# The Influence of Corporate Governance, Intellectual Capital, and Company Size on Financial Performance

## Nasrizal[1], Nanda Fito Mela[2], Falya Zakira Utami[3*]

[1,2,3]Universitas Riau, Indonesia

**Abstract:**

This study aims to examine the influence of corporate governance, intellectual capital, and company size on financial performance. The dependent variable is financial performance as measured by Net Profit Margin. The independent variables are corporate governance as measured by the size of the board of commissioners, the size of independent commissioners, the size of the audit committee, and intellectual capital as measured by Value Added Intellectual Capital (VAIC$^{TM}$), and company size as measured by total assets. This study uses secondary data from the financial statements of 58 real estate and property companies listed on the IDX in 2019-2023. This study method is purposive sampling and uses multiple linear regression analysis tools. The results of the study are that intellectual capital and company size have a positive influence on financial performance, while the board of commissioners, independent commissioners, and audit committee has no influence on financial performance.

**Keywords:** Corporate Governance, Intellectual Capital, Company Size, Financial Performance

*Abstrak:*

*Penelitian ini bertujuan untuk menguji pengaruh tata kelola perusahaan, modal intelektual, dan ukuran perusahaan terhadap kinerja keuangan. Variabel dependen dalam penelitian ini yaitu kinerja keuangan yang diukur dengan Net Profit Margin. Variabel independen dalam penelitian ini adalah tata kelola perusahaan yang diukur dari ukuran anggota dewan komisaris, ukuran komisaris independen, ukuran komite audit, dan modal intelektual yang diukur dengan Value Added Intellectual Capital (VAIC$^{TM}$), serta ukuran perusahaan yang diukur dari total aset. Penelitian ini menggunakan data sekunder yang berasal dari laporan keuangan dari 58 perusahaan real estate dan properti yang terdaftar di BEI pada tahun 2019-2023. Penelitian ini menggunakan metode purposive sampling dan menggunakan alat analisis regresi linier berganda. Hasil penelitian yaitu modal intelektual dan ukuran perusahaan mempunyai pengaruh positif dan signifikan terhadap kinerja keuangan, sementara itu dewan komisaris, komisaris independen, dan komite audit tidak mempunyai pengaruh signifikan terhadap kinerja keuangan.*

*Kata Kunci:* *Tata Kelola Perusahaan, Modal Intelektual, Ukuran Perusahaan, Kinerja Keuangan*

*\*Corresponding Author:*
*Email*: falya.zakira3929@student.unri.ac.id

## INTRODUCTION

The global economy has expanded so quickly in the modern period that enterprises must operate well in order to compete and thrive in their respective industries. As a result, a company's ability to assess and increase its financial performance is crucial to its ability to compete and exist. Financial performance is a financial success achieved over a period of time. (Jaya et al., 2023) Financial performance is important because information on financial performance allows management to conduct the analysis on the use of company resources, handling risks, and other business strategies to make appropriate decisions. (Maemunah et al., 2023).

The current financial performance phenomenon in real estate sector is expected to increase in 2025 despite limited availability. Given the financial performance of 2024, IDX Properties & Real Estate was able to increase by 5,97% last year. Unfortunately, it has fallen by 1,19% year-to-date (YTD) in January 2025. Rully Arya Wisnubroto, Director of Research and Chief Economist at Mirae Asset, explained that the stock growth and financial performance of real estate enterprises have not been as strong since last year. (Nityakanti, 2025) This is reinforced by the results of the author's observations of the average net profit margin data from 58 Indonesian real estate companies in 2019-2013 which shows a downward trend as presented in the chart below. Therefore, there is a problem faced by many Indonesian real estate companies which is the inability to maintain or improve their financial performance. Thus, it is important to pay attention to some factors influencing financial performance namely corporate governance, intellectual capital, and company size.
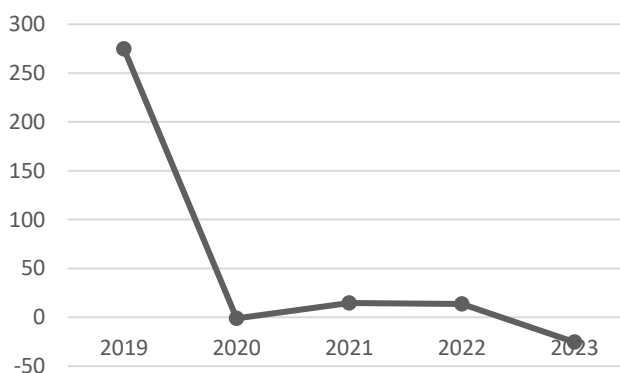


**Figure 1: Average NPM of Indonesian Real Estate and Property Companies (%)**
Source: processed secondary data, 2025

Corporate governance is the processes and structures where companies are managed and administered. (IFC, 2018) Corporate Governance is related to agency theory which discussed the conflict of interest between the owner of the company (Principal) and the director or manager (agent) who manages the company. (Afrizal, 2018) The owners of the company focus on maximizing the returns of investments and securities, while managers focus more on economic advantages (reward) and psychological needs (prestige). (Sagara, 2019). This leads internal parties or managers to perform actions that do not correspond to the interests of the shareholders. Agents can do this because there is information asymmetry between the principle and the agent. Agents have the most information about the resources that they manage than principles. (Hill et al., 2019) There is therefore a need for activities that can reduce the aforementioned agency problems. This lies in the concept of corporate governance by providing incentives and implementing surveillance (monitoring). (Bagiana, 2022) This study emphasizes three

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of .....

Vol. 6 Issue 1 September 2025

Corporate Governance mechanisms, namely the Board of Commissioners, Independent Commissioners, and Audit Committee.

The Board of Commissioners is a body that ensures that management has truly worked in the interests of the company according to the established strategy and protects the interests of shareholders (Sudarmanto et al., 2021). Board of Commissioners is responsible for supervising and advising the Board of Directors in the pursuit of the interests and objectives of the company in terms of increasing its financial performance, instead of the interests of management. (Bagiana, 2022) Approval of the procedures of internal control is under the responsibility of the Board of Commissioners. (IFC, 2018) Board of Commissioners also evaluated the effectiveness of GCG in a limited liability company (LLC).

Independent commissioners is the members of board of commissioners that is not affiliated with a majority shareholder or a member of the board of directors and other members from board of commissioners. (IFC, 2018) Independent Commissioners reduces the mismanagement by internal directors and the resultant company collapses. Countries start to require more independence from board members. Greater independence will strengthen corporate governance in a company, shareholders, as well as other stakeholders and ultimately improve financial performance. (Jhunjhunwala, 2023) Foreign institutional investors have invested more in companies with more independent board members, contribute to financial performance. Also, a highly independent board reduces information asymmetry and advocates the interest of minority shareholders.

Based on the research conducted by Kyere & Ausloos (2020), Siswanti & Cahaya (2020), Gunawan et al. (2019), and Budiyanto & Hudiwinarsih (2015), Independent Commissioners have influence towards financial performance. This result is not in line with the research done by Aziz et al. (2021) which stated that Independent Commissioners do not have influence on financial performance.

The Audit Committee is a body that specifically handles accounting, risk management and compliance issues, ensures the independence required for external auditors and recommends the appointment of external auditors to the Board of Commissioners. (Bagiana, 2022) Audit Committee reduces information asymmetry between management and shareholders. Auditors report directly to the audit committee, which reduces the authority of management over the auditors. It must actively monitor the financial system and structure in a company to ensure good financial performance. (Jhunjhunwala, 2023) Audit committees must make sure that presented financial reports are in accordance with accounting standards and regulations. Management follows up on audit results. The Audit Committee contributes to the discussion of Board of Commissioners covering audit, internal control, compliance, risk, and financial reporting.

The study by Aziz et al. (2021), Kyere & Ausloos (using ROA) (2020), Siswanti & Cahaya (2020), and Budiyanto & Hudiwinarsih (2015) has shown that Audit Committee has influence on financial performance, but another study conducted by Kyere & Ausloos (using Q Ratio) (2020) shows that Audit Committee has no influence on financial performance.

The concept of intellectual capital and company size is related to resource-based theory that discusses about competitive advantage. Internal resources are more important to the company than external factors to achieve and maintain the competitive advantage. (David et al., 2023) This theory shows that differences in financial performance in companies are mainly due to their unique resources and skills and not the structural

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of .....

Vol. 6 Issue 1 September 2025

qualities of the business. Resources are assets, competency, or capability in developing and formulating strategies. (Rothaermel, 2024)

Intellectual Capital is is all the sums of the company's knowledge that gives it a competitive advantage and can be used for mental materials, knowledge, experience, intellectual property, information to achieve value creation. (Dumay et al., 2021) Intangible resources are said to be superior to tangible resources. (David et al., 2023) Intangible resources such as intellectual capital have characteristics that are rare, difficult to imitate, and not easily replaceable. The qualities of intellectual capital above are important to achieve and maintain competitive advantages. (David et al., 2023) Competitive advantage improves supply, product offerings and operational efficiency. This enhances customer satisfaction, reduces costs, and then improves profitability or financial performance.

Research on the relationship between intellectual capital and financial performance has been conducted by Olarewaju & Msomi (2021), Siswanti & Cahaya (2020), and Desoky & Mousa (2020) which showed that intellectual capital has an influence over financial performance. This research gave different result with another research conducted by Hirawati et al. (2019), Aziz et al. (2021), and Gunawan et al. (2019) which proved that intellectual capital has no influence on financial performance.

Company size is the magnitude of the scope or the extent of the company in running its operations. (Agus, 2011 in Budiyanto & Hudiwinarsih, 2015) Company size proxied by total assets consists of a bundle of resources and capabilities. (Rothaermel, 2024) The larger the company size, the greater the access to resources (Glen et al, 2003 in Kioko, 2013), and the stronger its ability to neutralize threats as well as taking opportunities (Thompson et al., 2020) so that it will increase market power (Glen et al, 2003 in Kioko, 2013). This will help the company secure sustainable profits, by fulfilling the needs of customers at lower costs or more effectively, which leads to better financial performance.

Research on the relationship between company size and financial performance has been conducted by Aziz et al. (2021), Siswanti & Cahaya (2020), and Budiyanto & Hudiwinarsih (2015) which states that company size has an influence on financial performance. This result is not in line with research conducted by Hirawati et al. (2019) and Gunawan et al. (2019), which stated that company size has no influence on financial performance.

The objective of this research is to ascertain the influence of Board of Commissioners, Independent Commissioners, Audit Committee, Intellectual Capital, and Company Size on Financial Performance. Compared to previous researches, this research has some originalities (novelty), namely the use of Net Profit Margin (NPM) as a benchmark for financial performance variable. This is because all previous studies that the researcher included in this study have not used Net Profit Margin (NPM) as a benchmark for financial performance, and the measurement of financial performance is still dominated by Return on Assets (ROA) or Return on Equity (ROE). In this study, the researcher also chose the property and real estate sector as the population and sample because previous studies still used banking, manufacturing, or state-owned companies as populations and samples.

It is anticipated that the findings of this study will contribute to the advancement of studies related to strategic management, financial management and management accounting. This research also serves as a supportive theoretical information for future researchers doing related studies. It can be utilized as information for management to take

into account when running the business to ensure that it operates profitably and produces quality work. For investors, this research will be a helpful factor to take into account while making an investment decision in regard to financial performance, corporate governance, intellectual capital, and company size.

## RESEARCH METHOD

### Location and Time of Research

This research has no specific location as the research data can be accessed from anywhere (online) and the data analysis tools can be used anywhere. The time or period of this research is three months.

### Research Approach

In this study, the researcher uses quantitative approach which means using objective approaches such as collecting and analyzing quantitative data and use statistical testing method. The researcher uses purposive-sampling technique. Purposive-sampling method is a sampling technique with specific considerations or special decisions (Siyoto, 2015). The sampling criteria is as follows:

**Table 1. Sampling Criteria**

| No. | Criterion | Amount |
|---|---|---|
| 1. | Property or Real Estate Companies listed on the IDX in 2019-2023 | 92 |
| 2. | Companies that did not publish financial reports in 2019-2023 | (32) |
| 3. | Companies that did not publish complete informations related to research topics | (2) |
| **Total sample** | | 58 |
| **Multiplied by The Amount of Research Period (Years)** | | 5 |
| **Total Observation Data** | | 290 |

Source: processed secondary data, 2025

### Data Collection Method

The type of data used in this study is secondary data. The data collection method used in this research is documentation. The researcher documented quantitative informations related to financial performance, corporate governance, intellectual capital, and company size from the reports of real estate and property companies that were listed on the Indonesia Stock Exchange (IDX) during the observation period of 2019–2023, which was obtained from the official website of Indonesian Stock Exchange (IDX), companies' official websites, and other websites that provide the reports of Indonesian real estate and property companies. The reports used are financial reports and annual reports.

### Data Analysis

The data analysis is done using softwares namely SPSS 25 and Microsoft Excel. The independent variables are Board of Commissioners/BoC (X1), Independent Commissioners/InCom (X2), Audit Committee/AC (X3), Intellectual Capital/InCap (X4), and Company Size/CS (X5). Meanwhile, the dependent variable is Financial Performance/FP (Y). Financial Performance is measured by Net Profit Margin (Brigham & Houston, 2019) which is calculated in the following formula:

$$NPM = \frac{Net\ Income}{Sales} \times 100\%  \tag{1}$$

(Bagiana, 2022) The Board of Commissioners is measured by calculating the number of its members or the summation ($\sum$) of the board of commissioners' members. (Aziz et al., 2021) The formula is shown below:

$$\text{Board of Commissioners} = \sum \text{Board of Commissioners Members} \qquad (2)$$

(Singh and Singla, 2022) In measuring independent commissioners, the researcher divides the number of independent commissioner members by the number of board of commissioner members multiplied by 100 percent. (Aziz et al., 2021) The formula is shown below:

$$\text{Proportion of Independent Commissioners} =$$
$$\frac{\sum \textit{Independent Commissionary}}{\sum \text{Board of Commissioners}} \; 100 \; \% \qquad (3)$$

(IFC, 2018) The audit committee is measured by calculating the number of its members or the summation ($\Sigma$) of the audit committee's members. (Aziz et al., 2021). The formula is shown below:

$$Audit\ Committee = \sum \text{Audit Committee Members} \qquad (4)$$

(Peris-Ortiz et al., 2015) To mathematically determine the intellectual capital, Pulic developed a method to measure the efficiency of value creation by a firm's tangible and intangible assets called VAIC$^{TM}$. (Aziz et al., 2021) The formula for measuring intellectual capital using this method is:

$$VAIC^{TM} = \text{VACA} + \text{VAHU} + \text{STVA} \qquad (5)$$

Where:
VA = Output (OUT) – Input (IN)
VACA (Value Added Capital Employed) = VA/CE
VAHU (Value Added Human Capital) = VA/HC
STVA (Structural Value Added) = SC/VA
Description:
1. VA (Value Added): Calculated as the difference between output (revenue or total sales) and input (operating expenses or selling expenses, general expenses & administrative expenses).
2. CE (Capital Employed): Total equities plus net profit.
3. HC (Human Capital): Total salaries and wages.
4. SC (Structural Capital): Obtained by subtracting HC from VA.

(Peris-Ortiz et al., 2015) A typical way of measuring a company size is to apply natural logarithms (Ln) to total assets. (Gunawan et al., 2019) The measurement formula for company size is:

$$Company\ Size = \text{Ln (Total Assets)} \qquad (6)$$

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of .....

Vol. 6 Issue 1 September 2025

## RESULTS AND DISCUSSION

### Descriptive Analysis

Descriptive statistics are techniques used to describe and summarize data numerically. Below are the results of descriptive statistical analysis of the data after removing outliers and transforming the data:

**Table 2. Descriptive Statistics**

|  | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Boc (X1) | 175 | 1 | 2 | 1.79 | 0.308 |
| InCom (X2) | 175 | 0.19 | 0.74 | 0.4101 | 0.10603 |
| AC (X3) | 175 | 1.00 | 1.41 | 1.0379 | 0.11973 |
| InCap (X4) | 175 | -4.8242505 | 9.1531157 | 1.714597835 | 3.028896759 |
| CS (X5) | 175 | 11.36 | 13.21 | 12.4854 | 0.48415 |
| FP (Y) | 175 | 0.0001095 | 1.1191948 | 0.718174423 | 0.1968831293 |

Source: processed secondary data, 2025

### Classical Assumption Test

*Normality Test*

The normality test is a statistical method to check whether observed data follows a normal distribution. (Pasaribu et al., 2023) From the test result below, it is proven that the Sig.(p) value is above 0,05, which is 0,2. This indicates that the data has been normally distributed.

**Table 3. Normality Test**

|  | Unstandardized Residual |
|---|---|
| Asymp. Sig. (2-tailed) | .200[c,d] |

Source: processed secondary data, 2025

*Multicollinearity Test*

Multicollinearity tests are statistical methods in which regression models determine the presence of high correlations between two or more independent variables. (Pasaribu et al., 2023) Based on the results below, it can be seen that the tolerance value of all variables is more than 0,1 and the VIF value is less than 10, it can be concluded that there is no multicollinearity in the regression model.

**Table 4. Multicollinearity Test**

| Variable | Tolerance | VIF |
|---|---|---|
| Boc (X1) | 0.784 | 1.276 |
| InCom (X2) | 0.995 | 1.005 |
| AC (X3) | 0.992 | 1.008 |
| InCap (X4) | 0.925 | 1.081 |
| CS (X5) | 0.761 | 1.314 |

Source: processed secondary data, 2025

*Heteroscedasticity Test*

Heteroscedasticity in statistics is measured using Glejser test. This test could be a statistical strategy utilized to test whether the change of the dependent variable is not consistent over the extension of values of the independent variable. (Pasaribu et al., 2023) Based on the results below, the Sig. value of all variables is more than 0,05, it can be concluded that there is no heteroscedasticity in the regression model.

**Equity: Jurnal Akuntansi**
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of …..

**Vol. 6 Issue 1 September 2025**

**Table 5. Heteroscedasticity Test**

| Variable | Sig |
|----------|-----|
| Boc (X1) | 0.131 |
| InCom (X2) | 0.458 |
| AC (X3) | 0.213 |
| InCap (X4) | 0.871 |
| CS (X5) | 0.735 |

Source: processed secondary data, 2025

*Autocorrelation Test*

Autocorrelation test, moreover known as serial reliance test, could be a statistical method utilized to test whether there's a direct relationship between past or closest values in a information arrangement (Pasaribu et al., 2023). Based on the Durbin-Watson table, the dL (lower limit) value is 1,5 and the dU (upper limit) value is 2,5. The DW value is greater than dU (1,8 > 1,5) and lower than dL (1,8 < 2,5), indicating that there is no autocorrelation problem in the regression model being tested.

**Table 6. Autocorrelation Test**

| Model | Durbin-Watson |
|-------|---------------|
| 1 | 1.818 |

Source: processed secondary data, 2025

**Hypothesis Testing**

*Determination Coefficient Analysis*

The coefficient of determination depicts the capacity of the model to clarify the varieties that occur within the dependent variable (Paramita et al., 2021). Based on the table below, the magnitude of the determination coefficient (R square) is 0,65. This means that the company's financial performance can be explained by 65% by the variables of X1, X2, X3, X4, and X5. While the remaining 35% is explained by other variables not examined in this study.

**Table 7. Determination Coefficient Analysis**

| Model | R | R Square | Adjusted R Square |
|-------|---|----------|-------------------|
| 1 | 0.806[a] | 0.650 | 0.639 |

Source: processed secondary data, 2025

*Multiple Linear Regression Analysis*

The following regression model is obtained along with its interpretation:

$$Y = 1{,}759 + 0{,}010\,\text{BoC} - 0{,}045\,\text{InCom} + 0{,}065\,\text{AC} + 0{,}050\,\text{InCap} + 0{,}045\,\text{CS}$$

Based on the output of multiple linear regression, the constanta value is 1,759, the coefficient of Board of Commissioners is 0,01, the coefficient of Independent Commissioners is -0,04, the coefficient of Audit Committee is 0,06, the coefficient of Intellectual Capital is 0,04, the coefficient of Company Size is 0,05. X1, X2, and X3 has significance value (Sig.) above 0,05, thus these variables do not have a significant effect on Y. Meanwhile, X4 and X5 has significance value (Sig.) below 0,05, thus these variables have a significant effect on Y.

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of …..

Vol. 6 Issue 1 September 2025

**Table 8. Multiple Linear Regression Analysis**

|  | Unstandardized B | Sig. |
|---|---|---|
| **Constant** | 1.759 | .000 |
| **Boc (X1)** | 0.010 | 0.754 |
| **InCom (X2)** | -0.045 | 0.521 |
| **AC (X3)** | 0.065 | 0.319 |
| **InCap (X4)** | 0.045 | 0.000 |
| **CS (X5)** | 0.050 | 0.013 |

Source: processed secondary data, 2025

*T Test*

This test is used to determine whether in the regression model the independent variables (X1, X2,…..Xn) partially have a significant effect on the dependent variable (Y). (Waty, 2023) Board of Commissioners (X1) has a t-value of 0,31 and a significance value (Sig.) of 0,75. (Sig. > 0,05), Independent Commissioner (X2) has a t-value of -0,64 and a significance value (Sig.) of 0,52. (Sig. > 0,05), Audit Committee (X3) has a t-value of 1 and a significance value (Sig.) of 0,32. (Sig. > 0,05). Thus, X1, X2, and X3 do not have a significant effect on Y. Intellectual Capital (X4) has a t-value of 12,5 and a significance value (Sig.) of 0,00 (Sig. value < 0,05), then X4 has a positive effect on Y. Company Size (X5) has a t-value of 2,5 and a significance value (Sig.) of 0,01 (Sig. value < 0,05), then X5 has a positive effect on Y.

**Table 9. T Test**

|  | t | Sig. |
|---|---|---|
| **Constant** | 6.851 | .000 |
| **Boc (X1)** | 0.313 | 0.754 |
| **InCom (X2)** | -0.643 | 0.521 |
| **AC (X3)** | 1.000 | 0.319 |
| **InCap (X4)** | 12.500 | 0.000 |
| **CS (X5)** | 2.500 | 0.013 |

Source: processed secondary data, 2025

**Discussion**

**The Influence of Board of Commissioners on Financial Performance**

Based on the Multiple Linear Regression Analysis and T-test results, the number or existence of a board of commissioners in a company does not necessarily have a significant direct impact on increasing the Y value in this study. This is due to the lack of competence of the board of commissioners. This can be seen in the annual reports of the 58 sample companies for 2019-2023, where the number of board of commissioners members who participated in training and competency development programs is below 50%. The average percentage of board of commissioners members who attended training in 2019 was 29%, in 2020 it was 24%, in 2021 it was 32%, in 2022 it was 31%, and in 2023 it was 40%.

Because of the lack of participation in training and competency development programs, the performance of the board of commissioners in carrying out its supervisory function is reduced so that their existence does not have an impact on financial performance. The inadequate competence of the company's supervisory body, one of which is the board of commissioners, will result in ineffective monitoring. (Hirawati et al., 2021) Members of the board of commissioners must participate in various

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of …..

Vol. 6 Issue 1 September 2025

competency developments, so that it will increase the objectivity to carry out their functions of strategic guidance in improving the financial performance, one of which is monitoring of management (IFC, 2018) In addition, the lack of competence possessed by the board of commissioners will cause the existence of the board of commissioners to become a mere formality, so that the agents (managers) still have great control over important decisions (Aziz et al., 2021).

The results of the study above are in line with previous research conducted by Hirawati et al. (2021) which proved that the board of commissioners has no influence on financial performance. Research on the relationship between board of commissionaries and financial performance has been conducted by Aziz et al. (2021), Siswanti & Cahaya (2020), and Budiyanto & Hudiwinarsih (2015) which shows that the role of Board of Commissioners has an influence on financial performance. This result is different from the research conducted by Hirawati et al. (2021), in which Board of Commissioners does not have an influence on financial performance.

**The Influence of Independent Commissioners on Financial Performance**
Based on the Multiple Linear Regression Analysis and T-test results, the existence of independent commissioners does not necessarily guarantee the achievement of higher financial performance. The factor that causes the absence of the influence of independent commissioners on financial performance is the lack of competence of independent commissioners. This can be seen in the annual reports of the 58 sample companies for 2019-2023, where the percentage of independent commissioners who participated in training and competency development was below 50%. The average percentage of independent commissioners who participated in training in 2019 was 25%, in 2020 it was 21%, in 2021 it was 34%, in 2022 it was 28%, and in 2023 it was 39%.

Because of the lack of participation in training and competency development programs, the performance of independent commissioners in carrying out their supervisory functions is reduced so that their existence does not have an impact on financial performance. The lack of competence of independent commissioners will lead to a lack of understanding of the industry, so that there will be the absence of real power to bridge the conflict between agents (managers) and principals (company owners). (Jhunjhunwala, 2023) The decline in the competence of independent commissioners will also have an impact on their ability to protect the interests of minority shareholders, so that conflicts of interest in the company will be more likely to occur. (Tricker, 2015) This is also emphasized by the statement that independent commissioners who have high competence will increasingly contribute to reducing agency problems by reducing costs, thereby improving financial performance. (Monks & Minow, 2011)

The results of the study above are in line with previous research conducted by Aziz et al. (2021) which proves that independent commissioners have no influence on financial performance.

**The Influence of Audit Committee on Financial Performance**
Based on the Multiple Linear Regression Analysis and T-test results, the existence or number of audit committees in the company is not strong enough to statistically influence changes in financial performance. This is due to the lack of competence of audit committee. This can be seen in the annual reports of the 58 sample companies for 2019-2023 where the number of independent commissioners who participated in training and competency development programs is below 50%. The average percentage of

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of .....

Vol. 6 Issue 1 September 2025

independent commissioners who participated in training in 2019 was 30%, in 2020 it was 33%, in 2021 it was 32%, in 2022 it was 23%, and in 2023 it was 32%.

Because of the lack of participation in training and competency development programs, the performance of the audit committee in carrying out its supervisory function is reduced so that their existence does not have an impact on financial performance. As a body that has a supervisory function, the audit committee requires professional capabilities through adequate training, so that supervision of financial reporting integrity and compliance with audit standards and regulations will increase (IFC, 2018). Although the audit committee plays a role in reducing information asymmetry in financial statements, their performance depends on financial expertise in implementing the mechanism. (Tricker, 2015) If audit committee members do not have adequate competence, they will focus more on checklists and less on information flow and a lack of understanding of strategy and risks in improving financial performance. (Monks & Minow, 2011)

The results of the above study are in line with previous research conducted by Kyere & Ausloos (using Q Ratio) (2020) which proves that the audit committee has no influence on financial performance.

**The Influence of Intellectual Capital on Financial Performance**
Based on the Multiple Linear Regression Analysis and T-test results, Intellectual Capital has an influence on financial performance. Thus, the higher the level of utilization or management of intellectual capital, the financial performance will increase significantly. Intellectual capital is related to resource-based theory which explains that differences in financial performance in companies are mainly due to their unique resources and skills and not the structural qualities of the business. (Rothaermel, 2024) In this theory, intangible resources are said to be superior to tangible resources. (David et al., 2023) Intangible resources such as intellectual capital have characteristics that are rare, difficult to imitate, and not easily replaceable. The qualities of intellectual capital above are important to achieve and maintain competitive advantages. (David et al., 2023) Competitive advantage improves supply, product offerings and operational efficiency. This increases customer satisfaction, reduces costs, and then improves profitability or financial performance. (Peris-Ortiz et al., 2015).

The results of this research are in line with the results of research conducted by Olarewaju & Msomi (2021), Siswanti & Cahaya (2020), and Desoky & Mousa (2020) which prove that intellectual capital has influence on financial performance.

**The Influence of Company Size on Financial Performance**
Based on the Multiple Linear Regression Analysis and T-test results, Company Size has an influence on financial performance. In other words, companies that are larger in size tend to have better financial performance. Theoretically, company size is related to the concept of resource-based which emphasizes the importance of internal resources to achieve and maintain the competitive advantage. (David et al., 2023) company size proxied by total assets consists of a bundle of resources and capabilities. (Rothaermel, 2024) The larger the company size, the greater the access to resources (Glen et al., 2003 in Kioko, 2013), and the stronger its ability to neutralize threats as well as taking opportunities (Thompson et al., 2020) so that it will increase market power (Glen et al, 2003 in Kioko, 2013). this will help the company secure sustainable profits, by meeting the needs of customers at lower costs or more effectively, which leads to better financial performance. (Peris-Ortiz et al., 2015)

Equity: Jurnal Akuntansi
Nasrizal, Mela, N.F., and Utami, F.Z.
The Influence of …..

Vol. 6 Issue 1 September 2025

The results of this research are in line with the results of research conducted by Aziz et al. (2021), Siswanti & Cahaya (2020), and Budiyanto & Hudiwinarsih (2015) which prove that company size has an influence on financial performance.


**CONCLUSIONS**

Board of Commissioners, Independent Commissioners, and Audit Committee has no influence on financial performance due to the lack of training and competency development programs followed by its members. Intellectual capital has a positive influence on financial performance due to its ability to create competitive advantage that increases financial performance. Company size has a positive influence on financial performance because a large company size will facilitate access to various resources that help in increasing the financial performance.

Theoretically, the results of this study contribute to the literature on corporate governance, intellectual capital, company size, and financial performance. The finding that intellectual capital and company size have a positive effect on financial performance supports the resource-based view. On the other hand, the result that corporate governance has no influence provides an opportunity for the development of agency theory in a local context, which shows that the presence of formal supervision is not always effective without adequate competency. The results of this study also provide a practical implication for company management in making strategic decisions. This can be a long-term strategy that has a real impact on improving financial performance.

Theoretical suggestions for further research is expected to be able to use statistical data without transformation (raw values) to maintain the authenticity and quality of the data. Further research that examines intellectual capital should use other indicators in measuring intellectual capital by direct assessment to the company resources using a specific assessment scale so that the data taken from each financial report can be uniform in order to improve the accuracy of data input. Further research that examines corporate governance should also assess their performances or qualities according to certain standards so that the assessment can be done more objectively. Based on the results of research on corporate governance, further research can also consider the quality of GCG implementation, not just its formal existence. In addition, further research should add control variables such as operational efficiency, business strategy, or company risk for more comprehensive results.

Practically, the suggestions based on this research is that companies should improve the competence of members of the board of commissioners, independent commissioners, and audit committees to stay relevant to the economic situation and developments of the times, one of which is by increasing training and competency development programs. The appointment of board of commissioners, independent commissioners and audit committees should also consider aspects of integrity, competence, and understanding of the company's business, not just to meet the number or proportion in the organizational structure. Companies should assess the quality of intellectual capital and maintain its quality periodically through employee competency development, product innovation, and business process improvement in order to increase competitive advantage and improve financial performance. In addition, large companies must be able to maintain and utilize their business scale to drive efficiency and productivity in achieving better financial performance.

## REFERENCES

Afrizal. (2018). *Teori akuntansi*. Salim Media Indonesia. https://www.salimmedia.com/product/accounting-theory-teori-akuntansi/

Aziz, A. A., Samrotun, Y. C., & Dewi, R. R. (2021). Pengaruh good corporate governance, modal intelektual, ukuran perusahaan terhadap kinerja keuangan pada perusahaan makanan. *Ekonomis: Journal of Economics and Business, 5*(1), 1–10. https://ekonomis.unbari.ac.id/index.php/ojsekonomis/article/view/200

Bagiana, I. K. (2022). *Corporate governance: Tinjauan teori dan praktis*. CV. Noah Aletheia.

Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of financial management* (15th ed.). Cengage Learning.

Budiyanto, R. S. A., & Hudiwinarsih, G. (2015). The effect of corporate governance and firm size on company's financial performance. *The Indonesian Accounting Review, 5*(1), 63–76. https://doi.org/10.14414/tiar.v5i1.491

David, F. R., David, F. R., & David, M. E. (2023). *Strategic management: A competitive advantage approach*. Pearson.

Desoky, A. M., & Mousa, G. A.-H. (2020). The impact of intellectual capital on firm's financial performance: Empirical evidence from Bahrain. *Investment Management and Financial Innovations, 17*(4), 1–12. https://doi.org/10.21511/imfi.17(4).2020.01

Dumay, J., Nielsen, C., Lund, M., & Massaro, M. (Eds.). (2021). *Research handbook on intellectual capital and business*. Edward Elgar Publishing.

Gunawan, H. H., Pambelum, Y. J., & Angela, L. M. (2020). Sustainable business Islamic banks in Indonesia. *Accounting, 7*(2), 299–310. https://doi.org/10.5267/j.ac.2020.1.001

Hill, C. W. L., Schilling, M. A., & Jones, G. R. (2019). *Strategic management: Theory & cases: An integrated approach* (13th ed.). South-Western College.

Hirawati, H., Giovanni, A., & Sijabat, Y. P. (2021). Corporate governance, intellectual capital and financial performance. *Fair Value: Jurnal Ilmiah Akuntansi dan Keuangan, 4*(5), 1759–1771. https://doi.org/10.32670/fairvalue.v4i5.701

International Finance Corporation. (2018). *Indonesia corporate governance manual* (2nd ed.). International Finance Corporation. https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/publications/cg+manual+indonesia+2nd+edition

Jhunjhunwala, S. (2023). *Corporate governance: Creating value for stakeholders*. Springer Nature.

Jaya, A., et al. (2023). *Manajemen keuangan*. Penerbit Universitas Terbuka.

Kioko, N. P. (2013). The relationship between firm size and financial performance of commercial banks in Kenya [Master's thesis, University of Nairobi]. University of Nairobi Repository. https://erepository.uonbi.ac.ke/handle/11295/58967

Kyere, M., & Ausloos, M. (2021). Corporate governance and firms financial performance in the United Kingdom. *International Journal of Finance & Economics, 26*(2), 1871–1883. https://doi.org/10.1002/ijfe.1883

Maemunah, M., et al. (2023). *Akuntansi manajemen (Sistem dan analisis)*. Media Sains Indonesia.

Monks, R. A. G., & Minow, N. (2011). *Corporate governance* (5th ed.). John Wiley & Sons.

Nityakanti, P. (2025, January 14). Menilik prospek emiten properti tahun ini, mampukah tumbuh seperti 2024? *Kontan.* https://investasi.kontan.co.id/news/menilik-prospek-emiten-properti-tahun-ini-mampukah-tumbuh-seperti-2024

Olarewaju, O. M., & Msomi, T. S. (2021). Intellectual capital and financial performance of South African development community's general insurance companies. *Heliyon, 7*(3), e06712. https://doi.org/10.1016/j.heliyon.2021.e06712

Paramita, R. W. D. (2021). *Metode penelitian kuantitatif: Buku ajar perkuliahan*. Widya Gama Press.

Pasaribu, D., et al. (2023). *Metodologi penelitian akuntansi dan manajemen: Pendekatan kuantitatif*. Media Sains Indonesia.

Peris-Ortiz, M., Álvarez-García, J., & Rueda-Armengot, C. (Eds.). (2015). *Achieving competitive advantage through quality management*. Springer.

Rothaermel, F. T. (2024). *Strategic management* (International student ed.). McGraw-Hill Education Ltd.

Sagara, Y. (2019). *Teori akuntansi: Studi deskriptif praktik akuntansi Barat dan akuntansi Timur*. Pusat Penelitian dan Penerbitan (Puslitpen), Lembaga Penelitian dan Pengabdian kepada Masyarakat (LP2M), UIN Syarif Hidayatullah Jakarta.

Singh, S., & Singla, M. (2020). *Corporate governance mechanisms and firm performance*. Springer.

Siswanti, I., & Cahaya, Y. F. (2019). Pengaruh corporate governance, intellectual capital, leverage dan ukuran perusahaan terhadap kinerja keuangan perbankan. *Jurnal Akuntansi dan Governance Andalas, 2*(1), 15–30. https://doi.org/10.25077/jaga.v2i1.15

Sudarmanto, E., Susanti, E., Revida, E., Pelu, M. F. A. R., Purba, S., Astuti, A., et al. (2021). *Good corporate governance (GCG)*. Yayasan Kita Menulis.

Siyoto, S. (2015). *Dasar metodologi penelitian*. Literasi Media Publishing.

Thompson, A. A., et al. (2020). *Crafting and executing strategy: The quest for competitive advantage*. McGraw Hill.

Tricker, R. B. (2015). *Corporate governance: Principles, policies, and practices* (3rd ed.). Oxford University Press.

Waty, E., Anggraeni, A. F., & Apriani, A. (2023). *Metodologi penelitian bisnis: Teori & panduan praktis dalam penelitian bisnis*. Sonpedia Publishing.