



The Influence of Intellectual Capital on Firm Value with Profitability as Moderating Variables in Real Estate & Property Companies Registered in Indonesia Stock Exchange, 2008-2018

Novia Maheran¹, Azhar Maksu², Erwin Abubakar³

^{1,2,3}Fakultas Ekonomi, Universitas Sumatera Utara, Medan, Sumatera Utara

Email: opimaheran@gmail.com

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ABSTRACT

This study aims to determine and analyze the effect of intellectual capital on firm value with profitability as a moderating variable in real estate & property companies listed on BEI. The population of this study were 30 real estate & property companies listed on the Indonesia Stock Exchange in the period 2008 - 2018. The samples were taken by applying saturated sampling technique or census sampling with a total of 330 observations. Data analysis method is secondary data using Eviews. The results of this study prove that simultaneously Intellectual Capital (VACA, VAHU and STVA) have a positive and significant effect on firm value, partially the VACA variable has a significant and significant effect on firm value while VAHU has a positive and insignificant effect and STVA has a negative and insignificant effect. on company value in real estate & property companies listed on the Indonesia Stock Exchange from 2008 to 2018. Meanwhile profitability was not significant in moderating VACA and VAHU, while Profitability was partially significant in moderating STVA to firm value

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1. Introduction

The development of world business is currently experiencing very rapid progress and intense competition. In competition, the company tries to position itself in a stable position and is ready to compete so that it can survive and develop. In order to keep up with existing competition, companies are changing from a labor-based business to a knowledge-based business, now focusing more on intellectual capital, which is the characteristic of knowledge-based companies. to create corporate value and competitive advantage. In Indonesiashows that the value of companies in the real estate & property sector tends to decline. Only Plaza Indonesia has increased from year to year and slightly decreased in 2018. Fortune Mate Indonesia Tbk experienced a slight increase in 2017 and stagnated in 2018. Indonesia Prima Property Tbk experienced a decline in 2016 and increased in the following years, namely in 2017 and 2018. The other five companies experienced a decline in value. There are several factors that are thought to influence the value of the company, including the use of Intellectual Capital. Utilization of Intellectual Capital in this case is the use of intangible assets. Thus, this phenomenon is the background of this research problem. According to Asni (2007), intellectual capital is a company resource that plays an important role. Based on this context, companies need to develop existing strategies to compete in the market. The company must have added value which makes the company superior compared to other companies. Good intellectual capital will be one of the factors that add value to the company.

2. Theoretical Review

2.1 Resource Based Theory

Resource based theory explains the internal resources owned by the company. The success or failure of a company will be largely determined by the strengths and weaknesses that exist within the company. This is confirmed by the statement of Ferreira et al. (2011) which states that the success of a company is largely determined by the resources it has and the capabilities of the company that are able to convert these resources into economic benefits. Resource Based Theory (RBT) assumes how other companies get a competitive advantage by managing their resources according to their capabilities. Management of intellectual capital (IC) plays an important role in increasing company value so that the company can continue to grow and improve its financial performance and corporate value.



2.2 Stakeholder Theory

According to Deegan (2004), stakeholder theory explains the reasons for disclosure of information by companies in financial statements. All stakeholders have the right to know all information related to company activities. The relationship between intellectual capital and company value can be explained in this theory, company management can take advantage of the company's intangible assets, namely intellectual capital, in this case the resources owned by the company, both employees (human capital), physical assets (physical capital) and structural capital. Utilization and good management of all resources owned by the company will create added value for the company so that it can affect the company's value. The assumption of stakeholder theory is built on the basis of the statement that the company has grown very large and causes the community to be closely related and pay attention to the company, so that the company needs to show wider accountability and responsibility and is not limited to shareholders. This means, the company and stakeholders form relationships that influence each other both internally and well known.

2.3 Stewardship Theory

Stewardship theory is a theory put forward by Donaldson & Davis (1991) which states that management is not motivated for individual interests but for organizational interests. The purpose of all activities carried out in the organization is for organizational success and satisfaction. Organizational success is the maximum satisfaction or pleasure of the private and management groups.

2.4 Signalling Theory

Signaling Theory was first introduced by Spence in his research entitled Job Market Signaling. Spence (1973) argues that a signal gives a signal, the sender (the owner of the information) tries to provide pieces of relevant information that can be used by the recipient. The receiving party will then adjust its behavior according to its understanding of the signal.

2.5 Firm Value

According to Setiawan (2017) based on Resources Based theory, in order to create value, companies need quality human resources. Companies must also be able to manage human resources optimally so as to create added value for the company which will also have an impact on company value. Intellectual resources are one of the resources that are considered important and have a role in creating competitive advantage. On the basis of this competitive advantage and added value, investors who are stakeholders will give more appreciation to the company by investing more.

2.6 Intellectual Capital

Intellectual capital refers to non-physical or intangible capital related to human knowledge and experience and the technology used. There are several definitions of intellectual capital. One of the definitions of intellectual capital is found in The Chartered Institute of Management Accountants (CIMA), namely: "Intellectual capital is a group of knowledge assets that are associated with an organization and which most significantly contributes to increasing the organization's competitive position by adding value to the designated key stakeholders". The three types of input that are Intellectual Capital components are VAHU, STVA, and VACA.

2.7 Profitability

According to Kasmir (2010) profitability ratio is a ratio to assess a company's ability to seek profit. Profitability is the company's ability to make profits in a certain period of year. Profitability also has an important meaning in efforts to maintain its viability in the long term, because profitability shows whether the business entity has good prospects in the future.

3. Research Methods

3.1 Population

The population in this study were all Real Estate & Property companies listed on the Indonesia Stock Exchange from 2008 to 2018, totaling 30 companies. The sample is part of the total quantity and characteristics of the population (Sekaran, 2006). Samples were selected using saturated sampling technique methods or census sampling. the number of observations in this study is 330 units (30 companies x 11 years of research).

3.2 Data Collecting Method

The type of data used is secondary data. In this study, secondary data used are annual financial reports published for 11 years, from 2008-2018 which were obtained from the Indonesia Stock Exchange through the website www.idx.co.id.

3.3 Data analysis method

This study uses a data analysis method using Eviews software that is run on computer media.

4. Research Results and Discussion

4.1 Test Hypothesis

Tabel 4

Variable	Coefficient	Std. Error	t-Statistic	Prob.
VACA	3.793920	0.230800	16.43811	0.0000
VAHU	0.010761	0.010794	0.996920	0.3195
STVA	-0.006443	0.017787	-0.362256	0.7174
C	0.700930	0.199579	3.512048	0.0005

Sumber : Diolah Peneliti

Significance Test of Moderation (Interaction Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	4.413620	0.787351	5.605658	0.0000
X2	-0.012990	0.017847	-0.727888	0.4672
X3	0.003625	0.018690	0.193972	0.8463
X1Z	0.008640	0.006919	1.248702	0.2127
X2Z	-0.000261	0.000551	-0.474192	0.6357
X3Z	0.018840	0.009427	1.998581	0.0465
C	0.643409	0.219643	2.929340	0.0036

Sumber : Diolah Peneliti

4.2 The Effect of Value Added Capital Employed (VACA) on Firm Value

The test results show that VACA has a positive and significant effect on firm value in real estate and property companies listed on the Indonesia Stock Exchange for the period 2008-2018. The results of this study support the resource theory which discusses the resources owned by the company and how the company can develop a competitive advantage from its resources. In line with the main objective of stakeholder theory is to assist company management in increasing value creation as a result of the activities undertaken and minimizing losses that may arise for stakeholders. According to Loi (2019) a company's ability to manage resources both in terms of capital assets and maintaining harmonious relationships with external parties can provide additional value for the company's development. This finding is in accordance with research conducted by Loi (2019), Septia (2018), Jayanti and Binastuti (2017) and Berzkalne and Zeligave (2014) which concluded that VACA has a positive and significant effect on firm value. The results of this study contradict research conducted by Sari et al. (2016) which states that intellectual capital does not have a positive and significant effect on firm value.

4.3 The Effect of Value Added Human Capital (VAHU) on Firm Value

The test result shows the Value Added Human Capital (VAHU) has positive and insignificant effect on firm value in real estate and property companies listed on the Indonesia Stock Exchange for the period 2008-2018. The greater the added value generated by the employees on the funds allocated by the company to employees, the greater the company value (PBV) can be reduced. This proves that real estate & property companies in Indonesia have not been able to manage intangible assets in the form of human capital properly to increase company value. This result is in line with previous research conducted by Loi (2019), Nugrahanto (2018), and Setiawan (2017) where human capital has no significant effect on firm value (PBV) in real estate & property companies listed on the IDX in 2008. -2018. In contrast to the results of research conducted by Sayyidah and Saifi (2017) and Septia (2018) which show that VAHU has a positive effect on firm value.

4.4 The Effect of Structural Capital Value Added on Firm Value

Based on the test results, it shows the Structural Capital Value Added (STVA) variable with the firm value partially declared negative. This shows that STVA has a negative and insignificant effect on firm value at real estate & property companies listed on the Indonesia Stock Exchange for the period 2008-2018. The results of this study are not in line with research conducted by Angela and Juwita (2016) and Setiawan (2017) but are in line with research conducted by Berzkalne and Zeligave (2014) and Septia (2018) which found that STVA had no significant effect on firm value. This shows the lack of the company's ability to manage funds to create good routine structures and processes, such as the company's operational system, organizational

culture, procedures, databases, management philosophy and all forms of structural capital the company has in supporting its employees' efforts.

4.5 The Effect of Profitability in Moderating the Effects of VACA, VAHU and STVA on Firm Value

Based on the test results, it is concluded that profitability (ROE) is not significant in moderating the effect of VACA on firm value. Likewise with the results of the VAHU variable, it is concluded that profitability is not significant in moderating VAHU on firm value. Whereas in the STVA variable for line X3Z is $0.0465 < 0.05$, it is concluded that profitability is significant in moderating STVA to firm value. The ROE value shows that the company is able to use its capital or funds to obtain a higher net profit than other companies. In this study, profitability is not able to moderate the relationship between VACA and VAHU on firm value, the inability of profitability to moderate independent factors is due to the very low ROE. The contribution of profitability, which is proxied by ROE as the impact of implementing good intellectual capital, is not proven to increase company value in the eyes of investors. So that profitability as a moderating variable in this study cannot strengthen the relationship between intellectual capital and firm value. In real estate & property companies, VACA and VAHU are more towards the company's ability to manage resources by establishing relationships through the level of satisfaction of both customers and employees. This study is in line with research by Yunita et al (2017) which failed to prove the effect of profitability in moderating intellectual capital with firm value. In contrast to research by Herli (2017) and Sayyidah&Sayyi (2017) which states that profitability can moderate the relationship between intellectual capital and firm value. In the theory of the company's Resources Based Theory (RBT) which is able to meet the needs of routine processes and structures that support employee efforts to produce optimal business performance and intellectual performance. The results of this study indicate that profitability is able to strengthen STVA with firm value from the company's ability to increase profits, part of which will be given to fulfill the company's routine processes and its structure, systems, and knowledge-based organizational culture implemented by real estate & property companies that support employee efforts to produce optimal intellectual performance

5. Conclusion

This study aims to determine the effect of intellectual capital on firm value with profitability as a moderating variable in real estate and property companies listed on the Indonesia Stock Exchange in 2008-2018. Simultaneously, Intellectual Capital (VACA, VAHU and STVA) has a positive and significant effect on firm value. Partially the intellectual capital component has different results, partially the Value Added Capital Employed (VACA) has a positive and significant effect on firm value at real estate & property companies listed on the Indonesia Stock Exchange from 2008 to 2018. Partially Value Added Human Capital (VAHU) has a positive and insignificant effect on firm value at real estate & property companies listed on the Indonesia Stock Exchange from 2008 to 2018. Partially, Structural Capital Value Added (STVA) is negative, so it is concluded that VAHU has no significant effect on firm value and will encourage a decrease in firm value. Profitability is not significant in moderating the effect of value added capital employed (VACA) and value added human capital (VAHU) on the value of real estate & property companies listed on the Indonesia Stock Exchange from 2008 to 2018, while significant profitability moderates the effect of structural capital value added (STVA) to the value of real estate & property companies listed on the Indonesia Stock Exchange from 2008 to 2018.

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