

The Influence of Intellectual Capital and Financial Performance on Firm Value

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Abstrak

Studi ini dilakukan dengan tujuan mengkaji serta mengevaluasi bagaimana *intellectual capital* dan *financial performance* memberikan dampak terhadap *firm value* pada emiten sektor *consumer non-cyclicals* yang tercatat di Bursa Efek Indonesia selama rentang waktu 2021-2025. Metode yang diterapkan dalam penelitian ini bersifat kuantitatif, dengan pemilihan sampel dilakukan melalui teknik *purposive sampling*. Berdasarkan hasil pengujian regresi linier berganda, ditemukan bahwa *intellectual capital* maupun *financial performance* sama-sama memberikan pengaruh positif yang signifikan terhadap *firm value*. Dengan kata lain, ketika pengelolaan *intellectual capital* dilakukan secara lebih optimal dan *financial performance* perusahaan mengalami peningkatan, maka *firm value* yang dihasilkan pun akan semakin tinggi.

Kata Kunci: *Intellectual Capital, Financial Performance, Firm Value.*

Abstract

This study seeks to investigate and evaluate the extent to which intellectual capital and financial performance affect firm value among companies within the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during the 2021–2025 period. A quantitative research design was employed, with sample selection carried out using a purposive sampling method. Findings derived from multiple linear regression analysis reveal that both intellectual capital and financial performance exert a significant positive influence on firm value. In other words, as companies manage their intellectual capital more effectively and demonstrate stronger financial performance, the resulting firm value tends to increase accordingly.

Keywords: *Intellectual Capital, Financial Performance, Firm Value.*

A. INTRODUCTION

Amid the increasingly intense competition in the global business environment, companies are compelled to strengthen their firm value from the perspective of investors. Firm value serves as an indicator of investor confidence in a company's achievements and its outlook going forward, and this can be reflected through the movement of its stock price within the capital market. The main goal a company seeks to achieve through its operations is to increase firm value, which represents the company's success in enhancing investor welfare (Hutauruk, 2024). The more positive the market's response to a company's performance, the higher its firm value tends to be.

The consumer non-cyclicals sector sells primary need products that are required by the public in daily life, where sales in this sector are relatively stable and not significantly affected by seasonal changes or economic cycles. Companies from this sector dominated the IPO pipeline on the Indonesia Stock Exchange in May 2025, accounting for 16.7 percent, or five companies (Sari, 2026). However, expectations of stable performance were not met in 2025; the sector index recorded a decline of -1.75 percent (YtD) early in the year, worsening to -4.04 percent (YtD) by mid-year. Although the index improved by the end of the year, growing 8.58 percent (YtD), this growth still lagged far behind the Jakarta Composite Index (IHSG), which rose 20.59 percent (YtD) (Fernando, 2025). The slowdown in the consumer non-cyclicals sector was driven by declining public purchasing power, rising raw material and logistics costs, and a shift in investor interest toward sectors considered more promising (Kontan, 2024). This situation illustrates a weakening in investors' perception of a company's firm value, which turns the effort to maximize firm value into a significant challenge, given that it is shaped by a combination of both internal and external factors.

One internal factor that plays a role in influencing firm value is intellectual capital. Amid pressure from rising raw material costs and shifting consumer behavior, companies can no longer rely solely on tangible assets but need to strengthen intangible assets through

the management of intellectual capital in order to adapt flexibly. Investors are increasingly interested in companies with a knowledge advantage, as such companies are considered to have a stronger long-term strategy. A company's ability to manage the components of intellectual capital, namely human capital, structural capital, and relational capital, becomes an important factor in shaping intellectual capital (Niwash *et al.*, 2022). Optimal knowledge management is able to generate higher added value for the company.

Literature studies show inconsistent results from previous research examining the effect of intellectual capital on firm value. Research conducted by Indriastuti *et al.* (2025), Muchlis *et al.* (2024) and Robiyanto *et al.* (2021) shows that intellectual capital has a positive effect on firm value, where the optimal use and management of intellectual capital is considered to play a role in increasing investor confidence. However, these findings contradict those of Firdaus *et al.* (2024) and Hanun *et al.* (2023), who found that intellectual capital has no effect on firm value. This difference in previous research results creates a research gap regarding the effect of intellectual capital on firm value.

Another factor that plays a role in determining firm value is financial performance. Financial performance reflects a company's success in managing its resources to generate profit, and it serves as one of the main considerations for investors before making an investment decision (Pamungkas *et al.*, 2023). Ferriswara *et al.* (2022) and Robiyanto *et al.* (2021) found that financial performance has a positive effect on firm value. Strong financial performance becomes a determining factor in the increase of firm value, since stable and growing profit is able to increase a company's appeal in the eyes of investors.

In line with the problem statement presented earlier, the objective of this study is to test and evaluate the influence exerted by intellectual capital and financial performance on firm value among Consumer Non-Cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

B. THEORETICAL STUDY AND HYPOTHESIS DEVELOPMENT

Resource-Based Theory

Resource-based theory is a strategic management theory stating that a company which owns and is able to manage its strategic resources will gain an advantage that becomes the basis of the company's long-term performance (Ali *et al.*, 2022). This theory explains how a company maintains its uniqueness amid business competition and emphasizes the importance of efficiency in managing resources to create advantage. A company's resources, consisting of tangible and intangible assets, can be used as an appropriate strategy to improve company performance (Noor *et al.*, 2023). According to resource-based theory, the management of a company's strategic resources encourages an increase in firm value that is reflected in investor assessment. Intellectual capital, as an intangible strategic resource, can be optimally managed to create sustainable business performance, which in turn increases firm value.

Signaling Theory

Signaling theory was first introduced by Michael Spence in 1973 through his work entitled “Job Market Signaling” (Ghozali, 2020). This theory focuses on solving the information problem faced by shareholders and company management, which arises due to the difference in information owned by both parties. Companies attempt to send signals in the form of positive information regarding their performance to the market so that investors are interested in investing. According to signaling theory, financial performance is one of the pieces of financial information that becomes the basis for investors' investment decisions. Companies that transparently present information about their financial performance show that they are ready to face future competitive challenges. When investors capture a signal that a company has good performance, the market will respond positively through a rise in

stock price, which reflects an increase in firm value that is recognized by the public (Robiyanto *et al.*, 2021).

Firm Value

Firm value is the economic value created by a company for its shareholders, and this value is reflected in the price of its outstanding shares (Valencia, 2025). Firm value is the investor's view of the level of a company's success in providing maximum welfare to shareholders through an increase in the company's stock price (Hanun *et al.*, 2023). The main objective of a company in carrying out its operations is to maximize firm value, because an increase in firm value is seen as an indicator of management's success in providing welfare to investors. In its measurement, firm value is considered most appropriate when using a market indicator such as Tobin's Q, which is regarded as an accurate measuring tool because it does not only reflect the book value of assets but also combines the market value of a company's shares and debt (Septyanto & Nugraha, 2021).

Intellectual Capital

Intellectual capital is considered an intangible resource for an organization and an important factor in increasing company profit and performance (Rehman *et al.*, 2021). Unlike tangible assets, intellectual capital is often not directly visible in financial information, yet it is able to increase operational efficiency far beyond tangible assets (Liu *et al.*, 2022). The structure of intellectual capital is generally classified into three main, interrelated components, namely human capital, structural capital, and relational capital (Arifin *et al.*, 2021). Among the various measurement approaches, the most dominant method used in previous studies is the Value Added Intellectual Coefficient (VAIC™) developed by Ante Pulic, which assesses how much added value can be generated from the efficient use of a company's physical capital, human capital, and structural capital (Harmono & Insyiroh, 2024).

Financial Performance

Financial performance is the result of policies and decisions continuously taken by company management, which can be used to assess the company's overall performance. For investors in the capital market, stable financial performance is a positive signal that the company is able to manage its assets well and has the potential to generate profit (Valencia, 2025). Among the types of financial ratios commonly used, the profitability ratio is most often applied because it reflects a company's ability to generate profit from the assets it owns. In this research, financial performance is measured using Return on Assets (ROA), which measures the extent to which a company is able to generate profit by managing the assets it owns (Alrabei *et al.*, 2023).

The Influence of Intellectual Capital on Firm Value

The effective deployment of intellectual capital plays a crucial role in generating value for a company within the context of today's knowledge-driven economic competition. When intellectual capital is managed in an optimal manner, it is regarded as a strategic approach to fostering business sustainability while simultaneously enhancing firm value (Saraswati *et al.*, 2024). Companies possessing robust intellectual capital tend to be viewed more favorably by investors, as such companies are perceived to be better equipped to manage knowledge and achieve sustainable growth. This view is further reinforced by a number of studies reporting that intellectual capital exerts a positive influence on firm value (Dharmakeerthi & Ranjani, 2022; Hermawan *et al.*, 2025; Suryati & Sutrisna, 2023). The consistency of findings across these studies strengthens the assumption that intellectual capital is an important factor in improving firm value. Based on the arguments above, the following hypothesis is formulated:

H1 = Intellectual capital has a positive effect on firm value

The Influence of Financial Performance on Firm Value

Financial performance is the main indicator that reflects a company's success in managing its strategic resources to generate profit. Good financial performance shows that

a company is able to run its operations efficiently and generate profit consistently. Within the framework of signaling theory, a high level of financial performance sends a positive signal to investors regarding the company's growth prospects and economic stability. This positive signal usually makes investors more confident in investing their capital, so that demand for the company's stock increases. Several studies show that financial performance has a significant positive effect on the improvement of firm value (Fauzi, 2022; Ferriswara *et al.*, 2022; Truong *et al.*, 2026). Companies that are able to maintain good financial performance will find it easier to increase their value in the eyes of the market. Based on the arguments above, the following hypothesis is formulated:

H2 = Financial performance has a positive effect on firm value

C. METHOD

This study applies a quantitative approach for analyzing data expressed in numerical form. The population comprises Consumer Non-Cyclicals sector companies that were listed on the Indonesia Stock Exchange between 2021 and 2025, amounting to 113 companies in total. Data were gathered from company annual reports and financial statements. Using the purposive sampling technique—applying criteria whereby the company must be listed on the Indonesia Stock Exchange during 2021–2025 and must have issued both a complete annual report and financial statement for that period, total of 506 observations were obtained. After conducting the outlier elimination process, the study's final dataset was narrowed down to 485 observations.

D. RESULTS AND DISCUSSIONS

Descriptive Statistics

Descriptive statistical analysis is used to describe the data collected in this research, which can be seen from the minimum, maximum, mean, and standard deviation values.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IC	485	-20.01	24.16	3.2661	4.47124
FP	485	-0.69	0.94	0.0432	0.11960
FV	485	0.46	6.38	1.6001	1.00140
Valid N (listwise)	485				

Source: Data processed 2026

1. The intellectual capital variable ranges from a minimum of -20.01 to a maximum of 24.16, recording a mean of 3.2661 that is smaller than its corresponding standard deviation of 4.47124. This points to a heterogeneous, or considerably varied, distribution of intellectual capital data.
2. The financial performance variable shows a minimum value of -0.69 and a maximum of 0.94, with its mean of 0.0432 falling short of the standard deviation of 0.11960. This reflects a heterogeneous, widely dispersed distribution of financial performance data.
3. The firm value variable spans a minimum of 0.46 to a maximum of 6.38, with a mean value of 1.6001 that surpasses its standard deviation of 1.00140. This signals a homogeneous distribution pattern, indicating relatively limited variation in the firm value data.

R² Determination Test

Table 2. Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.338	0.114	0.109	0.38660

Source: Data processed 2026

According to the test results presented in the table above, the Adjusted R Square value obtained is 0.109. This indicates that intellectual capital and financial performance, when considered together, account for 10.9 percent of the variation in firm value, whereas the remaining 89.1 percent is attributable to other variables that fall outside the scope of this study.

Partial Test (t-test)**Table 10. Partial Test (t-test) Results**

Model	t	Sig.
(Constant)	5.595	0.000
Intellectual Capital	2.787	0.006
Financial Performance	5.549	0.000

Source: Data processed 2026

Based on the table above, the influence of each hypothesis can be explained as follows:

The intellectual capital variable shows a t-value of 2.787 with a significance value of 0.006, which is less than 0.05, so H1 is accepted. This result indicates that intellectual capital has a significant positive effect on firm value. This is consistent with research by Madyan *et al.* (2022) and Saraswati *et al.* (2024), which found that intellectual capital has a significant positive effect on firm value. This result can be interpreted as meaning that the more optimally a company manages its intellectual capital, the greater its ability to increase efficiency and generate innovation, thereby increasing investor confidence and ultimately raising firm value. This finding is in line with resource-based theory, which states that a company able to manage its internal resources properly can produce added value and better performance, which in turn increases firm value (Hermawan *et al.*, 2025).

The financial performance variable shows a t-value of 5.549 with a significance value of 0.000, which is less than 0.05, so H2 is accepted. This result indicates that financial performance has a significant positive effect on firm value. These results support research by Ferriswara *et al.* (2022) and Robiyanto *et al.* (2021), which state that financial performance has a significant positive effect on firm value. This can be interpreted as meaning that a company able to generate large profits demonstrates good financial performance, which increases investor confidence and encourages a rise in stock price that ultimately increases firm value. Financial performance is one of the main considerations for investors before making an investment decision (Pamungkas *et al.*, 2023). This finding is

consistent with signaling theory, which states that high financial performance shows good financial condition, so that investors respond positively to this signal and firm value increases accordingly.

E. CONCLUSIONS

The findings of this research concerning the influence of intellectual capital and financial performance on firm value in Consumer Non-Cyclicals sector companies during the 2021–2025 period can be summarized as follows. Intellectual capital is found to exert a significant positive effect on firm value. When human capital, structural capital, and relational capital—the components of intellectual capital—are managed effectively, companies are able to improve their operational efficiency, drive innovation, and build stronger investor trust, all of which contribute to raising firm value. Similarly, financial performance is shown to have a significant positive effect on firm value. Companies capable of consistently generating profit demonstrate sound financial performance, which conveys a favorable signal to investors, drives stock price growth, and ultimately leads to an increase in firm value. Taken together, these results suggest that both intellectual capital and financial performance represent critical internal factors that Consumer Non-Cyclicals sector companies must manage effectively in order to enhance their value from an investor's standpoint.

F. SUGGESTIONS

In light of the conclusions presented above, future research is encouraged to broaden its research scope by incorporating industry sectors other than consumer non-cyclicals, in order to yield a more complete picture of the factors influencing firm value. Additionally, subsequent studies should consider including further variables that may impact firm value and employing alternative profitability proxies, such as Return on Equity (ROE) or Net Profit Margin (NPM). Data collection is also recommended to extend beyond annual reports by

incorporating primary sources, such as interviews or surveys, thereby enabling a more comprehensive understanding of intellectual capital, financial performance, and firm value.

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