

ABSTRACT

Financial performance is a tool to measure the extent of the company's success in obtaining profits, so that management can monitor the prospects, growth and development of the company. That way the financial performance of a company is required to be stable and increase because the company's goals can be achieved if there is good financial performance in it.

Based on resource-based theory, intellectual capital is believed to be a strategic asset in generating competitive advantages that can support the company's financial performance if managed properly. The purpose of this study was to determine the effect of the Intellectual Capital component on the company's financial performance simultaneously or partially.

This study uses quantitative methods with secondary data sources. The population in this study are companies listed in the LQ45 index for the 2017-2020 period and the research sample is 84 companies. The sample selection technique in this study was purposive sampling and testing in this study used descriptive statistical tests and panel data regression analysis using E-views 9 software to determine the overall relationship between variables in the study.

The results of this study indicate that partially or simultaneously intellectual capital components consisting of Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), and Structural Capital Value Added (STVA) have a significant influence in a positive direction on the company's financial performance. which is measured using the Return On Asset indicator.

This shows that the intellectual capital owned by the company is able to contribute in a positive direction in the process of creating added value that is able to support the company's business performance.

Keyword: Financial Performance, Intellectual Capital, and Return On Asset