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Influence of intellectual capital and managerial ownership on sustainability finance the influence of intellectual capital and managerial ownership on sustainability finance

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ABSTRACT

Intellectual capital(IC) or intellectual capital can be said to be the most important resource and or asset in a company where it contains ideas and knowledge which are important elements. Intellectual capital reporting provides companies to integrate reporting and Firm Sustainability Finance in measuring performance. Researchers are interested in conducting research with the aim of examining the effect of intellectual capital and managerial ownership on the sustainability of finance. The research was conducted on LQ45 companies listed on the IDX in 2018-2020. The results of this study reveal that intellectual capital and managerial ownership have a significant effect on the sustainability of finance simultaneously. Partially, intellectual capital has a significant effect on the sustainability of finance, and managerial ownership have no significant effect on the sustainability of finance. This is because the management's share ownership in the LQ45 company is still in the small category so that the management does not benefit from the earnings of the shares they manage.

Introduction

The global issue of Corporate Social Responsibility (CSR) is very widespread and many are implementing this CSR. CSR is felt by companies, especially those listed on the IDX, as an important activity to report. This is reported by companies in financial statements and also in company stability reports. From this widespread issue, CSR has become a separate space for companies whose implementation is considered important. The company tries to carry out activities in a sustainable manner, one of which is holding a CSR agenda as well as achievement agendas that will be reported in the annual report. Companies are competing to implement sustainable development which is carried out as openness to the community, (Ani & Fredy, 2017)

In the world of banking and other financial institutions, OJK and the Ministry of Environment and Forestry of the Republic of Indonesia have created a new roadmap and a new agenda called sustainable finance together in December 2014 (Monalisa, 2015). With the launch of this Sustainable Finance Roadmap, the government and companies hope to have a positive impact and become a new activity in assessing company performance and growing competitiveness as well as solving problems that have become chronic problems in the environmental, environmental or waste ethics fields which are usually carried out by several companies in Indonesia. Indonesia in particular and where the eyes of the world in general. Sustainable finance has received direct and comprehensive support from various industries,

The performance measurement system is very leaning towards the financial and physical aspects of the company and thus the lack of good information regarding the performance of tangible assets of intellectual capital efficiency. As a result, knowledge about the impact of intellectual capital on the company's performance measurement system or on the company's overall performance is insufficient. Intellectual capital reporting provides insights for integrating reporting and Firm Sustainability Finance to measure performance.

In today's era, every company must be able to face increasingly high business competition, some companies certainly have many opportunities and challenges in maintaining and developing their business so that they do not decline and lose competitiveness by similar new companies. Business people must be able to utilize existing resources effectively and efficiently in order to achieve company goals. This makes intellectual a resource that is considered very important for the company (Angelia, 2014). Generating different profits is commonplace even though these companies have different types of companies and the economic conditions they face are also the same. This is what causes the performance of one company to another to be different. on the other hand, the company may get the same Sales, but one of the companies can get a higher profit or profit than the other company. or it could be every company that earns the same profit but one company can reduce the existing costs, this is also a concern for every company, because the performance is a determining indicator of the company's sustainability. Global competition between companies is constantly changing and the needs and tastes of consumers are also changing. (Saragih, 2017)

*Intellectual capital*is now a very valuable asset in the modern business world. Companies need to prepare a mature strategy in order to compete in the market. In principle, sustainability and capability of a company are based on intellectual capital, so that all available resources can create value added for the company. With the increase in the added value of the company, it will certainly create competitiveness and trust in the company and of course it will easily achieve the company's goals, namely getting good and effective and efficient performance followed by increased profits and sales.. (Nurhayati, Arifin, & Mulyasari, 2019)

One of the factors that can affect the sustainability of the next Finance is managerial ownership, where the management is a shareholder as well as the company's management, where the management can take any existing policies and management, including being able to make decisions as a shareholder. Managerial ownership can limit the manager's excessive actions within the company. In addition, the number of shareholdings can also affect the policies that will be carried out by the company so that the value of the company increases continuously. Managers with high share ownership will tend to carry out all operational activities that will benefit the company. Another case with low shareholding tends to be behavior that can harm the company for their own benefit. The relationship between intellectual capital (IC) and the company's financial performance has been proven in national and international research. In a study conducted by Hoang et al (2018) using data samples from Vietnamese ICT companies with a total of 319 responses collected, proves that intellectual capital has a direct impact on company performance. Another study showed different results where the Halim Usman Research (2019) stated that there was no significant relationship between intellectual capital and financial performance.

Based on the background described above, the problem that will be examined is the company's financial condition can describe how the company develops and manages each of its company operations. if investors do not know the existing prospects it will be difficult for investors to be able to describe the existing performance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Intellectual Capital

*Intellectual capital*It is already growing, therefore the definition of intellectual capital has emerged. One of them says that Intellectual Capital means all knowledge that comes from existing resources and they have beneficial value for the company in running the company's operations (Zeghal and Maaloul, 2010). Intellectual Capital is still valued by some companies as a cost, not as a resource or an expertise that has value or can be considered an asset (Pullin, 2004). Then, Treece and other Economists say that ideas and ideas that arise from resources are an important role for management and companies in creating added value and other important benefits.(Angelica and Surja 2015).

Where Human capital is a driving force which, if developed effectively, has the potential to generate various creative and innovative thoughts as well as strategic ideas through various operational activities within the company. These operational activities are carried out by humans or humans so that they can improve abilities and competencies that are useful for the company and create value added for the sake of the company's sustainability (Bontis and Fitz-enz, 2002). Companies can create and increase this value by developing and placing human resources, one way is the contract system, developing capabilities by training and retaining them by increasing their motivation and desire to develop,

Stewart (1997) defines intellectual capital as intellectual property that has been standardized, described, and utilized to create wealth for the company so that it can become an asset that has a high value. Meanwhile, Sveiby (1998) in Putri (2012) argues that intellectual capital is a part whose form is not visible and is not written in the balance sheet and can be classified as three components, namely, individual competence, internal structure and external structure. with the following formula:
VAIC = VACA + VAHU + SCVA

Ownership Managerial

Managerial ownership is a percentage of shares owned by managers or leaders in a company. this means that how many shares are owned by insiders, namely management in a company, research conducted by Jensen and Meckling (1976); Morck et al. (1988); McConnell & Servaes (1995); Balatbat et al. (2004) and Bolton (2012) argue that the shares owned by managers and leaders in the company help to equalize the goals of each personal interest for the sustainability of the company, in other words shareholders or in this case managerial shares are a corporate governance mechanism internal (Ogabo et al., 2021)

*Ownership Managerial*or Managerial ownership, namely the composition/percentage ownership of company shares that have been purchased or become the rights of the managerial leadership in the company so that in making decisions, of course, the shareholder has a role in determining as a shareholder as well as a company leader. The interests of the owner and manager to be equal can be done by increasing managerial ownership, so as to minimize the occurrence of agency conflicts. the size of the level of managerial ownership in a company can affect the value of the company (Kusumaningtyas & Andayani, 2015). Managerial ownership in a company that is quite dominant will affect the company's performance automatically because every decision and policy made for the sake of the sustainability of the company or company profits that will directly impact the leadership itself in this case is the leadership and management itself, on the contrary when the percentage managerial ownership is little or no, then the management does not feel they have a burden in increasing the value of the company and it is felt that the decline in company performance does not have much impact on the management, in this case the distribution of dividends. The position of managerial ownership in the financial statements can be seen from how many parties management owns shares usually written by directors, commissioners and other leaders (Kautsar & Nadia, 2019)according to (Azzahra & Yuliandhari, 2014), the managerial ownership formula is described in the formula:

$$\textit{Ownership Managerial} = \frac{Kepemilikan\ Saham\ Managerial}{Total\ Saham\ yang\ beredar}$$

while according to the journal Mila nilayanti and I Gst. Ngr. Agung Suaryana

$$\mathrm{MNJR} = \frac{Jumlah\ saham\ komisaris, Direksi\ dan\ manajer}{Jumlah\ Saham\ yang\ beredar}$$

Financial Sustainability

The concept or definition of Sustainability Finance starts from the philosophy of the social banking business process (Relano, 2011) this social bank business believes that the profitability of a company or a financial institution is not only measured by the return of profits but also how much benefit the company can provide to the social community. . By prioritizing these social benefits, the company is more ethical and more valuable in the eyes of society.(Tafsir, 2021)

Financial Sustainability(www.worldbank) is how capable the company is in comparing any existing costs such as expenses that must be incurred, for example interest expense from debt and operational costs, employee salaries, facility costs needed by employees, inventory with profits or income that the company gets from every operational activity of the company. Financial Sustainability actually only consists of two elements, namely expenses and income. Good financial sustainability is financial sustainability which has a value of 100%, meaning that if the value of financial sustainability is more than 100%, the total income received by the company is greater than the total costs incurred.

Intellectual Capital's Relationship to Financial Sustainability

Several studies related to the relationship of Intellectual capital that can have an impact on the company's financial performance (Yalama and Coskun, 2007; Pew Tan et al., 2007; Chu et al., 2011) Research also has an impact on investment returns (Makki and Lodhi, 2009) and Research others researched the impact on firm performance (Jin and Wu, 2008; Clarke et al., 2011; Maditinos et al., 2011; Mehri et al., 2013). Research conducted by Gan and Saleh (2008), explains the impact and effect on added value if efficiency in value creation can be explained by market valuation, profitability and productivity in technology-intensive companies, in the study it was also found that VAICTM components have different impacts on financial performance. compared to other indicators.(Acuña-opazo & Gonz, 2021)

The financial performance of a company becomes very highlighted and is considered important for internal and external parties of the company. Good results from the company's performance indicate that the company has been able to make the best use of existing resources and can be said to be a healthy company and deserves a high score. With the financial performance that is considered good, this is certainly a percentage of income for existing investors and makes it easier for investors to choose healthy and decent companies. With the resource-based view, it shows that the company has managed Intellectual Capital well so that it can create added value and more benefits for the company.

Relationship Managerial Ownership to Financial Sustainability

Research conducted by Brown and Caylor (2009) using a sample of companies registered in the United States (US) shows that The value and performance of the company will show positive results if the company practices and increases the company's share ownership on the company's internal parties, in this case the management, directors, commissioners and others.(Zondi & Sibanda, 2015)

when the manager's share ownership in a company is less, the conflict between managers and owners will be high, and vice versa when the manager's share ownership in a company is greater the possibility of conflict between managers and owners is smaller (Jensen & Meckling, 1976). this is because if in the company there is only a little ownership of managers, managers are not too focused on improving performance especially regarding the dividend policy made, the management will only prioritize personal interests or certain parties rather than the interests of shareholders. Conversely, the greater the manager's ownership in the company, the manager will try to maximize every available resource.

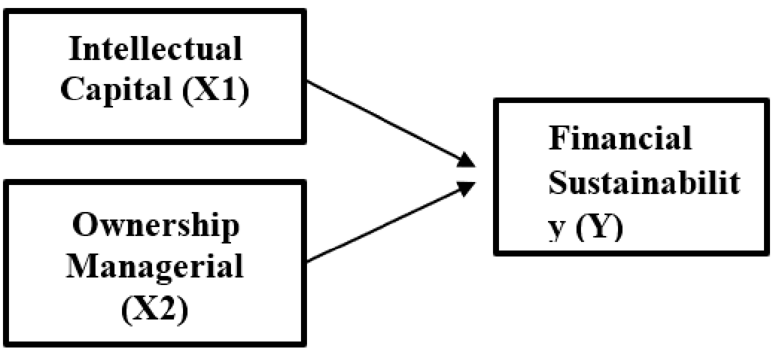


Figure 1. Research Paradigm

Research Hypothesis

1. The picture of Intellectual Capital, Managerial Ownership and Finance Sustainability in LQ45 companies listed on the IDX in 2018-2020 is good
2. Intellectual Capital and Managerial Ownership simultaneously have a significant effect on Finance Sustainability in LQ45 companies listed on the IDX in 2018-2020

3. Intellectual Capital and Managerial Ownership partially have a significant effect on Finance Sustainability in LQ45 companies listed on the IDX in 2018-2020.

RESEARCH METHODS

The type of research in this study is a type of quantitative research with a research design used is descriptive and associative where the research describes the conditions and the relationship between the independent variable and the dependent variable. Based on the existing literature review, the author chooses several definitions and indicators for each variable as follows:

Independent Variable

Intellectual Capital (X1) The measurement of Intellectual Capital uses the value added intellectual coefficient (VAIC). VAIC is a model popularized by Pulic (2000) where the use of VAIC to measure how much efficiency the company's added value (Sumedrea, 2013)with the formula VAIC VACA + VAHU + STVA.

VAIC = VACA + VAHU + SCVA

1. *Value Added Capital Coefficient*(VACA)
   VACA = VA/CA
   Where:
   VA = corporate value added
   = OUTPUT – INPUT
   = OP + EC + D + A
   OP = operational profit
   EC = employee cost
   D = depreciation
   A = amortization
   CA = the capital employed = the book value of total assets – intangible assets

2. *Value Added Human*Capital (VAHU)
   VAHU = VA/HU
   Where: HU = the total employee cost

3. *Value Added Structural Capital*(SCVA)
   SCVA = SC/VA
   Where :
   SC = structural capital = VA – HC
   HC = human capital

Ownership Managerial(X2) According to Tarigan et al., (2007) in Mila and Suaryana, (2019), managerial ownership is a condition in which the manager, apart from acting as the manager of each company's operations, also gets the right to share ownership in the company.
The managerial ownership formula is described by the formula:

Ownership Managerial= x 100%$\frac{Jumlah\ saham\ direksi, komisaris\ dan\ manajer}{Jumlah\ \ Saham\ yang\ beredar}$

Dependent Variable
Financial Sustainability(Y) This ratio is calculated using the Profitability ratio, namely the Return on Assets Ratio with the formula:

Financial Sustainability

ROA =$\frac{Laba\ Bersih}{Total\ Asset}$

The unit of analysis in this study is the Financial Statements of LQ45 companies listed on the IDX in 2018-2020 based on the criteria used in the selection of sampling where the sampling method used is Purposive Sampling, it can be seen that from 45 companies only 24 companies enter the sampling criteria. using the Secondary Type obtained from the Financial Statements of LQ45 companies listed on the Indonesia Stock Exchange in 2018-2020 and literature reviews from various sources that support data collection techniques obtained from published financial reports.

The statistical method used is multiple linear regression analysis and uses data quality, normality and classical assumption tests as a condition for achieving multiple linear regression analysis, besides that the author also performs partial and simultaneous hypothesis testing to determine the effect of the independent variable on the dependent variable.

RESULTS AND DISCUSSION

The results of the study show a description of the results obtained from processing and collecting financial report data for 2018-2020 on LQ45 companies listed on the IDX with the following results:

a. Research Descriptive

Descriptive statistics are a description of the related variables, namely Intellectual Capital, Managerial Ownership and Financial Sustainability in LQ45 companies in 2018-2020 listed on the Indonesia Stock Exchange with the following results:

Table 1. Descriptive Statistics

	N	*Minium*	*Maximum*	*mean*	*Std. Deviation*
X1	72	1.99	98.24	21.0172	23.80242
X2	72	.00000	12.40000	1.1820333	2.82736839
Y	72	-4.13	63.46	6.4311	9.38811
Valid N (listwise)	72				

Source: data processed

Based on Table 3 above, it can be seen that

1. X1 shows the Intellectual Capital variable which is calculated from the results of the sum of the three dimensions of Intellectual Capital, namely VACA = Value Added Capital Employee + VAHU = Value Added Human Capital total assets /intengitible asset + STVA = Structural Capital Value Added, where the descriptive results of intellectual capital show the minimum value, namely 1.99 and a maximum value of 98.24 with the average of the 72 data that has been processed is 21.0172 and the standard deviation is 23.80242. this shows that the average Intellectual Capital in the LQ45 company is still in the low category where the value is closer to the minimum value generated compared to the maximum value generated
2. X2 shows the Managerial Ownership Variable which is calculated from the number of shares owned by the Directors, Commissioners and Managers divided by the total outstanding shares multiplied by 100%, where the descriptive results of the Managerial Ownership show a minimum value of 0.000 and a maximum value of 12.4% with an average of 1.18203 % and the standard deviation is 2.8274%, this shows that in LQ45 companies, Management's ownership of shares in the company is still relatively moderate where some companies apply only 5% of shares that may be owned by company management, there are even companies whose management has 12.4% shares, and there are many other companies besides LQ45 whose management does not have any share ownership at all.
3. ROA shows the Finance Sustainability variable which is calculated based on the Return on Assets in the company where ROA is calculated from Net Profit divided by Total Assets multiplied by 100%. where the descriptive results of Sustainability Finance show the results of a minimum value of -4.13% and a maximum value of 63.46% with an average value of 6.4311% and a standard deviation value of 9.3811%. This shows that in the LQ45 company there are still companies that are losing money, it can be seen that there is still a negative ROA value, the average value also shows a value that is less than 10% but the industry standard that must be achieved by ROA is 5.98%, this shows the company's performance LQ45 listed on the IDX is already in the good category.

Discussion

The data obtained in the study used secondary data obtained from the financial statements of LQ45 companies listed on the IDX. In 2018-2020 this research was processed using the multiple regression analysis method.

In this study using 3 variables, namely 2 independent variables and the dependent variable which is displayed in the form of a causal structural diagram of the research variables as follows.

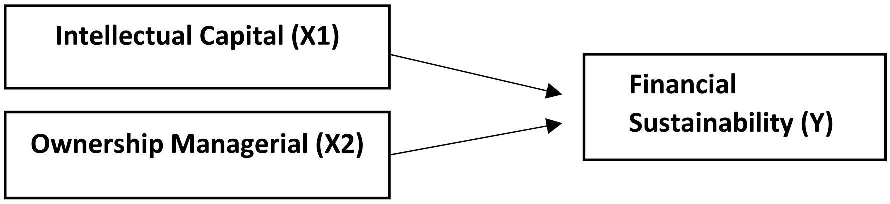


Figure 2. Relationship Between Variables

The picture shows the structural relationship between the independent variables and the dependent variable used in the study, from the picture above, the regression equation used is

Y = 1 X1 + 2 X2 +

Description

X1 =Intellectual Capital

X2 =Ownership Managerial

Y =Financial Sustainability

ε = Other variables not included in this study

1 = magnitudecontribution of intellectual capital to Finance Sustainability

2 = magnitudemanagerial Ownership contribution to Finance Sustainability

By using the SPSS 23.0 data processing application, the following results are obtained:

Table 2. Coefficientsa

	Unstandardized Coefficients		*Standardized Coefficients*			*Collinearity Statistics*	
Model	*B*	*Std. Error*	*Beta*	*t*	*Sig.*	*Tolerance*	*VIF*
1 (Constant)	2,578	1.418		1.818	.703		
X1	171	.043	.434	4,006	.000	1,000	1,000
X2	.219	.359	.066	.608	.545	1,000	1,000

Source: Data Processed

a. Dependent Variable: Y

From the table above, the first equation formed is as follows:

Y = 2.578 + 0.171 X1 + 0.219 X2+

Where :

Y = Financial Sustainability

X1 = Intellectual Capital

X2 = Ownership Managerial

From the results of the study from the table above, it can be seen that:

1. The constant value of 2,578 shows that if there is no Intellectual Capital and Managerial Ownership in LQ45 companies listed on the 2018-2020 IDX, the company's financial sustainability is only 2,578.
2. Intellectual Capital has a positive effect on Finance Sustainability with the regression coefficient value of 0.171, which means that every 1 scale increase in Intellectual Capital will increase the Financial Sustainability of LQ45 companies listed on the IDX in 2018-2020 by 0.171.
3. Managerial Ownership has a positive effect on Finance Sustainability with the regression coefficient value of 0.219, which means that every 1 scale increase in Managerial Ownership will increase the Financial Sustainability of LQ45 companies listed on the IDX in 2018-2020 by 0.219.

Coefficient of Determination

In addition to the Coefficient Table which shows the regression equation for the variables of Intellectual Capital, Managerial Ownership and Financial Sustainability, the following is the Model Summary table which shows the coefficient of determination of the relationship between the independent variables and the dependent variable simultaneously.

Table 3. Model Summary

Model	***R Square***
1	.192

Source: Data Processed

Based ontable,it can be seen that the coefficient of determination (R2) is 19.2%. This means that simultaneously the Intellectual Capital and Managerial Ownership variables have an effect on the Finance Sustainability variable of 19.2%. While the remaining 81.8% is influenced by several other factors that can affect the sustainability of Finance besides Intellectual capital and managerial ownership, meaning that there are still many other variables that affect the rise and fall of Finance Sustainability in LQ45 companies listed on the IDX 2018-2020.

Classic Assumption Test

Multicollinear Test

Table 4. Coefficientsa

	Collinearity Statistics	
Model	Tolerance	VIF
1 (Constant)		
X1	.986	1.015
X2	.986	1.015

Source: Data Processed

a. Dependent Variable: ROA

The multicollinear test is carried out by looking at the VIF value or the Tolerance value in the Coefficient table where if the VIF value is greater than 10 or the tolerance is less than 0.1 then in the study there is or occurs multicollinearity, in the research results the VIF value is less than 10 and the value is tolerance is greater than 0.1, it can be concluded that there is no multicollinearity in the study, which means that there is no high correlation between independent variables so that the regression assumption is fulfilled.

Autocorrelation Test

Table 5. Model Summary[b]

Model	*Durbin-Watson*
1	1955

Source: Data Processed

The following are the criteria. Before determining whether or not autocorrelation occurs, you must first make a criterion, namely by looking at the values of du and dl in the following DW table:

Table 6. Durbin Watson Value Criteria

Durbin Watson's Value	*Conclusion*
1.6751 < DW < 2.3249	No autocorrelation
DW < 1.5611	There is a positive autocorrelation
DW > 2.4389	There is a negative autocorrelation
2,3249< DW < 2,4389	Cannot be concluded

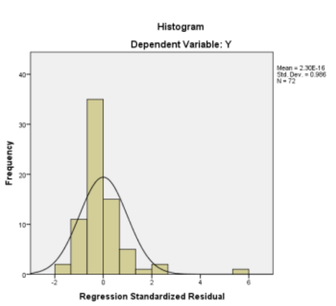
At n = 72, k = 2 (number of independent variables) and $\alpha = 5\%$, obtained the value of du = 1.6751 and dl = 1.5611. Based on the autocorrelation test that the author did, the results show that the Durbin Watson value in the equation is 1.955, which means that there is no autocorrelation in the equation.

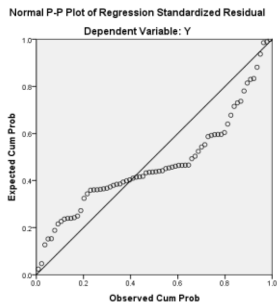
Heteroscedasticity Test

Heteroscedasticity test is one of the classical assumption tests to find out whether there is data similarity and variance with other observations or previous observations. Heteroscedasticity occurs if the data being tested has the same variance with other observations. A good regression model or said to be BLUE (Best Linear Unbiased Estimate) is homoscedasticity or there is no heteroscedasticity. the testing tools in the heteroscedasticity test vary, but the author performs the test by looking at the graph plot between the predicted value of the dependent variable (ZPRED) and the residual (SRESID).

Data Normality Test

Normality test of the data is done by looking at the results of the histogram table and normal p-plot





Based on the histogram image and normal P-plot above, it can be seen that the data line points spread around the diagonal line and their distribution follows the diagonal line, so the regression model is feasible to use for predicting the dependent variable based on the input of the independent variable.

Testing the Effect of Intellectual Capital and Managerial Ownership on Finance Sustainability simultaneously

Simultaneous Test is conducted to determine whether the Coefficient of Determination Value is significant or not. Next, the influence of Intellectual Capital (X1) and Managerial Ownership (X2) variables on Financial Sustainability (Y) will be tested simultaneously. The form of the hypothesis is as follows:

H0: R2 = 0 means that Intellectual Capital and Managerial Ownership have no significant effect on Finance Sustainability simultaneously.

H1: R2 =0 means that Intellectual Capital and Managerial Ownership have a significant effect on Finance Sustainability simultaneously.

To find out whether it is significant or not, an F test is carried out by comparing the F table value and the F value. Calculate where the FT table value is obtained from the F distribution table with df1 = 69 and df2 = 2 and alpha 5% (2-sided test) then obtained as follows:

Table 7. Simultaneous Testing of Statistical Hypotheses

No	*F count*	*F table*	*Sig.*	*Conclusion*
1	8.184	3.13	0.001	significant

Source: Data Processed

Based on the results of statistical testing, it can be seen that the calculated F price is (8.184) with a probability value / significance of 0.001, probability value <0.05, then H0 is rejected and H1 is accepted, which means that Intellectual Capital and Managerial Ownership simultaneously have a significant effect on Financial Sustainability.

Partial Testing of the Effect of Intellectual Capital and Managerial Ownership on Finance Sustainability

Partial test is carried out to determine whether the coefficient value of each variable is significant or not. Next, the influence of the Intellectual Capital (X1) and Managerial Ownership (X2) variables on Financial Sustainability (Y) is partially tested. The form of the hypothesis is as follows:

H0: 1 = 0 means that Intellectual Capital has no significant effect on Finance Sustainability
H1: 1 0 means that Intellectual Capital has a significant effect on Finance Sustainability.
H0: 2 = 0 means that Managerial Ownership has no significant effect on Financial Sustainability
H1: 2 0 means that Managerial Ownership has a significant effect on Finance Sustainability.

To find out whether it is significant or not, a t test is carried out where the t test is the same as the F test, namely by comparing the T table value and the F value. Calculate where the TT table value is obtained from the T distribution table with df = 70 and alpha 5% (2-party test) then it is obtained as following :

Table 8. Partial Testing of Statistical Hypotheses

No	*Variable*	*T count*	*T table*	*Sig.*	*Conclusion*
1	Intellectual Capital	4,006	1.99	0.000	significant
2	Ownership Managerial	0.608	1.99	0.545	Not significant

Source: Data Processed

Based on the results of statistical testing, it can be seen that the calculated T price for the Intellectual Capital variable is (4.006) with a probability value/significance of 0.000, Probability value <0.05, then H0 is rejected and H1 is accepted, which means that Intellectual Capital has a significant effect on Finance Sustainability, while the T-count price for the Managerial Ownership variable is (0.608) with a probability value/significance of 0.545, Probability value > 0.05 then H1 is rejected and H0 is accepted, which means that Managerial Ownership has no significant effect on Finance Sustainability, this is due to the ownership of shares owned by management in LQ45 companies. still in the low category so that the management does not benefit from the profits of the shares they manage.

CONCLUSION

*Intellectual Capital*can increase the competitiveness of the company. Many companies assume that tangible fixed assets/physical assets such as land, buildings, machinery and labor can increase the company's growth and override intangible fixed assets/non-physical assets, such as information systems, communication, employee's ability to provide services, employee's ability to control technology, etc., therefore it is necessary to realize that an increase in employee competency programs needs to be carried out in order to achieve organizational goals.

Based on the results of the study, it was concluded that a company that has high intellectual capital compared to its competitors will increase the company's profitability and the size of the level of managerial ownership cannot fully increase the company's profitability, but how the effectiveness of the company in managing its operational activities.

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