligations that must be borne by the company such as interest expense. The debt interest increases more than the tax savings that can increase the probability of bankruptcy, causing the negative perception of investors. It will reduce the stock price which in turn will reduce the value of the company. The research is not consistent with research conducted by Chisti [28] which states that debt policy has a positive and significant effect on firm value.

4.6 Effect of Financial Performance on Company Value

From the results of statistical tests, the financial performance has a positive effect ($\rho_5 = 0.305$) and is significant (P-value = 0.0092) in influencing the value of banking companies that go public on the Indonesia Stock Exchange in the 2012-2016 period. The bank's financial performance is a description of the bank's financial condition in a specified period, including aspects of fundraising and distribution of funds. Performance shows something related to the strengths and weaknesses of a company. Financial ratios for creditors are useful for predicting the risks that occur with the continuity of principal control and interest payments, while investors are useful in evaluating the value of shares and evaluating stock security guarantees invested in the company.

The results of this study obtained a positive and significant value between the financial performance of the company value which proves that the better the performance of each publicly listed bank listed on the Indonesia Stock Exchange in the period 2012-2016, the better the value of the company in the eyes of investors because the shares they invest are guaranteed. The higher the financial performance represented by the profitability ratio with indicators of return on assets (ROA), the higher the rate of return, this means that the bank's business is developing healthily.

The most appropriate measure of banking performance is to measure the ability of banks to generate profits or profits from various activities carried out, as generally the purpose of a company is to achieve high values, to achieve that value companies must be able to efficiently and effectively manage various activities. One measure to find out how far efficiency and effectiveness are achieved is by looking at the profitability of the company, the higher the profitability, the more effective and efficient the management of the company's activities. The right measure of profitability is needed to assess the performance of the banking industry is ROA.

The value of the company will depend on many external and internal factors that will affect the company's performance. If the company's performance is right, then investors will also enjoy the company's profit that is distributed in the form of dividends, which will usually be followed by the increase in stock prices due to increased stock demand. Conversely, if the company's performance is predicted to decline, investors will sell their shares to the stock exchange to avoid losses, causing the stock price to decline in the stock exchange. Therefore it is essential for companies to maintain the company's performance which is predicted to have an impact on the company's value in the eyes of investors.

4.7 Effect of Intellectual Capital on Company Values through Financial Performance

From the results of statistical tests, the financial performance as an intervening variable can mediate the relationship between intellectual capital and firm value where the coefficient value is 0.251. The results of this study succeeded in proving the researchers' assumptions about the influence of financial performance that mediates the relationship of intellectual capital and company value, even though the value is smaller than the coefficient of the direct relationship between intellectual capital to the firm value of 0.386. Investors will still give higher ratings to companies that have higher financial performance. The increased financial performance will be responded to positively by the market to increase the value of the company.

Because the value of direct influence (X1 to Y) is more significant, it is better to use direct influence between intellectual capital on the value of the company. The findings of this study indicate that the increase or decrease in intellectual material knowledge, information, intellectual property, the experience that can be taken to be used in creating company welfare can influence the value of the company with or without the financial performance of banks that go public on the Indonesia Stock Exchange 2012-2016 period. Market appreciation in a company is not only based on physical resources that are owned but also focuses on intellectual resources owned by the company [25]. Therefore, when intellectual capital is managed optimally, it can lead the company to good performance.

4.8 Effect of Capital Structure on Company Value through Financial Performance

The indirect influence of capital structure represented by DAR (Debt to Asset Ratio) on the company value represented by PBV (Price Book Value) through financial performance which is proxied by ROA (Return on Assets) as an intervening variable is negatively influencing ($\rho_7 = -0.066$) and significant (P-value = 0.0280). From the results of statistical tests obtained the statistical value of the direct influence of X2 to Y has an adverse effect of -0.083 with a significance value of $0.2891 > 0.05$. It proves that financial performance is not an intervening variable that can mediate the influence of capital structure on the company value in go-public banking companies on the Indonesia Stock Exchange for the 2012-2016 period.

Capital structure is a balance or a combination of foreign capital and own capital [29], in other words, the capital structure is a proportion in meeting the expenditure needs of companies with long-term funding sources derived from internal funds and external funds. From the results of this study indicate that the increase or decrease in the proportion of long-term funding sources both from internal funds and external funds are not able to influence the value of the company with or not through financial performance proxied by ROA (Return on Assets) in public banking companies on the Indonesia Stock Exchange for the 2012-2016 period.

5. CONCLUSION:

Intellectual Capital (VAIC) has a positive and significant effect on Financial Performance (ROA). Capital Structure (DAR) has an adverse and significant effect on Financial Performance (ROA) in go-public banking on the Indonesia Stock Exchange for the 2012-2016 period. Intellectual Capital (VAIC) has a positive and significant effect on Company Value (PBV). Capital Structure (DAR) has an adverse and insignificant effect on Company Value (PBV) and Financial Performance (ROA) positive and significant effect on Company Value (PBV) on go-public banking on the Indonesia Stock Exchange for the period 2012-2016. The Influence of Intellectual Capital (VAIC) on Company Value (PBV) through Financial Performance (ROA) as an intervening variable that is positive and significant. The Influence of Capital Structure (DAR) on Company Value (PBV) through Financial Performance (ROA) as an

intervening variable is an adverse and significant effect on go-public banking on the Indonesia Stock Exchange in the 2012-2016 period.

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