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Audit Committee, Independent Commissioners, Firm Size, and Intellectual Capital on The Financial Performance of State-Owned Enterprises

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Abstract: This study aims to explain the effect of audit committees, independent commissioners, company size, and intellectual capital on financial performance proxied by return on assets (ROA) in State-Owned Enterprises (BUMN) companies listed on the Indonesia Stock Exchange (IDX) in 2020-2022. The population used is all BUMN companies listed on the IDX in 2020-2022. Sampling was selected using purposive sampling method, in order to produce samples that match the research criteria. The research sample amounted to 15 companies with a period of 3 years to 45 total samples. The data collection technique was carried out using the documentation method in the form of annual reports for the 2020-2022 period obtained from the IDX and the company's official website. The data collected was analyzed with multiple linear regression using SPSS 26. The results of this study indicate that the audit committee variable has a significant value of 0.000 and a t value of 5.360, the independent commissioner variable has a significant value of 0.670 and a t value of 0.430, the company size variable has a significant value of 0.000 and a t value of -7.375, and the intellectual capital variable has a significant value of 0.022 and a t value of -2.375, so that the only accepted hypothesis is H1, namely, the audit committee affects financial performance and other hypotheses are rejected. The audit committee, independent commissioners, company size, and intellectual capital have an influence of 61.1%, while the rest with a value of 38.9% can be influenced by other variables that are not in this research model. Audit committee variables affect financial performance, independent commissioners have no effect on financial performance, while company size and intellectual capital have a negative effect on financial performance. Future researchers are expected to add other variables besides the variables in this study and can use other more accurate measurement methods.

Keyword: Financial Performance, Audit Committee, Independent Commissioner, Company Size, Intellectual Capital

INTRODUCTION

In the current era of globalization, business industries that continue to grow are trying to maintain their financial and non-financial performance in the face of increasingly fierce competition worldwide. In addition, increasingly competitive competition encourages businesses to increase their competitiveness in all industries to attract investors to invest, especially in the financial sector, namely by improving their financial performance. In the world of corporate business, both internal and external, financial performance is crucial. Financial performance is assessed using financial analysis methods to determine how good or bad the financial condition of the institution is. The financial performance also shows the work performance of an institution in a certain period. Therefore, investors usually use this information as a basis for investing in the Company. The survival of a company is determined by how its finances are. In this process, the financial performance of an organization can be used to evaluate its qualifications and effectiveness. In general, companies can measure their financial performance through financial reports issued annually (Annual Report). An annual report is a comprehensive report on company activities throughout the previous year.

This report is intended to provide investors and stakeholders with insight into the institution's financial activities and performance. In addition, this financial report can predict the company's ability to survive in the future. If component updates are required by the parties involved, the institution's financial information can be found in the financial report. (Hasan et al., 2022). All companies in Indonesia, especially those that have gone public or have been listed on the capital market, must disclose their annual financial reports, including state-owned companies. BUMN is a company whose majority shares are owned or controlled by the government. So, it is hoped that BUMN can boost the Indonesian economy and increase public peace. It is also hoped that BUMN can provide beneficial participation for all related parties. BUMN plays a role in almost all economic fields, including plantations, agriculture, fisheries, forestry, industry, trade, construction, mining, telecommunications, transportation, electricity, manufacturing, finance, and postal services. The process of implementing BUMN's financial performance is shown in the annual financial report.

The COVID-19 pandemic has had an impact on business companies indiscriminately. Both private companies, state-owned companies, and MSMEs, which previously operated well, failed because the companies had difficulty paying credit. Banks as credit providers were also affected, even multinational companies such as state-owned companies experienced quite large losses. This is proven by the financial performance shown. In 2019, of all companies, BUMN only generated a net profit of IDR 28 trillion, which means a decrease of 77% from the previous year's profit (2018) of IDR 124 trillion. Apart from that, the income of all BUMN only reached IDR 1,200 trillion, down 25% from the previous year's profit of IDR 1,600 trillion. Even though initially, the performance of state-owned companies was successful. Income continued to increase from 2015 to 2018, but since 2019, BUMN income has decreased (Investor. id, 2021). However, BUMN Minister Erick Thohir has experienced a transformation in the last 3 years due to several breakthroughs. This increases the significance of BUMN in driving the country's progress through strengthening portfolios, risk management and governance, human resources, performance, and strategic alliances (Vania Hanna Farah, 2022). The results of this change show a consolidated profit of IDR 303.7 trillion in 2022. This amount is an increase of 142.4% when compared to IDR 125 trillion for the same time in 2021 and IDR 2,613 trillion for combined BUMN income in 2022. Compared to 2021, This acquisition grew by 14% to reach IDR 2,292 trillion. (Binekasri Romys, 2023).

Company performance is also driven by the company's ability to implement Good Corporate Governance and disclose it transparently by GCG principles. GCG is a principle in corporate governance that is applied to create healthy competition and a conducive work

environment. There are no binding legal rules that require companies to implement GCG. However, every company must implement GCG ethics to run its business well (ocbcnisp, 2023). Companies that implement GCG according to Hediono & Prasetyaningsih, (2019) can handle their economic activities more ethically and responsibly and are based on the concept of responsible governance. In Indonesia itself, the implementation of GCG has not been implemented effectively. In the past decade, Indonesia has been ranked lowest in the implementation of GCG among all of Southeast Asia (Breliastiti et al., 2020). Data from 2014 shows that Indonesia's Corruption Perception Index (CPI) has a score of 34, ranking 107th out of 175 countries throughout the world. The government regulates GCG through Bapepam Regulation Number VIII.G.2, 2002. There are still many initiatives being carried out in Indonesia to strengthen and expand effective corporate governance. Sustainable Finance Roadmap Phase I (2015–2019) and Sustainable Finance Roadmap Phase II (2021–2025) are two examples of such initiatives. These two roadmaps were developed by OJK to increase the awareness and ability of the Financial Services Industry (IJK) in implementing environmental and social initiatives. as well as administration. The main objective of this roadmap is not to make efforts to improve corporate governance practices in Indonesia.

Organizations must implement GCG values thoroughly and consistently as fundamental things for the organization. The "Audit Committee" is believed to be one of the institutional components in the GCG mechanism which has a major contribution to the extent to which the mechanism is implemented. In addition, its presence is anticipated to improve the institution's internal review and improve the system of checks and balances, with the ultimate aim of protecting stakeholders and shareholders as best as possible. (IKAI, 2023). Based on instructions from the board of commissioners, an overall audit committee was formed. The main task of the audit committee is to assist the Board of Commissioners in carrying out its duties as supervisor. In addition, the audit committee has the responsibility to ensure that the quality of financial reports, the effectiveness of the company's internal control system, and the operational efficiency of the internal audit department have all been optimized. The audit committee's responsibilities also include monitoring compliance with company regulations and risks. Apart from that, based on the GM's decision, several people were appointed to serve as Independent Commissioners; people who are not related to the business owner, board of directors, or other commissioners. In general, the board of commissioners is tasked and responsible for reviewing the accuracy of the information contained in the financial reports (Ernawati & Santoso, 2022). The role of independent commissioners is to provide guidance and supervision to directors. In this study, the GCG mechanisms used are audit committees and independent commissioners.

According to the results of a previous study, Dwijayanti et al., (2022) stated that GCG can influence financial performance. The study carried out by Allan et al., (2020) is in line with the findings of this study. This proves that CGC, which is implemented well by a company, can have a significant influence on improving financial performance. However, according to a study conducted by Adi & Suwarti, (2022) on GCG variables which used audit committee and independent commissioner indicators, it was revealed that the audit committee and independent commissioner had no impact on financial performance. Meanwhile, in a study conducted by Saputri et al., (2019) it was explained that the audit committee did not have a real impact and independent commissioners had a significant negative impact. This occurs because of an imbalance between the number of audit committee members and the number of independent commissioners in an institution. However, financial performance is greatly influenced by the simultaneous implementation of GCG.

Apart from good corporate governance, another aspect that may have an impact on financial success is company size. Scale or variable, size is a term for "company size" which refers to statistics used to determine the size of a company according to various

characteristics, such as total assets, log size, market value, shares, total sales, total income, total capital, and so on (economy.bunghatta, 2020). Company size can be categorized into large, medium, and small categories. By calculating the scale of the level of total assets and sales, you can show the financial characteristics of the company. The size of a company can provide insight into the circumstances under which businesses with more financial resources constitute larger companies. Thus allowing them to fund their company investments and generate profits.

According to a study by Rahardjo & Wuryani, (2021), financial performance is influenced by the size of the company. Businesses that have a larger company size structure will be able to improve their financial performance so that it continues to improve. The results of this study are relevant to the study of Aziz et al., (2021) which shows that the size of the institution has an impact on the success of financial performance. The findings of a study carried out by Ernawati & Santoso, (2022) contradict this statement. According to his study, it shows that the size of an institution does not affect the success of its financial performance. This means that the size of a company cannot affect financial performance, but the size of a company can cause inefficiencies in production operations, resulting in a decline in financial performance.

Intellectual Capital is also considered an element that can have an impact on the success of a company's financial performance. Intellectual Capital (hereinafter referred to as IC) is intangible assets such as human resources, information and technology, and other organizational advantages that can increase its competitive ability and increase the success of an institution's performance in both the short and long term. IC is an asset that cannot be viewed or touched physically, but has significant economic value and can contribute significantly to the performance and success of an entity (Setiawan. T and Purwanti. A, 2021). For more than ten years IC has been an interesting subject of study. Since PSAK 19 (revised 2018) regarding intangible assets was issued, IC incidents have begun to grow in Indonesia. Even though it does not explicitly state "Intellectual Capital", the IC phenomenon is still being discussed in various fields. According to the Indonesian Accounting Association, (2018) Every non-monetary asset that can be described as not having a physical form and which can be used in the production or delivery of products and services, leased to third parties, or used for administrative reasons with future economic benefits is considered an asset. tangible based on Article 19 PSAK.

According to a previous study conducted by Dwijayanti et al., (2022), it turns out that IC does not have an impact on the success of financial performance. Different from previous researchers, according to the study (Febriany, 2020) Intellectual Capital has an impact on financial performance. According to resource-based theory, institutions that can manage their tangible and intangible assets well can improve financial performance and obtain added value for the institution. This means that the better a company manages its IC, the more successful the company can optimize its financial performance. The results of this study are relevant to those carried out by Heryustitriasputri & Suzan, (2019) and Himawan & Fazriah, (2021).

METHOD

In this study, the focus of the study is BUMN institutions listed on the BEI in 2020-2022. The reason the researcher chose the subject of this study is because state-owned companies have a large contribution to the Indonesian economy. Apart from that, BUMN is also closely related to the relationship between stakeholders, society, and the environment to increase the prosperity of society as written in the 1945 Constitution and to achieve foreign exchange for the country. The establishment of BUMN was driven by the desire to meet community needs and achieve community wealth. BUMN is a business that is only responsible to the government. Apart from that, of course, every activity carried out is

assessed based on the company's existing financial performance. So according to researchers, state-owned companies are appropriate study subjects for further research regarding their financial performance by focusing on the Audit Committee, Independent Commissioners, Company Size, and Intellectual Capital. The Annual Report of state-owned companies for 2020 - 2022 is the object of this study.

The following are the measurements used for each independent and dependent variable:

Table 1. Operational Variables

Variables	Indicators	Scale
Y = Financial Performance	$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \, x\ 100\%$ (Cahyaningrum et al, 2022) , (Adi & Suwarti , 2022), (Saputri et al, 2019)	Ratio
X1 = Audit Committee	**Audit Commitee = ∑ Audit Commitee** (Cahyaningrum et al, 2022) , (Adi & Suwarti , 2022), (Saputri et al, 2019)	Nominal
X2= Independent Commissioner	$KI = \frac{\text{Total Independent Commisioner}}{\text{Total board of Commissioners}} \, x\ 100\%$ (Cahyaningrum et al, 2022) , (Sari et al , 2019), (Sitanggang , 2021)	Ratio
X3 = Company Size	$SIZE = Log\ (Total\ Aset)$ (Aziz et al., 2021), (Rahardjo & Wuryani, 2021),(Rudiwantoro, 2022)	Ratio
X4 = Intellectual Capital	**VAIC™ = VACA + VAHU + STVA** (Febriany N, 2019), (Heryustitriasputri A & Suzan L,2019), (Gantino & Alam, 2021)	Ratio

Source: Research data

This study uses multiple linear regression as the analysis method (multiple linear regression). Through multiple regression analysis, the impact of the relationship between the independent variables and the dependent variable is explained. To facilitate the analysis of this study, SPSS 26 was used. Before carrying out panel data regression analysis, you must first complete the study data through descriptive statistical tests and classical assumptions, such as autocorrelation, heteroscedasticity, multicollinearity, and normality. Then proceed with hypothesis testing which includes the coefficient of determination test, F test, and t-test. Therefore, analyzing panel data regression is used to determine how big the impact of the variables audit committee, independent commissioner, institutional size, and IC are on financial performance (dependent variable). The regression model developed is:

$$Y = \alpha + \beta_1 KA + \beta_2 KINS + \beta_3 SIZE + \beta_4 VAIC + e$$

Description:

Y = Financial Performance
A = Constant
β1, β2, β3, β4, = Regression coefficient of each independent variable
KA = Audit Committee
KINS = Independent Commissioner
SIZE = Company Size

VAIC™ = Intellectual Capital
e = Error

RESULTS AND DISCUSSION

Result

The data source for this study. Sample selection used purposive sampling. Of the 24 sample companies, 15 sample companies met the sample selection criteria in this study, resulting in a total sample of 45 for 3 years.

Classical Assumption Test

The following are the results of the normality test:

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	45
Asymp. Sig. (2-tailed)	.200

Source: Research Results

The results of the normality test obtained the Asymp value. Sig. (2-tailed) amounting to,200. If the significant value is > 0.05, it can be stated that the data used in this study has a normal distribution or meets the assumption of normality. This means that the audit committee, independent commissioner, company size, and intellectual capital variables are suitable for use in the regression model and can be continued to the next test.

Next, for multicollinearity testing, the following are the results:

Table 3. Multicollinearity Test Results

	Collinearity Statistics	
Variable	***Tolerance***	***VIF***
KA	.546	1.830
KI	.933	1.071
SIZE	.570	1.755
VAIC	.599	1.669

Source: Research Results

Based on the table above, the results obtained are that each independent variable has a Tolerance value > 0.1 and a VIF value < 10, namely the audit committee (KA) variable shows tolerance and VIF values of 0.546 and 1,830 respectively, for the independent commissioner (KI) variable. shows tolerance and VIF values of 0.933 and 1.071 respectively, the company size variable (SIZE) shows tolerance and VIF values of 0.570 and 1.755 respectively, and the intellectual capital variable shows tolerance and VIF values of 0.599 and 1.669 respectively. It can be stated that there is no multicollinearity between the independent variables in the regression model.
Next, for the heteroscedasticity test, the following table shows the test results:

Table 4. Heteroscedasticity Test Results

Variable	***Sig.* (2-tailed)**
KA	0.303
KI	0.479
SIZE	0.068

VAIC	0.823

Source: Research Results

The table above shows that each independent variable meets the criteria in the Spearman rho test, where the Sig value is. (2-tailed) > 0.05. In this test, a Sig (2-tailed) value of 0.303 was obtained for the audit committee, 0.479 for independent commissioners, 0.068 for company size, and 0.823 for intellectual capital. So, it can be shown that the regression model does not have heteroscedasticity.

Finally, the autocorrelation test is produced in the following table:

Table 5. Autocorrelation Test Results

Variable	***Durbin Watson***
RES_2	1.778
Dependent Variable: Financial Performance	

Source: Research Results

The Durbin Watson value is 1.778, where the value is > the Durbin Upper (DU) value, namely 1.7200, and < the Durbin Lower (DL) value, namely 2.2800 (4-1.7200), where the DU and DL values can be seen in the Durbin Watson Table. The results of this regression model mean that it meets the requirements of the Durbin-Watson test, namely if Du < DW < 4–Du (1.7200 < 1.778 < 2.2800) it means that there is no autocorrelation. So the test results show that there is no autocorrelation.

Multiple Regression Test

After going through the classical assumption test and passing all the tests, a multiple regression test was carried out and the following equation was produced:

$$\mathbf{Y = 72.039 + 2.240KA + 1.509KINS - 0.085SIZE - 2.509VAIC^{TM} + e}$$

Description:

Y = Financial Performance
KA = Audit Committee
KINS = Independent Commissioner
SIZE = Company Size
VAIC™ = Intellectual Capital
e = Error

The regression equation above can be interpreted as follows:

1. The constant coefficient shows a value of 72,039, which means that when the audit committee, independent commissioners, company size, and intellectual capital are in a constant condition, financial performance is worth 72,039.
2. The regression coefficient for variable A positive coefficient means that the correlation between the independent variable and the dependent variable is continuous. An increase in the value of X1 (audit committee) will coincide with an increase in the value of Y (financial performance) or a decrease in the value of X1 (audit committee) will coincide with a decrease in the value of Y (financial performance).
3. The regression coefficient for variable A positive coefficient means that the correlation between the independent variable and the dependent variable is continuous. An increase in the value of X2 (independent commissioner) will coincide with an increase in the value of Y (financial performance) or a decrease in the value of X2 (independent commissioner) will coincide with a decrease in the value of Y (financial performance).

4. The regression coefficient for variable X3 (company size) was obtained with a value of -0.085. Therefore, if the other independent variables remain constant and there is a one-unit increase in the audit committee variable, financial performance will show an increase of -0.085. It is important to note that a negative coefficient indicates that there is an opposite relationship between the independent variable and the dependent variable. An increase in the value of X3 (company size) will coincide with a decrease in the value of Y (financial performance) or a decrease in the value of X3 (company size) will coincide with an increase in the value of Y (financial performance).
5. The regression coefficient for variable A positive coefficient means the correlation between the independent variable and the dependent variable is opposite. An increase in the value of X4 (company size) will coincide with a decrease in the value of Y (intellectual capital) or a decrease in the value of X3 (intellectual capital) will coincide with an increase in the value of Y (financial performance).

Hypothesis Test

The results of testing the coefficient of determination, it was found that the Adjusted R Square value was 0.611. These results show that the impact of the audit committee, independent commissioner, institutional size, and IC on financial performance is 61.1%, and the remaining value of 38.9% can be impacted by other variables that are not in this study model such as corporate social responsibility, and institutional ownership. , managerial ownership, and other aspects (Setiyowati & Mardiana, 2020; Cahyaningrum et al., 2022; Dwijayanti et al., 2022).

Table 6. Coefficient Of Determination Test Results

Model	Adjusted R^2
1	.611

Source: Research Results

Then proceed with the F test and the results are shown in the following table:

Table 7. F Test Results

ANOVA[a]		
	F	**Sig,**
Regression	18.289	.000[b]

a. *Dependent variable:* ROA
b. *Predictors* : (*Constant*), KA, KI, SIZE, VAIC

Source: Research Results

The F value from the statistical test is 18,289 and the significance value (Sig.) is 0.000, where the value is <0.05 so it can be stated that the regression model used in this study is good for use and shows the variables of audit committee, independent commissioner, company size, and intellectual capital simultaneously influences financial performance.

Next, to test the results of each hypothesis, a t-test was carried out and the results were found as follows:

Table 8. t Test Results

Variable	t	Sig.
(*Constant)*	6.893	0.000
KA	5.360	0.000

KI	0.430	0.670
SIZE	-7.375	0.000
VAIC	-2.375	0.022
a.Dependent Variable: ROA		

Source: Research Results

The table above may state:

1. The audit committee variable shows a significance value (Sig.) of 0.000 and a t value of 5,360, which means that the audit committee has a positive effect on financial performance, so the hypothesis that shows the audit committee has a positive effect on financial performance in the first hypothesis (Ha1) is accepted.
2. The independent commissioner variable shows a significance value (Sig.) of 0.670 and a t value of 0.430, which means that when looking at the influence on financial performance, there is no significant impact from the presence of an independent commissioner. Therefore, the second hypothesis (Ha2) which shows that independent commissioners have a positive influence on financial performance must be rejected.
3. The company size variable shows a significance value (Sig.) of 0.000 and a t value of -7.375, which means that with the negative impact of company size on financial performance, the third hypothesis (Ha3) claims that company size has a positive influence on financial performance. must be rejected.
4. The intellectual capital variable shows a value (Sig.) of 0.022 and a t value of -2.375, which means that with the negative impact of intellectual capital on financial performance, the fourth hypothesis (Ha4) which argues that intellectual capital has a positive impact on financial performance must be rejected.

Discussion

The Audit Committee has a Positive Influence on Financial Performance

The results of partial hypothesis testing (t-test) show that the audit committee variable has a Sih value of 0.000, a value < 0.05 (0.000 < 0.05), and a t value of 5.360. Therefore, it can be concluded that Ha1 is accepted, which shows that the audit committee variable has a positive impact on financial performance. This shows that financial performance, as measured by return on assets, can be improved by the presence of an audit committee. The audit committee has an important role in maintaining and assisting the board of commissioners in the process of preparing financial reports in order to create an adequate company supervision system and implement good business governance. When the audit committee carries out its role well, it can minimize fraud or unilateral profits from management so that the financial reports issued are more credible and improve financial performance, which ultimately can have an impact on investors' interest in investing their capital, because investors tend to look at the company's financial reports before doing so. investment. This means that when investors' interest in investing increases, the company's financial performance also increases. These results are relevant to studies conducted by Aziz et al., (2021) and Himawan & Fazriah, (2021) which found that because they assist the Board of Commissioners in carrying out their responsibilities and duties impartially, the audit committee has an impact on financial performance. Financial performance will improve as a result of increased oversight of accounting and financial procedures carried out by a larger number of audit committees. However, this study is not relevant to Cahyaningrum et al., (2022) and Saputri et al., (2019), who stated that audit committees do not influence financial performance. A total audit committee that is too large cannot help the Board of commissioners maximize its performance.

Independent Commissioners Have No Influence on Financial Performance

After carrying out a partial hypothesis test (t-test), the researchers found that the independent commissioner variable had a significance value of 0.670, which was > 0.05 (0.670 > 0.05), and a t value of 0.430 showed there was no effect. So, Ha2 is rejected. The independent commissioner variable does not have an impact on financial performance. Financial performance is not influenced by the number of independent commissioners. This is contrary to GCG regulations which state that independent commissioners must ensure effective supervision. These regulations state that independent commissioners are responsible for carrying out review functions and providing recommendations to the board of directors. However, it is considered that simply complying with regulations and requirements causes independent commissioners to be less effective in carrying out their supervisory duties and functions and unable to resolve agency problems. The findings of this study are relevant to the findings of Aziz et al., (2021), who found that independent commissioners had no impact on the institution's financial performance. Apart from that, a study by Ernawati & Santoso, (2022) found that independent commissioners do not influence the financial performance of institutions because their existence is only to comply with regulations and cannot carry out effective supervision. Most of the review functions that should be carried out by independent commissioners are not carried out properly, especially in terms of stopping actions that are detrimental to the company. This study is in line with that conducted by IFADA et al., (2021), but according to a study conducted by Himawan & Fazriah, (2021), independent commissioners are able to improve the financial performance of a business because the more independent commissioners, the board of commissioners can force management to improve the quality of disclosure. The greater the total number of independent commissioners in a business is considered good because it prevents management from committing fraud, and ultimately the business's financial performance will be better and healthier.

Company Size Has a Negative Impact on Financial Performance

After carrying out partial hypothesis testing (t-test), the researcher found that the institutional size variable had a total significance value of 0.000, with a value < 0.05 (0.000 < 0.05), and a t value of -7.375 showed that the resulting effect was negative. Ha3 is rejected, so it can be indicated that at a certain level, expanding the size of the company based on additional assets can actually cause a decrease in ROA if it is not accompanied by good asset management capabilities. According to Brastibian & Rinofah, (2020), a business's financial performance will decrease if its size increases. This proves that company size is not the main factor that can have an impact on financial performance. This is because the company has not managed its resources well, such as total assets, technology, and intellectual property, which are factors in determining company size. As a result, company size will reduce financial performance. Findings made by Cristy & Dewi, (2019) found that company size also has a negative impact on financial performance which is proxied by the ROA value, but the findings of the Januarty study, (2019) show that company size has a positive impact on financial performance, which means that the business has a larger scale. Large companies have better financial performance because they can provide better information for investment purposes so that the public will pay more attention and be careful in reporting.

Intellectual Capital Has a Negative Impact on Financial Performance

After partial hypothesis testing (t-test), the Intellectual Capital variable has a Sig value of 0.022, meaning < 0.05 (0.022 < 0.05), and a t value of -2,375 shows that the resulting influence is negative. Thus, it can be concluded that Ha4 is rejected, meaning the Intellectual Capital variable has a negative impact on financial performance. For the financial performance of a business to increase, the use of intellectual capital must be increased. The

resource-based theory says that if a company can utilize resources correctly and effectively, it can build competitive potential which leads to successful financial performance. In other words, a company's IC is related to financial performance. IC in a company takes the form of knowledge and information possessed by human resources that can be used to obtain good products and competitive advantages. However, the findings of this study are not by resource-based theory, which states that institutions can gain competitive potential by relying on their resources, which allows the company to survive. Maybe some businesses still fail to manage their intellectual capital well, resulting in unprofitable results. Businesses in Indonesia are considered to have no competitive advantage and lack innovation, which results in low competitiveness (Saputra, 2020). The findings of this study are relevant to those carried out by Setiyowati & Mardiana, (2020), namely that companies that have not utilized intangible assets appropriately and efficiently may experience a decline in financial performance because the company continues to use tangible assets. Apart from that, a study conducted by Rahmaniar, (2020) found that intellectual capital has a small possibility of having a negative impact. Thus, the application of intellectual capital to a company does not always improve financial performance significantly but can also reduce financial performance because the company does not have sufficient management. In contrast to the study conducted by (Yuniar & Amanah, 2021), this study found that intellectual capital improves financial performance because it has the ability to manage its resources appropriately and efficiently, measured using ROA. According to studies by Soewarno & Tjahjadi, (2020) and Acuña-Opazo & González, (2021) Intellectual Capital has a positive impact on increasing financial performance. A larger amount of intellectual capital shows an increase in company profits, which in turn results in better financial performance. In this way, intellectual capital will contribute to the success of the institution's financial performance.

CONCLUSION

The results of the tests carried out resulted in the following conclusion: The audit committee has a positive impact on the financial performance of BUMN in 2020-2022. When the audit committee carries out its supervisory obligations well, it will increase the company's success in having an impact on investors' interest in investing, so that the institution's financial performance will improve performance. Independent commissioners have no impact on BUMN's financial performance in 2020-2022. The existence of independent commissioners is considered only to comply with existing regulations so that they cannot carry out their supervisory function properly. Company size has a negative impact on BUMN's financial performance in 2020-2022. The size of the company can cause a decrease in ROA due to inadequate use of resources. Intellectual Capital has a negative impact on BUMN's financial performance in 2020-2022. The application of intellectual capital to a company does not always improve financial performance significantly but can also reduce financial performance because the company does not have sufficient management.

Resources Base Theory proposed by (Wernerfelt, 1984) and Barney, (1991) states that institutional resources have a crucial role in optimizing the effectiveness and efficiency of business operations. Intellectual Capital is an intangible asset that is able to provide a company with knowledge-based resources and understanding that can optimize its performance and competitive skills, as well as provide value to the company and improve its position in the market. However, the findings from this research show that Intellectual Capital has a negative impact on financial performance. This is caused by the minimal sample used so it is unable to detect differences or relationships that actually occur in the research population and has an impact on the results obtained so that they are not in line with existing theory.

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