

ABSTARCT

Current economic growth is influenced by high public consumption so as to increase demand and production. Increased production leads to the necessary raw materials. In this case the basic materials of this sector are sectors that have an important role in the economic distribution of a country that can score positive performance, for this reason it is important to improve financial performance in raw goods.

This study has two variables that influence financial performance, namely intellectual capital and executive secrecy. This study aims to determine the effect of intellectual capital and secrecy on financial performance in basic materials sector companies listed on the Indonesia Stock Exchange. The object of this research is a basic materials sector company listed on the Indonesia Stock Exchange. The period in this study is 2018-2021.

Financial performance is proxied using Return On Assets (ROA) where it can be seen from the results of profit sharing after tax and the company's total assets, the higher the result, the better the company's financial performance. Meanwhile, intellectual capital is proxied by the VAIC formula and executive payments are proxied by the Ln Total Executive Compensation formula. Total population in this study there are 35 companies. The sampling technique used was purposive sampling, obtaining a sample of 140. The analytical method used in this study was panel data regression analysis.

The results of this study explain that simultaneously, intellectual capital and executive owners influence the financial performance of basic materials sector companies listed on the IDX. Partially, intellectual capital has an effect on financial performance and executive ownership has an effect on financial performance.

From the results of this study, by maximizing the management of intellectual models, it is able to spur competitiveness in companies in the basic materials sector and issuers can also consider the level of providing reasonable prices for key management in order to advance the financial performance of a company by controlling agency conflicts that often occur between company owners and company implementers.

Keywords: *financial performance, intellectual capital, and executive compensation*