The Effect *Of Intellectual Capital, Firm Size,* And *Capital Structure* On *Financial Performance*

Empirical Study Of Sub-Sector Companies *Property* And *Real Estate* Registered On The Idx In 2018-2022

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ABSTRACT

This study aims to analyze the effect of Intellectual capital, Firm Size, Firm size and Capital structure on Financial performance in property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. Intellectual capital is measured using Value Added Intellectual capital, Firm Size is measured by total assets, and Capital structure is measured as the ratio between debt and equity. This research was conducted to provide further understanding of the factors that contribute to the financial performance of companies in sectors related to property and real estate. The data used in this study comes from the annual financial reports of companies listed on the IDX for the 2018-2022 period. The analytical method used is multiple linear regression with a case study approach. Data processing uses panel data which is processed using the SPSS program. The sample used was 19 entities with a total of 95 data observations. The research results show that intellectual capital (VAIC) has a significant positive influence on financial performance (ROA) in the property and real estate sectors. However, Firm Size (firm size) and capital structure (DER) do not significantly influence ROA in the same context. Simultaneously, these three variables together have a significant influence on financial performance with a determination value of 32.7% and the remainder by variables outside the research.

Keywords: *Intellectual capital, Firm Size, Capital structure, Financial performance, Property and Real estate, IDX*

INTRODUCTION

Financial performance is referred to as an analysis to measure the financial condition of an entity during a certain period. It will reveal how effectively an entity uses its resources to generate revenue. Return on assets, return on equity, net income, and others are ultimately evaluated to measure the financial health of the company (Malik & Nadeem, 2014). Financial performance that shows the effectiveness and efficiency of operations and the entity's ability to create added value, is an important factor in determining the success of an entity in the era of increasingly rapid globalization and today's competitive business dynamics. In addition to the benefits for the company itself, strong financial performance has a major impact on external stakeholders such as shareholders, employees, consumers, and the wider community. They have the right to know *the financial performance* for each interest.

Many measurements are used to determine the state of a company's financial performance, one of which is the profitability ratio. In general, several previous studies use the profitability ratio, namely return on assets (ROA) to measure *the financial performance* of an entity, such as research conducted by Heni et al. (2020) and also Santi et al. (2016). According to Santi et al. (2016) " ROA is able to measure an entity's ability to generate profits from its operational activities, where the amount of profit generated reflects good financial performance". Thus, the entity can be said to be able to fulfill its obligations to creditors and investors. Likewise, *financial performance in* sub-sector

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companies *property* and *real estate,* often the measurement uses return on assets. This is because of its high relevance in describing how efficiently an entity manages its assets that tend to be illiquid such as physical *property.* The ratio also reflects the operational efficiency of the company, including rental management, *property maintenance,* and sales, all of which are important factors in the company.

The property and *real estate* subsector is part of the industry related to the purchase, development, management, and trading of physical *property and real estate assets.* This entity is one of the entities that plays an important role in influencing the country's economy. Based on information collected by the Indonesian *Real Estate Association* (REI), there is a One Million Homes Program which is a government initiative in 2015. Although this program facilitates home ownership for individuals, this program also benefits the business world due to increasing demand. During that period, the *real estate industry* in Indonesia experienced a growth of 30%. However, with complex business dynamics, the *property subsector* And *real estate* also does not always experience positive profits or increases in its financial performance. One of the phenomena that occurred in the company related to *financial performance* was the fluctuation of financial performance in 2018-2022. This happened because of many factors from the company itself, and some external factors, one of which was the decline in performance due to the impact of the pandemic. This phenomenon poses various challenges for the company, resulting in decreased demand, construction delays, financing difficulties, and even an increased risk of default. This can certainly affect the profitability of companies in this sector. As a result, stakeholders put pressure on companies to improve their financial performance in order to thrive in any conditions and situations.

The company's financial performance experienced a significant increase of 22.9% in 2019 from 2018. Then, in 2020, in addition to the impact of several internal factors, there was also an external pandemic at that time which caused a very drastic decline of up to -24.3% due to a decline in product sales in several companies. In addition to houses, a number of other products experienced a decline in sales, including hotels and apartments, so that there were changes for both business and tourism. Then in 2021, the financial performance of the *property sub-sector entity* And *real estate* experienced a slight improvement with a decrease of -19.1% smaller than the previous year. This could happen because it changed the procedures for selling its products to be able to align with the conditions that occurred. Then in 2022 it improved even more with a decrease of only -8.0%. This phenomenon makes the company continue to pay attention to what factors affect financial performance.

Apart from that, driven by the increasingly advanced development of the economy and business as well as the rise and fall of income scales, companies in the *property sub-sector...* And *Real estate* also faces challenges such as tight competition, fluctuations in land and building prices, government regulations, challenges of sustainable development, technology and innovation, dependence on external financing, and many more. These challenges certainly have an impact on the company's profitability, especially ROA. The following is data on the development of the profitability ratio (ROA) of the financial performance of *property entities* and *real estate.* challenges in the *property sub-sector* and *real estate* clearly occurs especially in the increase in house prices. This is driven by high land prices and inflation in building material prices. In addition, it is also in the background of government regulations which ultimately have an impact on the company's ROA. The graph shows that ROA shows a steady decline from 2018 to 2019. In 2020, ROA dropped drastically to a low of around -3 in Q2 2020. In 2021, ROA began to recover and reached 1.30 in Q2 2021, indicating an improvement in profitability. In 2022, ROA continued to improve to reach 1.5 in Q3 2022, indicating a continued recovery in the company's efficiency and profitability. This phenomenon encourages companies to find out what factors cause ROA to fluctuate, of course entities not only prioritize material capital to face the challenges that occur but also knowledge capital, ideas, insights, and skills. This certainly plays an important role in increasing ROA through sustainable

development and the use of the latest technology, as well as a good balance and management of debt and equity proportions. This makes companies pay attention to factors that affect ROA such as *intellectual capital, firm size,* and *capital structure.*

Current business progress changes the business model of entities that were previously based on labor (labor-based business) replaced by a knowledge-based model (knowledge based business). In the research of Lestari et al. (2016) it is assessed that the use of science and technology will force companies to use other resources effectively and efficiently so that they can achieve competitive advantage. One of them is intangible resources that include aspects of knowledge, namely *Intellectual capital. Intellectual capital* is a key factor in the success of companies including *the property subsector* and *real estate.* Where market knowledge, risk analysis, and innovation in *property development* can provide significant competitive advantages. In order for an entity to develop concepts, select locations, set prices, and make other decisions, knowledge resources are essential. Value added *intellectual capital* coefficient (VAIC) is a method for valuing and measuring knowledge assets.

In Indonesia, the concept of *intellectual capital* began to form after the issuance of Financial Accounting Standards Guidelines Number 19 concerning intangible assets. Although not referred to as intellectual capital, it has attracted attention. Intangible assets are non-financial assets that can be identified without physical form. According to PSAK 19 (updated 2009), these resources are owned to be used in producing or providing goods or services, renting them to third parties, or for administrative purposes. *Intellectual capital* is certainly a valuable aspect in influencing financial performance. It includes the knowledge, expertise, and creativity of individuals in the company. The higher the level of intellectual capital, the more likely the company is to produce new innovations. This innovation can be in the form of new products, new processes, or new approaches to business. This innovation can in turn contribute to the entity's long-term performance. Based on previous research conducted by Fitri and Tri (2023), *intellectual capital* has a significant effect on *financial performance.* Research by Herni et al. (2020) also supports this. However, besides that. There are different findings from Denny's research (2014) that *intellectual capital* does not affect financial performance. It is possible that the use of intangible assets in the sample companies related to the study has not been utilized effectively and efficiently.

In addition to the knowledge capital factor that has an influence on the financial performance of an entity, Firm Size is also claimed to have a major influence. Firm Size (*firm size*) according to Erfan and Ridho (2021) " *Firm size* refers to the size of an entity which is determined by the amount of assets, sales, and personnel". Larger companies have the advantage of producing goods or services in large quantities. This can result in lower production costs per unit, of course, it can increase profit margins. In this case, Firm Size contributes positively to financial performance by increasing profitability. One of the most common methods to measure it is by Ln times total assets. This method measures the size of a company by looking at the logarithm of the company's total assets. The financial performance of larger entities may benefit from having good access to resources, markets, and commercial opportunities. Therefore, this Firm Size factor is important for sub-sector companies. *property* and *real estate* in order to achieve good financial performance. Based on previous research conducted by Akbar (2013) found that entity size has a significant positive effect on its financial performance. This is supported by research conducted by Fitri and Tri (2023) with the same results. However, it turns out that there is a difference from the results of Siregar's research (2023) which obtained the result that there is no significant effect of Firm Size on the company's financial performance. No less important than *firm size,* the company's *capital structure* is also a critical consideration in realizing optimal *financial performance.* Decisions about how companies fund their operations, including the proportion of debt and equity use. Aisyah (2017) assessed that the policy related to the company's capital structure is the debt form policy. Risk and profit are traded in the capital structure of the policy. Although using

more debt can put shareholders at greater risk, it often results in a better expected return on equity. The company's financial performance is greatly influenced by the capital structure, which also affects the cost and availability of capital (Komara et al., 2016). One measure of *capital structure* is using the debt to equity ratio (DER). This is one of the common methods used to assess the extent to which companies use debt to finance their operations and investments in this case the *property* and *real estate sub-sector entity.*

Figure 1.2 shows that the Debt to Equity Ratio in *the property* and *real estate sub-sector* is relatively stable and decreased slightly in 2018 to 2019, indicating that companies did not change their capital structure much and maintained a balance between debt and equity. However, in 2020 there was a significant decrease in the Debt to Equity Ratio which forced companies to reduce debt or increase equity to survive. In 2021 to 2022 the Debt to Equity Ratio began to increase again and stabilized at around 0.85 to 0.86, indicating adjustments made by companies to their capital structure.

A capital structure that utilizes debt on a healthy scale can create financial leverage. This leverage can create a larger margin for shareholders if the company's profit is greater than the interest cost of the debt. However, in the opposite situation, leverage can also exacerbate losses. In this case, companies in *the property* and *real estate sub-sector* often rely on loans or debt to fund development projects and investments in physical assets, such as commercial or residential *property.* High levels of debt can increase interest expenses and principal payments, which can reduce the company's net income which will later affect profitability. Therefore, the relationship between financial leverage and company performance needs to be managed carefully. In previous research according to Puspita (2018) capital structure showed a significant positive effect on financial performance. However, there are also different results from the research of Syarifah et al. (2021) that entity size has a negative impact on entity performance. This is in line with research conducted by Fitri and Tri (2023).

METHODS

The type of data used by the researcher is secondary data. Secondary data is data obtained indirectly, such as through other people or documents (Sugiyono, 2020). The source of secondary data in this study is the annual financial report of entities in *the property* and *real estate sub-sector* for 2018-2022 listed on the IDX. The document can be accessed via the website www.idx.co.id , www.idn financials.com, or on the official website of the related company. The data collection method used by the researcher is the documentation method. This documentation can be in the form of text, images or historical records, which in this study are the annual financial reports of entities in the *property sub-sector.* and *real estate* listed on the Indonesia Stock Exchange from 2018 to 2022.

RESULTS AND DISCUSSION

Normality Test

Table 4.1 1Test Results

		Unstandardized Residual
N		95
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.14280743
Most Extreme Differences	Absolute	.272
	Positive	.269
	Negative	-.272
Test Statistics		.272
Asymp. Sig. (2-tailed)		.000c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

(Source: Data processed 2024)

The table above shows that the normality test value using one sample Kolmogorov-Sminorv (KS) is 0.00, which is below 0.05. From the test results, it can be concluded that the value is not normally distributed and the regression model obtained from the test does not meet the normality assumption. The first amount of data used by the researcher was N=95. However, because the data results were not normal, the researcher then corrected it using outliers so that N=69 was obtained. And the results of the normality test can be seen in the table below.

Table 4.2 2Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		69
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.02780506
Most Extreme Differences	Absolute	.080
	Positive	.080
	Negative	-.062
Test Statistics		.080
Asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

(Source: Data processed 2024)

Based on the results of the next normality test with data N = 69 using kolmogrov-sminorv, it can be concluded that the data has a significance level of 0.200 asymp. Sig (2-tailed). With this result, it shows that the residual value has been normally distributed because the significance level is greater than 0.05.

Multicollinearity Test

Table 4.3 3Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	VAIC	0.932	1,073
	FIRM SIZE	0.739	1,353
	DER	0.787	1,271

(Source: Data processed 2024)

Based on the table above, V AIC has a tolerance value of 0.932 > 0.10 and VIF of 1.073 < 10. *FIRM SIZE* has a tolerance value of 0.739 > 0.10 and VIF of 1.353 < 10 and DER has a tolerance value of 0.787 > 0.10 and VIF value of 1.271 < 10. The results can be concluded that there is no linear relationship between independent variables so that this assumption is met.

Autocorrelation Test

Table 4.4 4Test Results

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.606a	.367	.327	.02703	1,771

a. Predictors: (Constant), LAG_Y, *FIRM SIZE,* VAIC, DER
b. Dependent Variable: ROA

(Source: Data processed 2024)

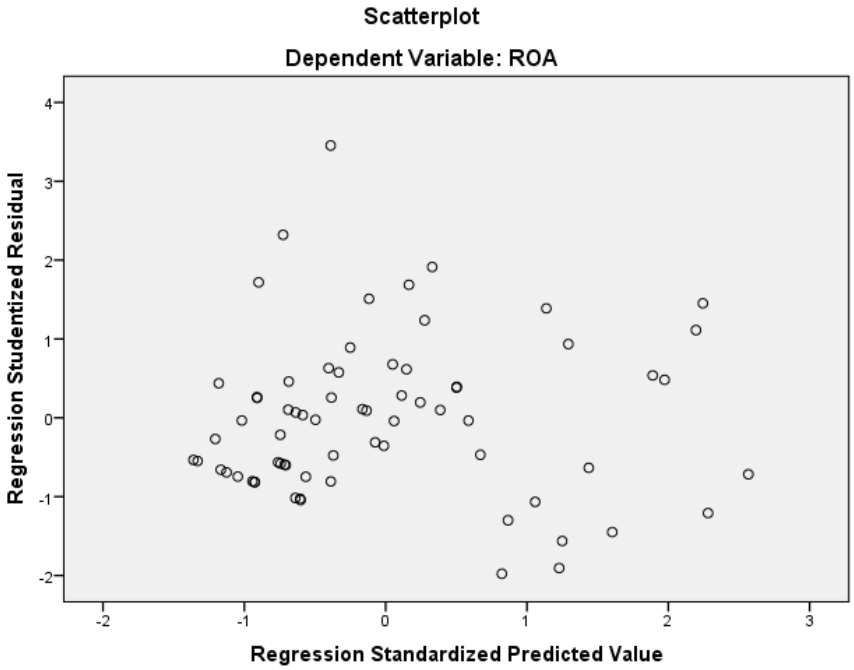
Model	Dw	You	4 - You
1	1,771	1.7015	4 - 1.7015

(Source: Data processed 2024)

Based on the table above, it can be seen that the DW value is 1.771. The DW value results are between DU and 4 − DU, which is 1.7015 < 1.771 < 4 – 1.7015. The DU value is obtained from the Dw table with n = 69 and k = 3, which is 1.7015. It can be concluded that there is no autocorrelation.

Heteroscedasticity Test

Table 4.5 5Test Results



(Source: Data processed 2024)

Based on the scatterplot image above, the points do not form a clear pattern where the points are spread above and below the number 0 on the Y axis. The conclusion that can be drawn is that there is no heteroscedasticity.

Multiple Linear Regression Test

Table 4.6 6Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	0.006	0.058	
	VAIC	0.008	0.002	0.557
	FIRM SIZE	-0.004	0.002	-0.003
	DER	0.007	0.010	0.080

(Source: Data processed 2024)

Multiple linear regression equation with three independent variables and one dependent variable Y = 0.006 + 0.008X1 - 0.004X2 + 0.007X3. The meaning of the numbers is:

1. The constant value (a) of the multiple linear regression test is 0.006. This means that when all variables have a value of zero, the value of the dependent variable (ROA) is estimated to be 0.006.
2. The regression coefficient value of the VAIC variable has a positive value, namely 0.008, meaning that an increase in VAIC by 1 will increase ROA by 0.008, assuming the values of other independent variables remain constant.

3. The regression coefficient value of *the firm size variable* is negative, namely -0.004, which means that an increase in *firm size* by 1 will reduce ROA by 0.004, assuming the value of the other independent variables remains constant.
4. Assuming the value of other independent variables remains constant, then an increase in DER by 1 will increase ROA by 0.007, in accordance with the positive regression coefficient value on the DER variable, which is 0.007.

Determination Test (R^2)

Table 7Determination Test Results

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.606a	.367	.327	.02703	1,771

a. Predictors: (Constant), LAG_Y, *FIRM SIZE,* VAIC, DER

b. Dependent Variable: ROA

(Source: Data processed 2024)

Based on the table above, the adjusted R Square value of 0.327 or 32.7% shows the magnitude of the total contribution of the independent variables to the dependent variable as shown in the table above. These results explain how the three independent variables have an impact on 32.7% of the ROA variable.

T-Test (Partial Test)

Table 8Partial Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.006	0.058		0.102	0.919
	VAIC	0.008	0.002	0.557	5,227	0,000
	FIRM SIZE	-0.004	0.002	-0.003	-0.025	0.981
	DER	0.007	0.010	0.080	0.689	0.493

(Source: Data processed 2024)

The Influence of Value Added *Intellectual Capital* (VAIC) on *Financial Performance* (ROA)

To see the effect of VAIC on ROA, compare the calculated t with the t table.

H0: VAIC has no effect on ROA

Ha: VAIC has an effect on ROA

The partial test results between VAIC and *Financial performance* show a calculated T value of 5.277> T table of 1.997 with a significance value of <0.05 (0.000 <0.05) which means it has a significant effect. The t table value is obtained from the df (degree of freedom) value of nk-1 (69-3-1 = 65) and a t table of 1.997 can be obtained. So, the conclusion is that VAIC partially has a significant effect on ROA. A positive calculated t value means it has a positive effect, namely if VACA increases, ROA will also increase. Thus H0 is rejected and Ha is accepted.

The influence of *firm size* on *financial performance* (ROA)

To see the effect of *firm size* on ROA, compare the calculated t with the t table.

H0: *Firm size* has no effect on ROA

Ha: *Firm size* has an effect on ROA

Based on the table above, *Firm size* The calculated t value < t table (-0.025 < 1.997) and significance> 0.05 (0.981 > 0.05) which means that the *Firm size variable* partially does not have a significant effect on ROA. Thus, increasing or decreasing Firm Size does not have a significant impact on company performance as measured by ROA. Thus, H0 is accepted and Ha is rejected.

The influence of *capital structure* (DER) on *financial performance* (ROA)

To see the effect of DER on ROA, compare the calculated t with the t table.

H0: DER has no effect on ROA

Ha: DER has an effect on ROA

Based on the table above, DER t value < t table (0.689 < 1.997) and significance > 0.05 (0.493 < 0.05) which means that the *capital structure variable* partially has no significant effect on *financial performance* (ROA). Thus, the increase in DER does not have a significant effect on company performance as measured by ROA. Thus, H0 is accepted and Ha is rejected.

F Test (Simultaneous Test)

Table 9Simultaneous Test Results

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.024	3	0.008	9,820	.000b
	Residual	0.053	65	0.001		
	Total	0.076	68			

a. Dependent Variable: ROA

b. Predictors: (Constant), DER, VAIC, *FIRM SIZE*

(Source: Data processed 2024)

Based on the table above, F count and F table are 9.820 > 2.746 and significance is 0.000 < 0.05 which means it has a significant effect. The F table value is obtained from the df (degree of freedom) value with a numerator of 3 and a denominator of nk-1 (69-3-1 = 65) obtained F table of 2.746. Thus, it is concluded that the variables Value Added Intellectual Capital (VAIC), Firms Size, and *Capital structure* (DER) together have a significant effect on ROA.

The influence of *intellectual capital* (VAIC) on *financial performance* (ROA)

Based on the test results that VAIC shows a T count value of 5.277 > T table of 1.997 with a significance value of <0.05 (0.000 <0.05). Thus, *intellectual capital* has a significant positive effect on *financial performance.* This is because *property* and *real estate entities* that have strong *intellectual capital* tend to be able to produce better product and service innovations. they can develop unique *property designs,* efficient construction technology, or new business models in *property marketing.* This can certainly increase the attractiveness of their products in the market and generate higher revenues. One example of the entity is PT PP (Persero) Tbk, PT Ciputra Development Tbk, and PT Summarecon Agung Tbk which are included in the Top 10 Leading BIM Companies in Indonesia as reported on the archgyan page. The application of the latest technology in project management and property marketing has helped companies improve operational efficiency and attract more customers. The use of Building Information Modeling (BIM) technology and digital project management systems has been shown to improve project performance and customer satisfaction. In addition, it has also been proven by one of the related companies, namely PT Ciputra Development Tbk, with the higher *intellectual capital value (VAIC), the increase in Financial performance* (ROA) also increases.

Table 4.10 10in VAIC on ROA

PT Ciputra Development Tbk		
Year	VAIC	ROA
2018	3.25	3.80
2019	3.20	3.55
2020	3.37	3.49
2021	4.46	5.13
2022	3.90	4.78

(Source: Data processed 2024)

Considering the data above, the more the VAIC value increases, the ROA also increases. The results of this study are in line with research conducted by Fitri and Yuniati (2023) that *intellectual capital* has a significant positive effect on financial performance. In addition, the same study was conducted by Siregar (2023) which partially *intellectual capital* has a significant positive effect on financial performance. From these results, the hypothesis (H1) is accepted, which is that *financial performance* (ROA) will increase if *intellectual capital* also increases. In the industrial world, especially *the property* and *real estate subsector, intellectual capital* is very influential. In addition, entities that have well-trained employees who are knowledgeable about *the property* and *real estate industry* tend to provide better service to customers. This can create high customer loyalty and increase customer retention, which in turn can improve the entity's *financial performance.* The results of this study support the theory of resources based view (RBV) which explains that an entity will gain a competitive advantage by utilizing and obtaining intangible assets, in this case *intellectual capital.*

The influence of *firm size* on *financial performance* (ROA)

Based on the hypothesis test, evidence was obtained that the t-count value < t table (-0.025 < 1.997) and significance > 0.05 (0.981 > 0.05) which means that the *Firm size variable* partially has no effect on ROA. This is because companies with *firm size* as measured by large total assets do not always have better operational efficiency than companies with smaller assets. The table below supports this.

Table 11 *Firm size* to ROA

NAMA PERUSAHAAN	FIRM SIZE					ROA				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
PT. Jaya Real Property Tbk.	23,08	23,14	23,16	23,19	23,23	9,96	9,29	8,83	6,70	7,18
PT. Bumi Citra Permai Tbk.	27,47	27,49	27,54	27,51	27,51	5,91	2,68	1,43	0,01	1,93
PT. Bumi Serpong Damai Tbk.	31,58	31,63	31,74	31,75	31,81	3,27	5,75	0,80	2,50	4,09
PT. Ciputra Development Tbk.	31,17	31,22	31,30	31,34	31,37	3,80	3,55	3,49	5,13	4,78

(Source: Data processed 2024)

Looking at the table above, where the size of the company does not affect *financial performance.* For example, PT Jaya Real *Property* Tbk in 2020 had *a firm size* of 23.16 with an ROA of 8.83. Then in 2022, its *firm size* was recorded at 23.23, larger than in 2020, but the ROA was smaller than the previous year, which was only 7.18, as well as in other entities.

The results are the same as the test conducted by Sari and Setyanin (2023) that *firm size* has no effect on *financial performance.* This is also supported by the test conducted by Siregar (2023). From the results of the test, the hypothesis (H2) is rejected. This is because it is likely that competitive advantage comes from location, project quality, and marketing strategy, not solely from Firm Size. Operational efficiency, use of technology, and business strategy play a more important role in determining and increasing ROA.

The test results are less in line with the signaling theory where *firm size* can be considered as a signal or indicator of the size, scale, or success of a business. The results show that *firm size* has no effect on *financial performance,* which means that the market may not see entity size as a strong or relevant signal to predict *financial performance.* This may be due to industry complexity, business model variations, or other factors that affect entity performance beyond scale or size.

The influence of *capital structure* (DER) on *financial performance* (ROA)

Based on the results of the hypothesis test, evidence was obtained that the calculated t value was smaller than the t table (0.689 < 1.997) and the significance was more than 0.05 (0.493 < 0.05) which means that the DER variable partially has no effect on ROA. *Capital structure* measured using DER has no effect on *financial performance* (ROA) in *the property* and *real estate subsector.* With these test results, the hypothesis (H3) is rejected. There are several factors that underlie the test results, one of which is due to the risk associated with debt. Although the *property subsector* and *real estate* often use debt, but the use of debt remains limited in the capital structure. As reflected in DER can

increase the financial risk of the entity. One example of a *property* and *real estate sub-sector entity* is PT. Nusantara Almazia Tbk in 2022 where the proportion of liabilities and equity is smaller than liabilities. Liabilities show at 92 billion while equity is at 512 billion. In addition, *the property* and *real estate industry* is often affected by long business cycles and significant market fluctuations. This cycle can make the relationship between capital structure and financial performance less stable or clear, due to continuous changes in market conditions. This can make the relationship between DER and ROA more complex and difficult to understand.

In addition, the graph in Figure 1.2 also shows that during the period 2018 to Q3 2020, although DER decreased significantly, ROA also decreased. If DER has a significant direct effect on ROA, it is expected that ROA will increase along with the decrease in DER. However, the decrease in DER was not followed by an increase in ROA, indicating that changes in DER do not directly affect ROA. In the period Q3 2020 to Q3 2022, DER was stable at around 0.85-0.86, while ROA increased. If DER has a significant direct effect on ROA, it is expected that ROA will remain stable or change in line with changes in DER. However, the increase in ROA occurred even though DER remained stable. ROA did not show consistent changes in line with changes in DER. This indicates that the company's *financial performance* is more influenced by factors other than DER, such as operational efficiency or overall market conditions.

The results of this test are the same as the research conducted by Sari and Setyanin (2023) and also the research conducted by Alfitri et al. (2022) that *capital structure* does not affect *financial performance.* Related to signaling theory implies that entities with high DER may want to signal to the market that they believe in strong business growth and prospects in the future. However, the results of the hypothesis test show that DER does not have a significant effect on ROA, this could indicate that the signal sent by the capital structure does not succeed in influencing financial performance as expected.

The influence of *Intellectual Capital* (VAIC), *Firm Size,* and *Capital Structure* (DER) on *Financial Performance* (ROA)

Based on the results of simultaneous tests, evidence was obtained that *intellectual capital, firm size,* and *capital structure* together have a significant influence on *financial performance.* In this case, the hypothesis (H4) is accepted. This is evidenced by the test results that the calculated F value and F table are 9.820> 2.746 and the significance is 0.000 <0.05 and the determination value is 32.7%. The rest is influenced by other variables not included in the study.

CONCLUSION

Intellectual capital has a significant positive influence on *financial performance* in the *property sub-sector* and *real estate* listed on the IDX in 2018-2022. *Firm size* has no influence on *financial performance* in the *property subsector* and *real estate* listed on the IDX in 2018-2022. *Capital structure* also has no influence on *financial performance* in the *property sub-sector.* and *real estate* listed on the IDX in 2018-2022. Simultaneously, the three variables tested have a significant influence on *financial performance* in the *property sub-sector.* and *real estate* listed on the IDX in 2018-2022.

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