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• P-ISSN 2720 - 9644 (Print)
• E-ISSN 2721 - 0871 (Online)
JTEP Journal of Tourism Economics and Policy
JOURNAL OF TOURISM ECONOMICS AND POLICY
Indexed By :

THE INFLUENCE OF INTELLECTUAL CAPITAL AND PROFITABILITY ON COMPANY VALUE (EMPIRICAL STUDY ON TELECOMMUNICATION AND BANKING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2018-2022)

Volume: 5
Number: 3
Page: 456 - 462

Article History:
Received: 2024-11-28
Revised: 2025-01-14
Accepted: 2025-06-30

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Abstract:
Advances in technology and science have made competition between companies increasingly competitive. Intellectual Capital (IC) is an intangible asset that can make a company superior if the company is able to utilize Intellectual Capital properly and efficiently. Profitability is used as a description of the company's financial condition with analytics tools to see the good or bad profitability of a company. The success of a company is not only seen from the profitability of a company but can also be seen from the resources of a company. The view that Intellectual Capital can affect the profitability of the company and provide value to the company states that companies that are able to manage knowledge resources well can compete competitively and have a competitive advantage that affects profitability (resource-based theory). The type of research in this study is descriptive quantitative research, which is used to find the Effect of Intellectual Capital and Profitability on Company Value (Empirical Study of Telecommunications and Banking Companies listed on the Indonesia Stock Exchange in 2018-2022, where quantitative data requires numeric data that is analyzed using the multiple linear regression method using the SPSS program to test the hypothesis.

Keywords: Intellectual Capital, Banking and Telecommunication Sector, Profitability

INTRODUCTION

The existence of competition in each company must consider the resources it has and the ability to generate profits, so the company needs intangible assets, one of which is Intellectual Capital. This means that companies that have high knowledge and skills will be able to produce more innovative, higher quality, and more efficient products and services, which in turn will allow them to be more competitive and grow sustainably. To compete with other companies, a company must use Intellectual Capital as its intangible asset; in this case, Intellectual Capital is a knowledge asset based on knowledge that can help the company compete and make the company gain profits, especially in the company's finances and the performance of the company itself (International Federation of Accountants (IFAC) (Sudibya and Restuti, 2014). Intellectual capital and profitability are two factors that can affect the value of the company. Intellectual capital can be defined as resources related to the knowledge, experience, and skills possessed by the company. Meanwhile, profitability is the company's ability to generate profits from its business operations.

Intellectual Capital is a knowledge resource (non-monetary) and intangible assets where companies can increase success with components of Intellectual Capital such as Human Capital, Organizational Capital (Structural Capital) and Relation Capital (Customer Capital), which have the potential to improve company performance which in this case can increase Profitability and create value for the company. (Brooking and Roos et al. Abdullah and Sofian, 2012). Intellectual Capital

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can be a measuring tool to determine the value of the company (Levinson and Malone. Sunarsih and Mendra, 2012) because, basically, the company's long-term goal is to maximize the value of the company; if a company has value, then the company is considered to have good prospects. Profitability is used as a description of the company's financial condition with analytics tools to see the good or bad profitability of a company. The success of a company is not only seen from the profitability of a company, but can also be seen from the resources in a company. The success of a company is not only seen from financial performance, which in this study is profitability but can be known whether the company is good or bad through work performance in a certain period. The view of Intellectual Capital can affect the profitability of the company and provide value to the company stating that companies that are able to manage knowledge resources well, the company can compete competitively and have a competitive advantage that affects profitability (resource-based theory).

Agency Theory. This theory explains that managers, not owners, manage the company's ownership structure. The tendency of management to act in their interests and not based on maximizing the principal's prosperity anymore; the principal, in this case, is the shareholder. Agency theory separates the management and ownership of the company with the aim that the company owner runs his company through professional staff to obtain maximum profit at the most efficient cost. The professional staff itself has a function to serve the interests of the company owners and has the freedom to take over the management of the company. The professional staff will represent the shareholders, while the company owner or shareholder only supervises and monitors the business processes and the running of the company managed by management. Agency theory has shortcomings because of the freedom of management to maximize company profits and the burdens and costs borne by the company owner.

Resource Based Theory. This theory discusses how companies manage and utilize the resources owned by the company to achieve competitive advantage and have sustainable superior performance. Resource Theory was proposed by Penrose (1959) that company resources are heterogeneous, not homogeneous, and available productive services come from resources that provide unique characteristics for each company (Muna, 2014).

Intellectual Capital. Intellectual Capital is a knowledge resource (non-monetary) and intangible assets where companies can increase success with components of Intellectual Capital such as Human Capital, Organizational Capital (Structural Capital) and Relation Capital (Customer Capital), which have the potential to improve company performance which in this case can increase Profitability and create value for the company.

In 1998, Pulic introduced the measurement of Intellectual Capital using the Value Added Intellectual Capital Coefficient (VAIC), a measurement used to assess the efficiency of added value as a result of intellectual capabilities in the company. The added value in this measurement is an objective measure of the success of the company or a business process and can show the company's ability to create value by involving resource investments, including employee salaries and interest as financial assets, dividends, taxes and research and development costs. According to Polic (1998), VAIC is considered a suitable measuring tool for measuring IC in empirical research because the data used in calculating VAIC is based on audited information, meaning that the data is considered objective. VAIC = VACA + VAHU + STVA.

Profitability. Profitability is a measure of a company's success in generating profits from its operational activities. It is one of the key performance indicators used to evaluate a company's

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financial health and business efficiency. Profitability reflects the extent to which a company is able to generate sufficient revenue to cover operating costs and generate profitable profits.

Factors that can affect profitability include operational efficiency, cost structure, product or service pricing, level of competition in the market, and marketing strategy. Good operational efficiency can reduce production costs and increase profit margins. An effective cost structure can also contribute to profitability by reducing unnecessary overhead costs. The level of profitability considered good in one industry may differ from another. In addition, profitability should also be viewed in conjunction with other factors such as liquidity, solvency, and company growth to get a more complete picture of the financial health and overall business performance. net profit after tax / owner's equity x 100%.

Company Value. Company value is a measure of the total assets and performance of a company as reflected in its stock price or market value. Company value is the focus of attention of stakeholders such as owners, investors, management, and financial analysts because it has significant implications for business and investment decisions.

Hypothesis

- H1: Intellectual Capital has a positive effect on Company Value
- H2: Profitability has a positive effect on Company Value.

METHODS

The type of research in this study is descriptive quantitative research, which is used to find the Influence of Intellectual Capital and Profitability on Company Value (Empirical Study of Telecommunications and Banking Companies listed on the Indonesia Stock Exchange in 2018-2022, where quantitative data requires numeric data analyzed using multiple linear regression methods using the SPSS program to test the hypothesis. This research was conducted on companies in the Telecommunications, Banking and sectors listed on the Indonesia Stock Exchange (IDX) in the period 2018 to 2022 obtained from www.idx.co.id and the official websites of each of these companies.

RESULT AND DISCUSSION

The Company Value measured by Tobin's Q is 4.13566. This means that overall, the companies in this sample have an average stock value; namely, the stock price is the same as the book value of the company's assets; in addition, this value shows that management has quite good performance and investment potential. The maximum value is 18.285, which indicates that the company's shares are considered overvalued and have a high return on investment value.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company values	190	,871	18,285	4,13566	3,373170
Intellectual Capital	190	,214	13,524	2,93556	1,918148
Profability	190	,111	36,597	7,49841	6,852379
Valid N (listwise)	190				

It can be seen in Table 1 where the average Intellectual Capital measured by VAIC is 2.93556, so it can be concluded that in determining the value of Intellectual Capital, there is no limit to determining whether it can be said to be good or bad, increasing the performance or value of a

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company's intellectual capital will always be followed by increasing the company's financial performance, then automatically increasing It can be seen in table 1 where the average Intellectual Capital measured by ROE is 7.49841. The average company in this sample can generate profits from the capital owned by 0.13 of the assets owned. So the company in this study has a fairly good performance. The maximum value of 36.597 also means that there are companies that have very good capabilities in generating profits from the assets they own, which means that there are companies that have good performance.

Table 2. One-Sample Kolmogorov- Smirnov Test

		Unstandardized Residual
N		190
Normal Parameters	Mean	,0000000
	Std. Deviation	2,62272302
Most Evtreme Differences	Absolute	,091
	Positive	,091
	Negative	-,058
Test Statistic		,091
Asym. Sig. (2-tailed)		,061c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

It can be seen in Figure 2 that the result of Asymp. Sig. (2-tailed) is 0.061 where the result is greater than 0.05 and can be said to be normal.

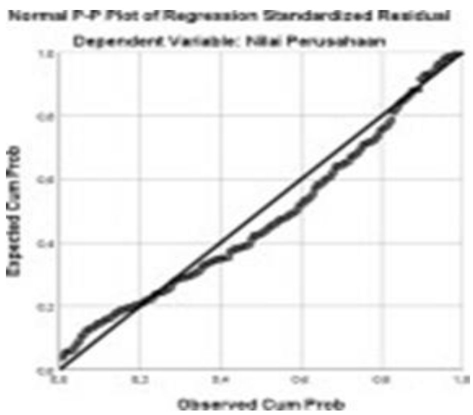

Figure 1. P Plot

Table 4. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Intellectual Capital	,854	1,171
	Profitability	,854	1,171

a. Dependent Variable: Nilai Perusahaan

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It can be seen in table 4 that all variables in the study have a Tolerance value of more than 0.01 and a VIF value of less than 10. The results of this test indicate that there is no correlation between variables that can cause problems. So it can be concluded that the variables in this study have a model that does not experience multicollinearity between independents.

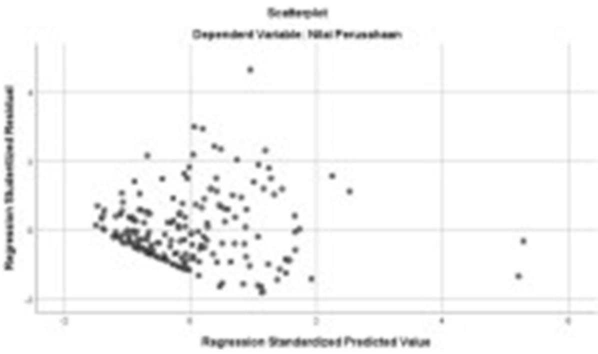

Figure 2. Heteroscedasticity Test

It can be seen in Figure 2 that the points are spread randomly and are spread both above and below the number 0 (zero) on the Y axis. The conclusion is that the results of this test do not show symptoms of heteroscedasticity.

The Influence of Intellectual Capital on Company Value. Based on the results of this study, the Intellectual Capital variable partially affects the Company Value variable. The results of this study indicate that H1 is accepted, which means "Intellectual Capital has a positive effect on Company Value."

The results of this study prove that the higher the value of the company's Intellectual Capital, the Company Value will increase. This is in accordance with the resource-based theory which states that the company's ability to manage its resources in order to compete with its competitors. The company's ability to manage resources effectively and efficiently can create a competitive advantage. Competitive advantage causes market perception to increase so that investors will place a higher value on companies that have high Intellectual Capital.

The Influence of Profitability on Company Value. Based on the results of this study, the Profitability variable partially affects the Company Value variable. The results of this study indicate that "Profitability has a positive effect on Company Value." The results of the study show that investors conduct an overview of a company by looking at the financial ratio as an investment evaluation tool because the financial ratio reflects the high and low Company Value. If investors want to see how much the company generates a return on the investment they will invest, the first thing they will look at is the profitability ratio. Profitability in this study is proxied through Return on Equity (ROE). According to Afidah (2019), ROE is one of the profitability ratios (profit ratios). ROE shows the rate of return on capital invested by shareholders. If the ROE figure is high, the stock price also tends to be high, which will also increase shareholder value. This will further increase the company's attractiveness to investors because the level of profit will be even greater.

CONCLUSION

Based on the research results, it can be concluded that Intellectual Capital and Profitability have a positive and significant influence on company value. Intellectual Capital, which includes the

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management of intangible resources, has been shown to increase competitiveness and market perception of the company. This is in line with resource-based theory, which states that a company's ability to manage resources effectively will create a competitive advantage, which ultimately increases the company's value. In addition, Profitability, as measured by Return on Equity (ROE), also has a positive effect on company value. A high profitability ratio indicates good financial performance, which attracts investors' attention and increases the company's attractiveness, thereby increasing the company's value.

Therefore, optimal management of Intellectual Capital and Profitability is the key to increasing company value. Therefore, it is recommended that companies pay more attention to the management of Intellectual Capital, especially in increasing human capital, to support increased profitability and competitiveness. Efficient management in managing intangible assets will create added value that can attract investors, thereby increasing the company's value. For investors, the results of this study indicate that Intellectual Capital should be one of the main considerations in making investment decisions. Evaluation of this aspect can provide a more complete picture of the company's future growth potential.

Furthermore, for subsequent research, it is recommended to include other variables, such as financial information, leverage, and stock beta, as additional controls to enrich the understanding of the factors that influence company value. The limitations of this study are related to the limited number of companies that consistently publish sustainability reports. The researcher hopes that further research can expand the sample and research period to obtain more representative and comprehensive results.

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