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THE INFLUENCE OF INTELLECTUAL CAPITAL AND SALES GROWTH ON THE COMPANY'S FINANCIAL PERFORMANCE (Study on the Basic Chemical Industry Sub-Sector Listed on the IDX in 2016-2020)

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Abstract

This study aims to determine the Effect of Intellectual Capital and Sales Growth on Financial Performance in Chemical Industry Companies listed on the Stock Exchange in 2016 – 2020. The sampling technique used is purposive sampling technique. Based on the predetermined criteria, a sample of 23 companies was obtained. The type of data used is secondary data taken by the documentation method by accessing the sites of each company. The data analysis technique used is panel data regression. Based on the results of the study, it was found that Intellectual Capital has a negative effect on financial performance and Sales Growth has no effect on Financial Performance in Chemical Basic Industry Companies listed on the IDX in 2016 - 2020.

Keywords: *Financial Performance, Intellectual Capital, Sales Growth*

1. INTRODUCTION

In this era of globalization, many companies are running their business with various strategies to achieve the company's goals, namely getting maximum profit. Various ways are carried out by optimizing the available resources. These resources can be in the form of tangible assets and intangible assets. Many companies that build their business only based on tangible assets but they do not know the capabilities of a company in the field of knowledge and technology. Competition between companies not only wins in the ownership of tangible assets but also the competition depends on the management of intangible assets. This causes companies to prioritize the importance of knowledge assets as a form of intangible asset.

The impact of the COVID-19 that occurred in 2019, had a major impact on the Indonesian economy. According to the Central Statistics Agency, 32.66% of business actors cut their working hours during the covid 19 outbreak as of 7 October 2020. Meanwhile, 17.06% of businesses laid off employees without being paid, with 12.83% of them being fired in a short time. The most significant decline in economic growth occurred in the fields of trade, industry, transportation and tourism, particularly the manufacturing sector which accounts for most of the gross domestic product, experiencing a decline in financial performance. Several companies temporarily halted production activities due to reduced imports of raw materials and efforts to prevent the covid-19 virus which resulted in their income being reduced by half (Kumparan Bisnis (2020) in Abidin, 2021). From this situation, companies in Indonesia began to improve their performance, especially to increase their liquidity. This performance enhancement must be supported by the implementation of

a knowledge-based management system within the operational system. Currently, businesspeople are beginning to understand that their competitive advantage is dependent not only on the ownership of physical assets, but also on innovation, information systems, organizational management, and their human capital. Business organizations are placing a greater emphasis on knowledge assets as a form of intangible asset (Nurhayati & Bustanul, 2019). As a result, knowledge has become a new engine for business growth. Intellectual capital is one approach used in the evaluation and measurement of intangible assets (Leny & Gunawan, 2019).

Financial performance is the most important factor for businesspeople because it is an indicator of whether or not a business will continue to operate profitably in the future (Yuliani, 2021). According to Jumingan (2006), financial performance is a description of the company's financial condition in a given period, including aspects of fund raising and distribution of funds, which are typically measured by capital adequacy, liquidity, and profitability indicators. The financial performance of a company is a crucial determinant of its future evaluation (Rangkuti et al., 2021). Performance is a metric used by entities to evaluate their success at generating profits. Performance of a company is its capacity to describe its operational activities (Danu, 2011).

Intellectual Capital is essentially the difference between a company's market value and the value of its assets or financial capital. This is based on the observation that, since the late 1980s, the market value of the majority of businesses, and particularly knowledge-based businesses, has exceeded the value reported in financial statements based on accountants' calculations. This discrepancy demonstrates the existence of intellectual capital, a value that is not disclosed in the financial statements but is nonetheless present. Therefore, intellectual capital is a significant factor that can increase a company's value, particularly in knowledge-based businesses (Silviana & Adrian, 2015).

The financial performance of the company is affected by several factors, including Intellectual Capital and Sales Growth. Intellectual Capital According to Asni (2007), intellectual capital is a crucial resource for businesses. In order to compete in the market, companies must develop existing strategies. Companies must have added value that distinguishes them from competitors. Good intellectual capital will be one of the factors that contribute to the company's value creation. Intellectual capital continues to grow in Indonesia, as evidenced by the increasing number of companies employing knowledge-based strategies and the Indonesia MAKE Study (2017). The MAKE Study (2017) is an award given to Indonesia's most admired knowledge-based businesses. The number of nominations for the MAKE Study (2017) continues to rise from year to year.

Research result by Daud & Amri (2008) shows that there is a negative and significant influence of intellectual capital on the company's financial performance. Different results are obtained in previous studies (Artinah, 2011); (Zuliyati & Ngurah, 2011); (Suhendah, 2012) which proves that intellectual capital has a positive and significant effect on the company's financial performance.

Sales growth is the second factor that affects the company's financial performance in this study. The growth of a company's sales reflects its marketing performance and its market competitiveness. Companies must always pay close attention to sales growth because, in order to maintain financial performance, they must be in a profit or profit state. Sales growth is one of the factors that can affect the decline and increase in company profits (Barus, 2013).

Increasing sales growth will increase the company's revenue and allow it to expand its business, thereby increasing the company's market value (Dramawan & Alit, 2015). Several previous studies have examined the effect of sales growth on a company's financial performance, such as Tasmil et al. (2019), which concludes that sales growth has a positive impact on a company's financial performance. The results of this study are consistent with Kaptiana & Asandimitra (2014), so the researchers conclude that sales growth can be used to evaluate the financial performance of the company in this study. While research by Sanjaya (2018) indicates that sales growth or growth has no effect on the financial performance of a company, this is not the case. According to Sanjaya (2018), companies with large sales do not necessarily generate profits, so the company's financial performance does not necessarily improve as a result of a high sales growth.

There are several previous studies related to the influence of intellectual capital and sales growth on the company's financial performance. Research result Daud & Amri (2008) shows that there is a negative and significant influence of intellectual capital on the company's financial performance. Whereas, Artinah (2011), Zuliyati & Ngurah (2011), and Suhendah (2012) which proves that intellectual capital has a positive and significant effect on the company's financial performance.

A research conducted by Tasmil et al. (2019) states that sales growth has a positive effect on the company's financial performance. While research by Sanjaya (2018) inversely proportional that sales growth or growth has no effect on the company's financial performance.

Based on the theoretical description and previous research above, this study aims to determine the Effect of Intellectual Capital and Sales Growth on Financial Performance in Chemical Industry Companies listed on the IDX in 2016 – 2020.

2. THEORETICAL BASIS

2.1. Stakeholder Theory

This theory shows the relationship between company management and stakeholders. Included in stakeholder groups are the company's shareholders, customers, distributors, creditors, the government, and the general public. The position of stakeholders is superior to that of the company's management.

Consequently, according to stakeholder theory, company management is responsible for carrying out activities designed to provide benefits to stakeholders and reporting back to stakeholders on these activities. This stakeholder theory emphasizes that organizational accountability is not limited to financial and economic performance, but that companies voluntarily disclose more information about intellectual capital performance than is required (Ulum, 2017). The primary consideration for companies when disclosing and/or not disclosing information in financial statements is stakeholder groups, so companies will strive for optimal performance to satisfy stakeholder expectations. The performance of intellectual capital is one of the factors that influence the disclosure of intellectual capital in financial statements; the better the performance of intellectual capital in a company, the greater the level of disclosure of financial statements to increase the confidence of stakeholders.

This theory can explain the connection between intellectual capital and company performance, namely that company management must be able to manage all the company's

resources, including employees (human capital), physical assets (physical capital), and structural capital. As a result of good management and utilization of all the company's resources, the company's management will create added value for the benefit of its stakeholders (Ulum, 2017).

2.2. Resource Based Theory

Penrose (1959) in (Ramadhan & Kurnia, 2017) begins the initial thought on resource-based theory by stating that resource-based theory is a theory that proposes companies have heterogeneous knowledge resources with unique characteristics. However, not all company resources can generate a competitive advantage. In order to achieve competitive advantage, (Barney, 1991) concluded that resources must meet the VRIN criteria (Valuable, Rare, Imperfect Imitability, Non-Substitution).

The explanation of each of the VRIN criteria is as follows:

1) Valuable

Resources are called valuable if they can provide strategic value and positive value for the company. For example, in this case, a resource is said to be valuable if the resource is able to be used to assist the company in better exploiting market opportunities and or neutralizing market threats.

2) Rare

Resources must be so rare or unique that they are difficult to find or possess by competitors and potential competitors. Rare or unique in question can be in the form of scarcity or uniqueness that is physical, difficult to own and use by competitors, requires a long time and a large cost to obtain, or requires a large capital investment to obtain it.

3) Imperfect Imitability

Resources that have the same resource.

4) Non-Substitution

Resources cannot be replaced with other alternative resources so that competitors cannot achieve the same performance by replacing these resources with other alternative resources.

From the explanation of resource based theory, intellectual capital fulfills the characteristics as a unique resource that can be used to create competitive advantage so that it can create value added in the form of improving company performance for the better.

2.3. Financial performance

Before deciding to invest, investors must consider the company's financial performance as one of the most important factors. Therefore, companies must strive to continuously improve their performance in order to attract a large number of investors. Financial performance is an evaluation of the extent to which a company has implemented its financial implementation rules correctly and effectively (Fahmi, 2012).

Return On Assets (ROA) is the average activity's ability to generate earnings before taxes. It is used to measure the financial performance of a company (earnings before tax). Return on Assets (ROA) is a ratio that indicates the results (return) of a company's use of its assets to generate net income available to common shareholders. Financial performance is a measure of a company's accomplishments over a specific time period; a company with strong financial performance will attract investors (Kusna & Setijani, 2018). The company must publish its financial statements so that investors can evaluate the company's performance

prior to purchasing shares. According to Statement of Financial Accounting Standards (hereinafater referred to as PSAK) No. 1 (2015), the purpose of financial statements is to provide information about the financial position, financial performance, and cash flows of an entity that is useful for users in making economic decisions. With the company's financial analysis, corporate finance can also demonstrate the company's financial performance.

2.4. Intellectual Capital

Intellectual capital is an intangible asset with the ability to provide value to companies and society including patents, intellectual property rights, copyrights, and franchises (Mavridis, 2005, in (Artinah, 2011)). Pulic (1998) developed an indirect measurement tool for intangible assets in the form of intellectual capital using the Value Added Intellectual Capital (VAIC™) method. This method is designed to provide information about the efficiency of value creation from tangible assets and intangible assets owned by the company. Efficient use of a combination of tangible assets and intangible assets is expected to improve the company's financial performance. Wide acceptance of IC as a source of competitive advantage led to the development of appropriate measurement methods, this is because traditional financial tools are not able to capture all aspects of it (Isaac et al., 2017). Pulic & Bornemann (1997) developed the most popular method for measuring intellectual capital. Pulic does not directly measure the company's IC, but proposes a measure to assess the efficiency of added value as a result of the company's intellectual ability (Value Added Intellectual).

Coefficient– VAIC™). The main components of VAIC™ can be seen from the company's resources, namely physical capital (VACA – value added capital employed), human capital (VAHU – value added human capital), and structural capital (STVA – structural capital value added).

In this regard, IC is a company resource that plays an important role, as well as physical capital and financial capital (Solikhah, 2010). Intellectual capital is used as a knowledge-based company asset, consisting of experience, expertise, and abilities that are utilized by the company.

2.5. Sales Growth

According to Kasmir (2012) Sales growth (growth ratio) is a ratio that describes a company's ability to maintain its economic position in the face of economic growth and the expansion of its industry. Sales are one of the company's sources of income for profit (Trisdia & Nyoman, 2018). Sales have an important influence for the company, sales must be supported by the inventory they have, by knowing sales from the previous year, the company can optimize existing inventory (Pujiono, 2014).

Kennedy & Suzana (2013) argue that sales growth is an increase in the number of sales from year to year or from time to time. Sales growth can be said that there is an increase in sales of the previous period and sales of the current period, if the company always experiences an increase in sales, it means that its performance is considered good. Sales growth in this study was measured by the following ratio (Margiani et al., 2019 in (Elina & Handayani, 2021)).

3. RESEARCH METHOD

3.1. Research Sites

This study examines the Effect of Intellectual Capital and Sales Growth on Financial Performance by using secondary data. Secondary data is data that has been collected for purposes other than solving the problem at hand. The source of data used in this study is secondary data taken from the official website of the Indonesia Stock Exchange (www.idx.co.id) or the official website of each company.

3.2. Overview of Research Objects

The object of this research is a company listed on the Indonesia Stock Exchange in 2016-2020. The IDX was first developed on December 4, 1912. The object of this study used a purposive sampling method with criteria determined by the researcher. The following are the criteria used to obtain samples, as follows:

Table 1 Research Sample Criteria

No	Criteria	Criteria Violation	Amount
1	Basic and chemical industry companies listed on the Indonesia Stock Exchange 2016-2020	0	86
2	Industrial and basic chemical companies listed continuously in 2016-2020	(28)	58
3	Basic and chemical industry companies that made a profit in 2016-2020	(22)	36
4	Basic and chemical industry companies that provide financial statements in rupiah currency on the IDX for 2016-2020	(13)	23
Number of samples that meet the criteria		23	
Research year		5	
Number of research samples (21 x 5)		115	

Source: Processed Data 2022

Based on the selection process, the researchers found 23 companies that matched the predetermined criteria and became the sample of this study:

Table 2 List of Research Samples Table

No	Code	Name of Company
1	AGII	Aneka Gas Industri Tbk
2	ALDO	Alkindo Naratama Tbk
3	ALKA	Alakasa Industrindo Tbk
4	ARNA	Arwana Citramulia Tbk
5	CPIN	Charoen Pokphand Indonesia Tbk
6	DPNS	Duta Pertiwi Nusantara Tbk
7	EKAD	Ekadharma International Tbk
8	FASW	Fajar Surya Wisesa Tbk
9	IFII	Indonesia Fibreboard Industry Tbk
10	IGAR	Champion Pacific Indonesia Tbk
11	IMPC	Impack Pratama Industri Tbk

12	INAI	Indal Alumunium Industri Tbk
13	INCI	Intanwijaya Internasional Tbk
14	INTP	Indocement Tunggal Prakarsa Tbk
15	KDSI	Kedawung Setia Industrial Tbk
16	MDKI	Emdeki Utama Tbk
17	SMBR	Semen Baturaja (Persero) Tbk
18	SMGR	Semen Indonesia (Persero) Tbk
19	SPMA	Suparma Tbk
20	SRSN	Indo Acidatama Tbk
21	TALF	Tunas Alfin Tbk
22	TRST	Trias Sentosa Tbk
23	WTON	Wijaya Karya Beton Tbk

Source: Processed Data 2022

4. RESULT AND DISCUSSION

4.1. Research Results

4.1.1 Descriptive Statistical Test

Descriptive statistics provide a descriptive description of the data seen from the average value (mean), standard deviation, minimum, maximum variance and standard deviation. The independent variable used is intellectual capital and sales growth, and the dependent variable is financial performance. The results of data processing regarding descriptive statistics can be seen as follows:

Table 3 Descriptive Statistics Test

Date: 07/03/22
Time: 12:45
Samples: 2016 2020

Mean	0.056342	6655.847	0.19614
Median	0.049000	3,561,000	0.072000
Maximum	0.264000	142008.0	1,178,600
Minimum	0.002000	-7,195,000	-0.383000
Std. Dev.	0.041443	14799.50	1,127,971
Skewness	1,740,184	7,415,916	9,901,811
Kurtosis	7,927,469	6,532,485	1,022,535
Jarque-Bera	1,683,172	18982.71	47375.94
Probability	0.000000	0.000000	0.000000
Sum	6,254,000	738799.0	2,177,200
Sum Sq. Dev.	0.188931	2.41E+10	1,399,551
Observations	115	115	115

Source: Eviews Calculation Results, data processed by researchers

In the results of the descriptive statistical test above, the financial performance shows a minimum value of 0.002000 found in the Semen Baturaja Tbk company in 2020. While the maximum value for financial performance is 0.264000 in the Emdeki Tbk company in 2016. The average value of financial performance is 0.056342 with a standard deviation of 0.041443.

The intellectual capital variable shows the minimum value of -7195,000 obtained by the Semen Baturaja Tbk company in 2020 and the maximum intellectual capital value of 142008.0 obtained by the Emdeki Tbk company in 2017. While the average value of the intellectual capital of the company that is the sample is 6655,847 with a value standard deviation of 14799.50

The sales growth variable shows a minimum value of -0.383000 obtained by the Alakasa Industrindo Tbk company in 2019 and the maximum value of sales growth of 11.78600 obtained by the Charoen Pokphand Indonesia Tbk company in 2016. While the average value of sales growth in the sample is 0.196144 with standard deviation of 1.127971.

4.1.2. Panel Data Regression Model Test

To estimate model parameters with panel data, there are several techniques that can be used, namely:

1) Common Effect Model (CEM)

Table 4 Common Effect Model Result

Dependent Variable: Y
Method: Least Squares Panel
Date: 07/03/22 Time: 12:53
Samples: 2016 2020
Periods included: 5
Cross-sections included: 23
Total panel (unbalanced) observations: 115

Variable	Coefficient	Std. Error	t- Statistics	Prob.
C	0.054227	0.004384	1,237,047	0.0000
X1	2.24E-07	2.68E-07	0.838293	0.4037
X2	0.003174	0.003511	0.903952	0.3680
R-squared	0.013740			
Mean dependent var	0.056342			
Adjusted R-squared	-0.004524			
SD dependent var	0.041443			
SE of regression	0.041537			
Akaike info criterion	-3,497,808			
Sum squared resid	0.186335			
Schwarz criterion	-3,424,577			
Likelihood logs	1,971,283			
Hannan-Quinn Criter.	-3,468,100			
F-statistics	0.752292			
Durbin-Watson stat	0.719260			
Prob(F-statistic)	0.473739			

Source: Eviews calculation results, data processed by researchers

Based on table 4 above, it shows that the common effect model has a constant value of 0.054227, the regression value of the X1 variable, namely intellectual capital, is 2.24E-07, the regression value of the X2 variable is sales growth of 0.003174.

2) Fixed Effect Model (FEM)

Table 5 Fixed Effect Model Result

Dependent Variable: Y
Method: Least Squares Panel
Date: 07/03/22
Time: 12:55
Samples: 2016 2020
Periods included: 5
Cross-sections included: 23
Total panel (unbalanced) observations: 115

Variable	Coefficient	Std. Error	t- Statistics	Prob.
C	0.061275	0.003421	1,791,351	0.0000
X1	-6.72E-07	2.89E-07	-2,325,189	0.0224
X2	-0.002336	0.002744	-0.851520	0.3968
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.610129	Mean dependent var	0.056342	
Adjusted R-squared	0.501328	SD dependent var	0.041443	
SE of regression	0.029266	Akaike info criterion	-4,029.515	
Sum squared resid	0.073659	Schwarz criterion	-3,419,261	
Likelihood logs	2,486,381	Hannan-Quinn Criter.	-3,781,953	
F-statistics	5,607,738	Durbin-Watson stat	1,278,985	
Prob(F-statistic)	0.000000			

Source: Eviews calculation results, data processed by researchers

Based on table 5 above, it shows that the fixed effect model has a constant value of 0.061275, the regression value of the X1 variable, namely intellectual capital, is -6.72E-07, the regression value of the X2 variable is sales growth of -0.002336.

3) Random Effect Model (REM)

Table 6 Random Effect Model Result

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 07/03/22 Time: 12:57
Samples: 2016 2020
Periods included: 5
Cross-sections included: 23
Total panel (unbalanced) observations: 115
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t- Statistics	Prob.
C	0.058062	0.006227	9,324,560	0.0000
X1	-3.24E-07	2.55E-07	-1,269.992	0.2068
X2	-0.000993	0.002680	-0.370592	0.7117

Effects Specification			
Rho . Elementary School			
Random cross-section		0.025332	0.4283
Idiosyncratic random		0.029266	0.5717
Weighted Statistics			
R-squared	0.014606	Mean dependent var	0.026046
Adjusted R-squared	-0.003642	SD dependent var	0.030433
SE of regression	0.030600	Sum squared resid	0.101127
F-statistics	0.800408	Durbin-Watson stat	1,008,988
Prob(F-statistic)	0.451792		
Unweighted Statistics			
R-squared	-0.037229	Mean dependent var	0.056342
Sum squared resid	0.195965	Durbin-Watson stat	0.520686

Source: Eviews calculation results, data processed by researchers

Based on table 6 above, it shows that the random effect model has a constant value of 0.058062, the regression value of the X1 variable, namely intellectual capital, is 3.24E-07, the regression value of the X2 variable is sales growth of -0.000993.

4.1.3. Panel Data Regression Model Selection Test

1) Chow test

The Chow test is useful for determining which panel data regression model is more appropriate to use, whether the Common effect model (CEM) or the Fixed effect model (FEM). The hypotheses in the Chow test are:

H0 : Common effect model (CEM)

H1 : Fixed effect model (FEM)

The following are the results of the Chow Test conducted by researchers:

Table 7 Chow Test Results

Redundant Fixed Effects Tests
Equation: MODEL_FEM
Test cross-section fixed effects

Effects Test	Statistics	df	Prob.
Cross-section F	5,979,767	-22.86	0.0000
Cross-section Chi-square	103,019.524	22	0.0000

Source: Eviews calculation results, data processed by researchers.

Based on the test results above, it shows that the probability value (Prob) of the Chi-square Cross-section is 0.0000 <0.05 (determined at the beginning as a significant level or alpha), then H1 is accepted. So that the Fixed effect model is more appropriate to use than the Comment effect model.

2) Hausman test

Hausman test is used to determine which panel data regression model is more appropriate to use, whether the Random Effect Model (REM) or the Fixed Effect Model (FEM).

H0 : Random effect model (REM)

H1 : Fixed effect model (FEM)

The following are the results of the Hausman Test conducted by researchers:*:*

Table 8 Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: MODEL_REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	12,241,330	2	0.0022

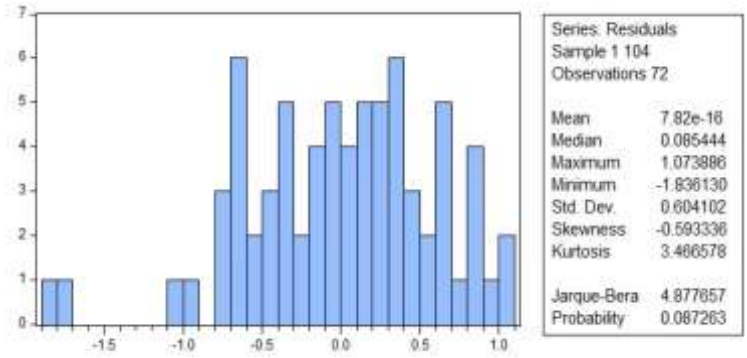
Source: Eviews calculation results, data processed by researchers

Based on the results of the Hausman test above, it shows that the probability value (Prob) of random cross-section is 0.0022 < 0.05 (determined at the beginning as a significant level or alpha), then H1 is accepted. So that the Fixed effect model is more appropriate to use than the Random effect model.

4.1.4. Classic Assumption Test Results

1) Normality test

The normality test aims to test whether the independent variable data (intellectual capital and sales growth) and the dependent variable (financial performance) in the resulting regression equation are normally distributed or not normally distributed.



Source: Eviews calculation results, data processed by researchers

Figure 1 Normality Test Results

The results of the normality test above produce a probability of 0.087263. These results indicate that the probability > level of significant (α=5%) is 0.087263 > 0.05. So it can be concluded that the data is normally distributed.

2) Multicollinearity Test

Multicollinearity test is used to determine whether in the regression model used in the study there is a correlation between the independent variables. If the correlation coefficient between each independent variable > 0.90 then it can be said that there is multicollinearity and vice versa.

Table 9 Multicollinearity Test Results

	X1	X2
X1	1,000,000	-0.010185
X2	-0.010185	1,000,000

Source: Eviews calculation results, data processed by researchers

Based on table 9, it can be seen that the coefficient value between independent variables is < 0,90, namely -0.010185, this indicates that the model used does not contain multicollinearity problems.

3) Heteroscedasticity Test

Heteroscedasticity is a condition where all disturbance factors do not have the same variance. The following are the results of the heteroscedasticity test:

Table 10 Heteroscedasticity Test Results

Heteroskedasticity Test: White			
F-statistics	0.718768	Prob. F	0.6107
Obs*R-squared	3,670,642	Prob. Chi-Square (5)	0.5977
Scaled explained SS	1,214,960	Prob. Chi-Square (5)	0.0328

Source: Eviews calculation results, data processed by researchers

Hypothesis in testing:

H0 : No heteroscedasticity

H1: There is heteroscedasticity

The method used in this study is the White Test. To find out whether there is a heteroscedasticity problem, it can be done by looking at Obs*square and the Prob value. Chi-Square, if Obs*square > Prob. Chi-Square and Prob. Chi-square > 0.05 then there is no heteroscedasticity problem in this study. Based on table 4.1 above, the results obtained Obs*square of 3.670642 with a value of Prob. Chi-Square 0.5977 > 0.05, hence H0 is accepted, which means there is no heteroscedasticity problem.

4) Autocorrelation Test

To test the presence or absence of autocorrelation in this study, the Breusch-Godfrey test was used. The following are the results of testing using the BreuschGodfrey test.

Table 11 Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:	
Durbin-Watson stat	1.954390

Source: Eviews calculation results, data processed by researchers

Based on the table above, the Durbin-Watson (DW) value is 1.954390. Then, the value will be compared with the value of the 5% significance table, the number of samples N = 115 and the number of independent variables (K = 3), then the obtained dL is 1.6427 and dU 1.7496. DW value 1.954390 is greater than the dU limit of 1.6662 and less than 4-dU (4-

1.7496) of 2.2504. To determine whether there is autocorrelation or not, you can use the formula dU < d < (4-dU) which is 1.7496 < 1.954390 < 2.2504. Thus, it can be concluded that in this study there was no autocorrelation problem.

4.1.5. Multiple Linear Regression Analysis Test

Table 12 Multiple Linear Regression Analysis Test Results

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.061275	0.003421	1,791,351	0.0000
X1	-6.72E-07	2.89E-07	-2,325,189	0.0224
X2	-0.002336	0.002744	-0.851520	0.3968

Source: Eviews calculation results, data processed by researchers

From the results of the Eviews calculation in table 4.13, the results of the regression equation are:

$$Y = 0.061275 + -6.72E-07\ (X1) + -0.002336\ (X2) + e$$

The writer's interpretation of this research for each variable is as follows:

1) Based on the linear regression equation, it can be seen that the constant of 0.061275 means that if all variables are zero then financial performance (Y) is worth 0.061275.
2) The intellectual capital regression coefficient (X1) is -6.72E-07 which indicates that if the intellectual capital value increases by 1 unit, then financial performance will increase by -6.72E-07 with the assumption that the variable is constant or fixed.
3) Sales growth regression coefficient (X2) is -0.002336 which indicates that if the value of sales growth increases by 1 unit, then financial performance will increase by -0.002336 with the assumption that the variable is constant or fixed.

4.1.6. Hypothesis Test

The hypothesis test used in this study is the coefficient of determination test, t test and F test.

1) Coefficient of Determination Test (R^2)

Coefficient of Determination Test (R^2) is used to find out how much influence the independent variables (intellectual capital and sales growth) have in explaining the overall variation in the dependent variable (financial performance). The results of the coefficient of determination test are shown in table 13 as follows:

Table 13 The result of the coefficient of determination (R^2)

Dependent Variable: Y
Method: Least Squares Panel
Date: 07/03/22 Time: 12:55
Samples: 2016 2020
Periods included: 5
Cross-sections included: 23
Total panel (unbalanced) observations: 115

Variable	Coefficient	Std. Error	t- Statistics	Prob.
C	0.061275	0.003421	1,791,351	0.0000
X1	-6.72E-07	2.89E-07	-2,325,189	0.0224
X2	-0.002336	0.002744	-0.851520	0.3968
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.610129	Mean dependent var	0.056342	
Adjusted R-squared	0.501328	SD dependent var	0.041443	
SE of regression	0.029266	Akaike info criterion	-4,029.515	
Sum squared resid	0.073659	Schwarz criterion	-3,419,261	
Likelihood logs	2,486,381	Hannan-Quinn Criter.	-3,781,953	
F-statistics	5,607,738	Durbin-Watson stat	1,278,985	
Prob(F-statistic)	0.000000			

Source: Eviews calculations, data processed by researchers

The value of the coefficient of determination is between 0 and 1. The smaller the value of the coefficient of determination indicates the ability of the independent variable to explain the dependent variable is limited and vice versa.

Based on table 13 above shows the Adjusted R-squared value of 0.501328 which means that the ability of the independent variables (intellectual capital and sales growth) together has an influence on the dependent variable (financial performance) of 50.1328% while 49.8672% is the result of 100 % - 50.1328 = 49.8672%. So there are 49.8672% which is another factor outside the model that explains these variables.

2) Statistical t-Test (Partial)

The t-test was conducted to determine whether or not each of the independent variables (intellectual capital and sales growth) had an effect on the dependent variable (financial performance) in the regression model. The t-test is done by comparing tstatistic with ttable, so there is an influence between the independent variable and the dependent variable. On the other hand, if ttable is greater than tstatistic, then there is no effect between the independent and dependent variables. This study used a sample of 115 with 2 independent variables, 1 dependent variable, with a significant level or critical value of 5%. Thus the calculation of t_{table} is as follows: t_{table} = (x;df (n-k)) = 5% ; df = (115-3)

= 0.05 ; df = 112

= 1.65857

a) The effect of intellectual capital on financial performance
Based on table 13 intellectual capital variables produce tstatistic of 2.325189 with a significant level of 0.0224. When compared with ttable of 1.65857, the value of tstatistic is smaller than ttable, namely (-2.325189 < 1.65857) with a significant value of 0.0224 <0.05. Thus, it can be said that intellectual capital partially has a negative effect on financial performance. The results of this study are in line with research conducted by Daud & Amri (2008) which shows that there is a negative and significant influence of intellectual capital on the company's financial performance

b) The effect of sales growth on financial performance
Based on table 13 sales growth variables produce tstatistic of 0.851520 with a significant level of 0.3968. When compared with t_{table} of 1.6587, the value of tstatistic is smaller than ttable, namely (-0.851520 < 1.6587) with a significant value of 0.3968 > 0.05. Thus, it can be said that sales growth partially has no effect on financial performance.

3) F Test (Simultaneous)

This F test aims to determine whether or not the influence of intellectual capital and sales growth together on financial performance. F test is done by comparing Fstatistic with F_{table}. If Fstatistic > F_{table} then there is a simultaneous effect on the dependent variable

Based on the results of the output table 13 obtained Fstatistic 5.607738 with a significant level of 0.000000 then compared with F_{table} of 3.08. The results obtained Fstatistic > F_{table} (5.607738 > 3.08) with a significant value of 0.000000 <0.05 so it can be concluded that intellectual capital and sales growth together have an effect on financial performance.

4.2. Research Discussion

From the research above, it can be seen that the results of research regarding the influence of intellectual capital and sales growth on financial performance. The results of the research will be discussed as follows:

4.2.1. Effect of intellectual capital on financial performance

Based on table 13 the intellectual capital variable produces a tstatistic of 2.325189 with a significant level of 0.0224. When compared with t_{table} of 1.65857, the value of tstatistic is smaller than t_{table}, namely (-2.325189 < 1.65857) with a significant value of 0.0224 <0.05. Thus it can be said that intellectual capital partially has a negative effect on financial performance.

This shows that the size of intellectual capital will not affect financial performance. The direction of the negative coefficient of intellectual capital on the company's financial performance indicates that the use of intangible assets in the sample of basic chemical industry companies in this study has not been used effectively and efficiently.

The results of this study are not in line with research conducted by Artinah (2011) who argues that intellectual capital has a positive and significant effect on the company's financial performance.

4.2.2. Effect of sales growth on financial performance

Based on table 13 sales growth variables produce tstatistic of 0.851520 with a significant level of 0.3968. When compared with t_{table} of 1.6587, the value of tstatistic is smaller than

t_{table}, namely (-0.851520 < 1.6587) with a significant value of 0.3968 > 0.05. Thus, it can be said that sales growth partially has no effect on financial performance.

This shows that sales growth is not the main factor that can affect the company's financial performance. It can be said that not always increasing sales growth will have an impact on increased financial performance, this is because sales growth is accompanied by an increase in operating costs and greater production costs, so that even though there is an increase in sales growth, the resulting sales still have to be deducted from material costs. raw material and operational costs resulting in an increase in financial performance cannot be achieved.

The results of this study are in line with research conducted by research by Sanjaya (2018) that sales growth or growth has no effect on the company's financial performance. High sales growth does not necessarily have good performance, there are still fixed expenses that affect it, companies with large sales do not necessarily earn profits, so the company's financial performance does not necessarily increase.

4.2.3. Effect of intellectual capital and sales growth on financial performance

Based on the results of the output table 13 obtained Fstatistic 5.607738 with a significant level of 0.000000 then compared with F_{table} of 3.08. The results obtained Fstatistic > F_{table} (5.607738 > 3.08) with a significant value of 0.000000 <0.05 so it can be concluded that intellectual capital and sales growth together have an effect on financial performance. Intellectual capital has a positive effect on financial performance indicating that the company has been able to utilize and utilize existing physical capital in order to create added value (value added) to produce greater input (return). This shows that the company has the intellectual capital capability in fulfilling the company's operational processes in its routine, able to support employees who will produce optimal intellectual performance and business performance, and are able to establish harmonious relationships with company partners through existing physical capital.

The higher the growth rate of a company will rely more on external capital and vice versa if the growth rate is low then a company will not rely much on external capital in running the company. A company with good growth means that the company can perform its company performance effectively and efficiently. The results of this study are contradicts with research conducted by Sari (2018), Suryaputra (2016), Hasanah & Enggariyanto (2018) which states that partially sales growth has a positive and significant effect on Financial Performance (ROA).

The results of this study are in line with research conducted by Tasmil et al. (2019) which states that intellectual capital and sales growth have a positive effect on the company's financial performance. Meanwhile, the research results Daud & Amri (2008) shows that there is a negative and significant influence on the company's financial performance.

5. CONCLUSION

This study tries to examine the effect of intellectual capital and sales growth on the financial performance of basic chemical industry companies listed on the Indonesian stock exchange in 2016-2020.

Based on the results of the analysis and discussion described in the previous chapter, it can be concluded as follows:

1) Intellectual capital has a negative effect on financial performance. The results of this study indicate that the use of intangible assets in the sample of basic chemical industry companies in this study has not been used effectively and efficiently.
2) Sales growth has no effect on financial performance. These results indicate that sales growth is not the main factor that can affect the company's financial performance. It can be said that not always increased sales growth will have an impact on increased financial performance this is because sales growth is accompanied by an increase in operating costs and greater production costs, so that even though there is an increase in sales growth, the resulting sales still have to be deducted from raw material and operational costs which resulted in an increase in financial performance could not be achieved.
3) Intellectual capital and sales growth together affect financial performance. Intellectual capital has a positive effect on financial performance indicating that the company has been able to utilize and utilize existing physical capital in order to create added value to produce greater input (return). This shows that the company has the intellectual capital capability in fulfilling the company's operational processes in its routine, able to support employees who will produce optimal intellectual performance and business performance, and are able to establish harmonious relationships with company partners through existing physical capital.

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