THE EFFECT OF INTELLECTUAL CAPITAL AND COMPANY SIZE ON FINANCIAL PERFORMANCE WITH GOOD CORPORATE GOVERNANCE AS AN INTERVENING VARIABLE

(Study on the Main Company of Astra Group)

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BACKGROUND :

The growth of financial institutions in Indonesia is influenced by various factors such as systemic risk, geopolitics, and economic diversification. Competition between conventional and digital financial services, as well as the impact of the global financial crisis, also play an important role. Nevertheless, with a solid regulatory framework from the Financial Services Authority (OJK), the financial sector in Indonesia has the potential to continue to grow and thrive. The Astra Group, with its business model based on synergy and diversification, has demonstrated its ability to overcome these challenges and remain competitive in various sectors.

This research is important to understand how intangible assets such as employee knowledge and skills can affect a company's financial performance. Intellectual Capital is often a significant source of competitive advantage, especially in knowledge-based industries. In addition, this study also aims to evaluate how firm size and Good Corporate Governance (GCG) practices affect financial performance. Good GCG implementation can enhance transparency, accountability and investor confidence, which in turn can strengthen the financial stability and reputation of the firm. By understanding the interaction between these factors, this research can help multinational companies develop more effective management strategies to achieve optimal performance.

METHOD : This study uses a descriptive quantitative approach to examine the effect of intellectual capital and company size on financial performance with Good Corporate Governance (GCG) as an intervening variable. The data source is obtained from financial report data from 2019 to 2023 which is archived and published by the company on the company's official website. Data analysis was carried out using the Partial Least Square (PLS) method using SmartPLS software.

RESULTS & DISCUSSION: Intellectual Capital and Company Size have a positive and significant influence on Good Corporate Governance (GCG) and Company Financial Performance. Astra Group has shown that improvements in Intellectual Capital, such as through the development of environmental technology solutions and the improvement of human resources, contribute to better GCG implementation and improved financial performance. In addition, larger companies, such as Astra Group, have more resources and capacity to manage more complex operations, which enables them to attract more investors and lenders as well as improve operational efficiency and capital expansion. The implementation of GCG principles such as transparency, accountability, and responsibility is also proven to have a positive impact on the financial performance of companies. Thus, the combination of Intellectual Capital, Company Size, and good GCG implementation is the key to success in improving the company's financial performance.

CONCLUSION : The combination of Intellectual Capital, Company Size, and good implementation of Good Corporate Governance (GCG) principles has proven to be a key factor in improving the company's financial performance. Astra Group has shown that by leveraging intellectual capital, such as through technological innovation and human resource development, as well as utilizing the company's large size to manage complex operations, they can achieve higher operational efficiency and attract more investors. The implementation of GCG principles such as transparency, accountability and responsibility also contributes significantly to this success, creating greater market value and ensuring effective cost management.

KEYWORDS : Intellectual Capital, Company Size, Financial Performance, Good Corporate Governance