Abstract: This study aims to analyse the effect of intellectual capital, the quality of
the implementation of good corporate governance and capital structure that affects
firm value with financial performance as an intervening variable on banking
companies listed on the Indonesia Stock Exchange 2013-2017. The population in
this study amounted to 34 companies using the saturated sampling method. Data
testing methods used are multiple linear regression analysis and path analysis.
Hypothesis research results indicate that partially, intellectual capital variable has a
significant positive effect on firm value, the quality of implementing good corporate
governance has a negative effect and is not significant on firm value, capital
structure has no significant effect on firm value. Financial performance is able to
act as an intervening variable between intellectual capital variables and firm value.
Financial performance is not able to mediate the variable quality of the
implementation of good corporate governance and capital structure to firm value in

Keywords: Firm Value, Financial Performance, Intellectual Capital, Quality of
Implementation of Good Corporate Governance, Capital Structure.

1. INTRODUCTION
Companies that have gone public or listed their shares on the Indonesia Stock
Exchange (IDX) certainly want a high level of trust in their companies so investors
are interested in investing their shares, this trust is reflected in the high and low firm
values. The company must have prepared various steps to increase firm value,
especially for long-term goals. The step is trying to optimize firm value by reducing
the company’s capital costs. Brigham and Houston (2009) say that "Firm value is
very important because high company value is followed by high shareholder
prosperity". So it can be concluded that the higher the stock price the higher the
firm value. In other words the shareholder wealth presented by the market price of
the shares is a reflection of investment decisions, financing and asset management.
There are many factors that are suspected to affect firm value, including the use of
Intellectual Capital. Utilization of intellectual resources or Intellectual Capital in
this case is the use of intangible assets. This is inseparable from the Signalling
Theory which shows that the utilization and disclosure of Intellectual Capital
consisting of Human Capital, Customer Capital and Structural Capital are expected
to provide a positive signal for investors so that there will be an increase in firm value. This is in line with research conducted by Randa and Solon (2012) showing that Intellectual Capital has a significant and positive effect on firm value.

Another factor that is thought to affect firm value is the quality of Good Corporate Governance (GCG) implementation. At present every company must implement the Good Corporate Governance program as part of its business strategy, because it will affect investors’ assessments of the company. In line with research conducted by Randy and Juniarti (2013) who examined the effect of GCG on firm value found that there was a significant effect between the two variables. Capital structure is one of the factors that is suspected to affect the firm value. A strong internal capital will certainly make investors interested so that the firm value will be high. Research conducted by Eli (2008) shows the results that capital structure on firm value has a positive and significant relationship to firm value.

Firm value of banking companies still tends to fluctuate, so it is necessary to further investigate whether there are other factors that affect the rise or fall of the firm value. The studies that have been conducted are still visible research gaps, where each research has different conclusions. Therefore, researchers in this case try to re-identify the current picture of factors that are suspected to influence the decline or increase in firm value. Another factor that makes researchers interested in conducting this research is to find out whether signalling and agency theory are appropriate in the practice of implementing firm values and performance finance at banking companies listed on the Indonesia Stock Exchange. This study uses five variables consisting of three independent variables, namely intellectual capital, the quality of the implementation of good corporate governance, capital structure, one dependent variable, namely firm value and financial performance as measured by Return to Equity (ROE) as an intermediate variable.

2. LITERATURE REVIEW

2.1 Signalling Theory

Signal theory explains how companies should give signals to users of financial statements. The signal given is in the form of promotions or other information stating that the company is better than the other companies. When the information is announced and all market participants have received the information, market participants first interpret and analyse the information as a good signal (good news) or bad signal (bad news) if the announcement of the information is a good signal for investors, then there is a change in the volume of stock trading.

2.2 Agency Theory

Agency theory reveals the existence of a relationship of interest between the principal and the agent. Principal is the owner of the company authorized to give orders to the agent, while the agent is a manager who receives orders from the principal to manage the company which is based on the existence of corporate control, separation of risk bearers, separation of ownership and control of the company, as well as decision making and control of functions.
2.3 Firm Value

Firm value is an investor's perception of the firm’s success rate that is often associated with stock prices. High stock prices will cause the firm value is also high. High firm value will make the market believe not only in the company’s current performance but also in the company’s prospects in the future. This study firm value is measured by PBV.

2.4 Intellectual Capital

Intellectual capital or intellectual capital is a resource owned by a company that is used to support the company’s activities to be better. Intellectual capital is important so that a business can develop. Intellectual capital includes things that are vital in a company's operations even though the records in the financial statements are not made specifically. Three important parts of the source of intellectual capital that have been identified by previous researchers are human capital, structural capital, and customer capital (Bontis et al, 2000). In this study, the authors will use the VAIC model developed by Pulic. The author uses the VAIC model because the data is easier to obtain and is more often used to assess or measure Intellectual Capital.

2.5 Quality of Good Corporate Governance Implementation

Daniri (2005) Good corporate governance “is defined as a system that regulates the management and supervision of corporate business, regulates the rights and obligations of related parties, which contains the rules and procedures that must be implemented in making decisions related to corporate decisions, formulating decision-making mechanisms the objective and ways to achieve objectivity and work monitoring”. The assessment of the quality of the implementation of good corporate governance in this study is to use a composite score of GCG self-assessment.

2.6 Capital Structure

Husnan (2000) states that capital structure is a comparison between long-term sources of loans and own capital. Keown, et al (2005), capital structure is the combination of long-term sources of funds used by companies. Achieving the company’s goals in maximizing shareholder wealth, financial managers must be able to assess capital structure and understand its relationship to risk, yield or return on value. The target of the capital structure is to create a composition of debt and business capital that is most appropriate and most profitable in terms of debt and venture capital that is most appropriate and most profitable in terms of finance.

2.7 Financial Performance (Return to Equity)

Financial performance measures the company’s performance in obtaining profit and market value. Company performance measures are usually manifested in profitability, growth and shareholder value. Company performance in this study was measured using ROE (Return on Equity). ROE measures how much profit a company can make for each rupiah of shareholder capital. Higher ROE exceeds the cost of capital used, it means the company has been efficient in using its own capital, so the profits generated have increased from previous years (Angkoso, 2006).
2.8 Conceptual Framework
Based on the description that has been explained, then compiled a research concept which is a logical connection from the foundation of theory and empirical studies which can be described as follows:

![Conceptual Framework Diagram]

2.9 Hypothesis
Based on the theoretical and conceptual framework, the hypotheses of this study are as follows:
1. Intellectual Capital has a positive effect on firm value
2. The quality of implementing good corporate governance has a positive effect on firm value
3. Capital Structure has a positive effect on firm value
4. Intellectual Capital has a positive effect on firm value through financial performance
5. Quality of Implementation of Good Corporate Governance has a positive effect on firm value through financial performance
6. Capital structure has a positive effect on firm value through financial performance

3. METHODS
The type of research to be conducted is casual research. Casual research that identifies causal relationships between various variables (Erlina, 2008). This research was conducted to see the effect of intellectual capital, the quality of the implementation of good corporate governance and capital structure on the value of the company in banking companies listed on the Indonesia Stock Exchange (IDX) in 2013-2017.

3.1 Population and Samples
The population in this study were 34 Banking Companies. The sample technique in this study uses census or saturated samples, so the samples in this study were 34 Banking Companies.

3.2 Data Analysis Methods
This study uses a data analysis method using SmartPLS software that is run on computer media. PLS (Partial Least Square) is a variance-based structural
equation analysis (SEM) that can simultaneously test measurement models as well as structural model testing.

4. RESULTS AND DISCUSSION
4.1 RESULT

Descriptive Statistics

The results of the descriptive statistical research consisting of minimum, maximum and average values of each study variable are presented in the following table:

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC (X1)</td>
<td>170</td>
<td>-0.80</td>
<td>8.44</td>
<td>3.2127</td>
<td>1.65356</td>
</tr>
<tr>
<td>GCG (X2)</td>
<td>170</td>
<td>1.00</td>
<td>3.02</td>
<td>1.9463</td>
<td>0.40806</td>
</tr>
<tr>
<td>SM (X3)</td>
<td>170</td>
<td>0.89</td>
<td>13.24</td>
<td>6.5795</td>
<td>2.39132</td>
</tr>
<tr>
<td>KK (Z)</td>
<td>170</td>
<td>-0.32</td>
<td>0.38</td>
<td>0.0937</td>
<td>0.08791</td>
</tr>
<tr>
<td>NP (Y)</td>
<td>170</td>
<td>0.03</td>
<td>3.70</td>
<td>1.4588</td>
<td>0.85404</td>
</tr>
<tr>
<td>Valid N</td>
<td>170</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on table 1 it is known that there were 170 observational data during the 2013-2017 period which can be explained as follows:

1. The minimum intellectual capital value is -0.80 and the maximum value is 8.44. The average intellectual capital variable is 3.2127. The results mentioned above, it can be concluded that the average banking company has been in the “Top Performers”, can be seen from the mean VAIC of 3.2127. The highest position with VAIC value of 8.44 is occupied by Bank India Indonesia (BOII) and the lowest or “Bad Performers” is occupied by Bank Banten.

2. The variable quality of the implementation of good corporate governance (GCG) shows a minimum value of 1.00 and a maximum value of 3.02, while an average value of 1.9463. This shows that the quality of the implementation of good corporate governance banking is ranked “good”.

3. Variable capital structure shows a minimum value of DER 0.89 and a maximum value of 13.24. This shows that the smallest DER value of the company is 0.89 and the biggest is 13.24. This shows that the majority of banking companies still use more debt than their own capital for corporate funding policies. Descriptive analysis results show that the average (mean) DER ratio of banking companies is 6.5795, which means that the banking company's debt is on average 6.5 times higher than its capital, or the composition of debt is greater than its own capital. The smallest DER ratio is owned by Bank India Indonesia and Bank Victoria International, while the largest DER ratio is owned by Bank Woori Saudara.

4. Firm value variable which is proxied by Price to Book Value (PBV) shows a minimum value of 0.03 and a maximum value of 3.70. The average PBV value is 1.4588. This shows that the average value of banking companies increased 1.46 times since the company went public, which means that the increase in the firm value is not too high.
5. Financial performance variables that are proxied by Return to Equity (ROE) show a minimum value of -0.32 or -32% and a maximum value of 0.38 or 38%. The average value of ROE is 0.0937 or 9.37%. This shows that the average banking company has not been able to generate more profits for shareholders from the available capital, because the higher the ROE, the better the prospect of the company shows.

**Test Coefficient of Determination ($R^2$)**

Based on the test results obtained by R Square results as shown in table 2 below:

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>KK ($Y_1$)</td>
<td>0.092</td>
<td>0.076</td>
</tr>
<tr>
<td>NP ($Y_2$)</td>
<td>0.117</td>
<td>0.095</td>
</tr>
</tbody>
</table>

Based on the data presentation in the table, it can be seen that the R-Square value for financial performance variables in banking companies is 0.092. This value means that all independent variables, namely intellectual capital, the quality of the implementation of corporate governance, simultaneously affect the capital structure of financial performance variables of 9.2%, the remaining 90.8% is influenced by other factors. The R-Square value for the banking company value variable is 0.117. This value means that all independent variables, namely intellectual capital, the quality of the implementation of corporate governance, and capital structure simultaneously affect the firm value variable by 11.7%, the remaining 88.3% are influenced by other factors.

**Partial Significance Test**

The results of the regression analysis testing through the t-test are shown in the following table 3:

|                                | Original Sample ($O$) | T Statistics (|$O$/STDEV) | P Values |
|--------------------------------|-----------------------|---------------------------|----------|
| Intellectual Capital $\rightarrow$ Firm Value | 0.154                 | 1.985                     | 0.048    |
| Intellectual Capital $\rightarrow$ Financial Performance | 0.264                 | 4.438                     | 0.000    |
| Quality of GCG Implementation $\rightarrow$ Firm Value | -0.124                | 1.429                     | 0.154    |
| Quality of GCG Implementation $\rightarrow$ Financial Performance | -0.128                | 1.309                     | 0.191    |
| Capital Structure $\rightarrow$ Firm Value | -0.036                | 0.425                     | 0.671    |
| Capital Structure $\rightarrow$ Financial Performance | 0.065                 | 0.747                     | 0.455    |
| Financial Performance $\rightarrow$ Firm Value | 0.207                 | 2.490                     | 0.013    |

a. The results of the hypothesis testing data show that the intellectual capital variable on firm value has a significant effect, where the statistical T value is 1.985> 1.96 and the value of P values is 0.048 <0.05. The original sample value is 0.154 which means there is a positive effect of 15.4%. Meanwhile
the variable quality of the implementation of good corporate governance and capital structure does not have an effect on firm value.

b. Intellectual capital variables on company performance have a significant effect, where the statistical T value is 4.438 > 1.96 and the value of P values is 0.000 < 0.05. The original sample value is 0.264, which means there is a positive effect of 26.4%. The variable quality of the implementation of good corporate governance and capital structure has no effect on financial performance.

c. The financial performance variable has a significant effect on firm value, with a statistical T value of 2.490 > 1.96 and P Values of 0.013 < 0.05.

Path Analysis Test

The hypothesis is done by path analysis which is an extension of multiple linear regression. From the results and explanations above, the conceptual framework for the path analysis is formed as follows:

![Figure 1. Conceptual Framework for Path Analysis](image)

Based on Figure 1 it is known that the value of the indirect effect between the independent variables on the intervening variable (P2) as follows:

a. Intellectual Capital on Financial Performance = 0.264
b. Quality of GCG Implementation on Financial Performance = -0.128
c. Capital Structure on Financial Performance = 0.065

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Direct effect (P1)</th>
<th>Indirect effect (P2xP3)</th>
<th>Total effect</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Capital</td>
<td>0.055</td>
<td>0.264x0.207</td>
<td>0.055</td>
<td>Being able to mediate</td>
</tr>
<tr>
<td>Quality of GCG Implementation</td>
<td>-0.027</td>
<td>-0.128x0.207</td>
<td>0.027</td>
<td>Unable to Mediate</td>
</tr>
<tr>
<td>Capital Structure</td>
<td>0.014</td>
<td>0.065x0.207</td>
<td>0.014</td>
<td>Unable to Mediate</td>
</tr>
</tbody>
</table>

So from the results of the path analysis research shows that financial performance can be used as an intervening variable on the variable intellectual capital on firm value.
4.2 DISCUSSION

The Effect of Intellectual Capital on Firm Value

Based on the results of research that the intellectual capital variable on firm value there is a significant positive effect, then in the case of H1 is accepted. Utilization of intellectual capital conducted by banking companies is proven to increase firm value. Intellectual capital involves many important aspects of the company that are more important than the material owned by the company. Intellectual capital is calculated from the added value of human capital, namely skills, education and expertise, structural capital added value, namely the organizational structure, strategy, company activities, innovation and technology, as well as the added value of customer capital, namely increasing customer relationships proven to be able to attract investors to invest its shares in a banking company, the implication of which would be to increase firm value. The results of this study are in line with research conducted by Randa and Solon (2012), Jacob (2012), and Sudibya (2014), Adiwibawa and Agusta (2017).

The Effect of Quality in the Implementation of Good Corporate Governance on Firm Value

The results showed that there was a negative and insignificant effect between the variables of the quality of the application of good corporate governance on firm value, then H2 in this study was rejected. The result allegedly happened because the implementation of corporate governance within the company was only carried out as a formality, the quality of the implementation of corporate governance in this study through self-assessment carried out by banking companies was not carried out properly and only carried out limited to follow the rules. Through agency theory, if the company is able to overcome conflicts of interest between management and shareholders, the company is able to increase firm value, but based on the research conducted, the theory is not able to support this research so there is a negative effect between variables. This is consistent with research conducted by Yanti (2015), Fatchan and Trisnawati (2016), Nurfaiza, Gustyana and Iradianty (2017).

The Effect of Capital Structure on Firm Value

The results of data processing indicate that the variable capital structure does not have a significant effect on firm value. So in this study H3 was rejected. The results showed that capital structure is not a factor that determines firm value. The results of this study indicate that debt is at an optimal point which is the balance point between corporate debt and firm value, so that the capital structure has no effect on firm value.

This research also cannot prove its relationship with signalling theory. This research is consistent with the research of Dewi and Wirajaya (2013), Ulfah (2014), Dama and Tulung (2017), Tri (2017), Ngatemin et al (2017). The study also showed the results of the influence of a negative and not significant capital structure on firm value.
The Effect of Intellectual Capital on Firm Value through Financial Performance

This study shows statistically that financial performance is able to mediate the effect of intellectual capital on firm value, so H4 in this study was accepted. This is in accordance with resource-based theory, which suggests that the performance of a company can be used as an effective and efficient use of tangible and intangible assets owned by a company or intellectual ability. Utilization of intellectual resources can create competitive advantage and increase added value. This study is consistent with research conducted by Belkaoui (2003), Chen et al. (2005), Tan et al. (2007), Hadiwijaya and Rohman (2013).

The Effect of Quality in Implementing Good Corporate Governance on Firm Value through Financial Performance

Testing the fifth hypothesis shows that there is a negative and insignificant effect between the quality variables of the implementation of corporate governance on firm value through financial performance, so H5 in this study was rejected. This is supported by the lack of acceptance of the second Hypothesis (H2), and the lack of effect on the quality of the implementation of good corporate governance with financial performance. Agency theory explains that information asymmetry can occur between managers and the owners of the companies they manage, company owners have less information than managers. Then information asymmetry can build negative relationships. This study is in accordance with research conducted by Khumairoh, Sambharakreshna, and Kompyurini (2014), Azis (2016).

The Effect of Capital Structure on Firm Value through Financial Performance

The results of this study indicate that there is no significant influence between capital structure and firm value through financial performance, so in this case H6 is rejected. This is also supported by the results of the third hypothesis (H3) and there is no significant effect between capital structure and financial performance. The results produce a biased relationship, so it is stated that financial performance in this case ROE cannot function as an intervening variable in the effect of capital structure on firm value in banking companies. The results of this study also state that debt that is expected to increase the company’s ROE will not be able to exert more effect on firm value because ROE cannot mediate the effect of capital structure on firm value. This study is in line with research by Tunnisa (2016), Makkulau, Amin and Hakim (2018).

5. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

From the discussion above, it can be concluded that:
1. Intellectual capital has a positive and significant effect on firm value.
2. The quality of the implementation of corporate governance has a negative and not significant effect on firm value.
3. Capital structure has a positive and not significant effect on firm value.
4. Intellectual Capital has a positive and significant effect on firm value through financial performance.
5. The quality of implementing good corporate governance has a negative and not significant effect on firm value through financial performance.
6. Capital structure has a positive but not significant effect on firm value through financial performance.

5.2 Limitations
The current research has limitations that can be taken into consideration for future research. The following are limitations in this study:
1. The low value of Adjusted R Square so that it shows there are still many other variables that can affect stock prices that are not used in this study.
2. Short research periods. The period observed in this study was 5 years, from 2013 to 2017.
3. The use of capital structure variable proxies and financial performance only uses 1 proxy, namely Debt to Equity Ratio (DER) and Return to Equity (ROE), which there are still other proxies that can be used in research.

5.3 Suggestions
Based on the conclusions in this study, the advice that can be given is as follows:
1. Researchers will further provide maximum results if adding other variables that also affect firm value.
2. For further researchers who want to conduct further research that resembles this research, it is recommended to use research objects in other business sectors so as to add more diverse research results.
3. The research period should be carried out over a longer period so that it can provide a better picture of the research problem
4. Future researchers should add models and other proxies that can make research results better.
5. For investors and shareholders, the information mentioned in this study can be used as a reference for considering the purchase of banking company shares.
6. For banking companies, the information in this study can be used as a reference so that the firm value and banking company performance will be even better.
REFERENCES


