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The Effect of Intellectual Capital, Operating Capacity and Intangible Asset on Firm Performance Moderation By Agency Cost

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ABSTRACT

The purpose of this study is to analyze the effect of intellectual capital, operating capacity, and intangible assets on company performance moderated by agency costs. This study utilizes information taken from financial reports originating from the Indonesia Stock Exchange (IDX) using purposive sampling that meets the exploration steps. The research period was 5 years from 2017 to 2021 with the amount of information used, namely 50 samples of manufacturing companies in the consumer goods sector. The research method uses STATA with secondary data types. The results of the study state that intellectual capital and operating capacity partially affect the company's performance, while intangible assets partially do not affect the company's performance. The results of the moderating variable state that agency costs can moderate intellectual capital and intangible assets on company performance, while agency costs cannot moderate operating capacity on company performance.

Keywords: *Intellectual Capital, Operating Capacity, Intangible Assets, Firm Performance and Agency Costs*

1. INTRODUCTION

Digital transformation is considered to have an impact on business activities that are growing rapidly which makes competitiveness within the company tighter. With the increasingly tight competitiveness of the company, the company must maximize the company's performance in order to compete with other companies (Jayanti, 2020). Unilever's product sales rose 5.7% around Rp215.25 trillion in the first quarter of 2021. Even so, Unilever's good global performance did not seem to have an impact on PT Unilever Indonesia Tbk. Realized revenue for domestic companies fell by 7.58% in the first quarter of 2021. The decline also occurred in sales in the form of exports of 12.19%. As a result, the company's profit fell 7.8 percent from Rp 11.15 trillion to Rp 10.28 trillion. This caused the profit to decrease by 8.83% from Rp 1.86 trillion to Rp 1.69 trillion. However, total fixed assets rose 5.4 percent from Rp 20.53 trillion to Rp 21.64 trillion. Meanwhile, liabilities decreased by

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3.27% from Rp 15.59 trillion to Rp 15.08 trillion (Uli, 2021). PT Unilever Indonesia Tbk has implemented good company performance to date, although every year the company experiences ups or downs. With the creation of good corporate performance, PT Unilever Indonesia Tbk must remain focused in overcoming various challenges in the future and still have a good strategy so that in the future it can be better than the previous year and avoid financial distress.

Company performance is one of the main factors for investors in obtaining profits generated from a company and can be an opportunity to increase profits or profits for the company every year (Tambun, 2021). A positive ROA if the company can generate profit growth for the company from the total assets used for operations. On the other hand, if the ROA is negative, you cannot profit from the value of the assets invested, so you can experience losses (Awaluzi & Maharani, 2020).

Intellectual capital has an important role in generating added value for the company which serves to improve company performance (Guntoro & Arrozi, 2020). Intellectual capital is needed for entities to generate profits or added value for the company (Lestari, 2017). Intellectual capital as an intangible asset is the main asset for companies to create strategies that aim to improve the company's performance and competitiveness (Jayanti, 2020).

Operating capacity or activity ratio becomes a benchmark to assess whether or not a company is effective in operating its assets to generate profits, so that it will shape the accuracy of operational performance. Total asset turnover shows the company's performance in utilizing its assets to generate profits (Yudiawati & Indriani, 2016). The size of the sales value will affect the profit of a company (Abbas, 2017). The activity ratio can assess the effectiveness of a company by using the available resources (Hermanto & Prabowo, 2022).

Intangible assets as material resources (not physical resources such as financial assets or fixed assets) are not reported in accounting, must develop over time and are not easily obtained and imitated (Purwanti & Mu'ah, 2019). The increase in the intangible assets of an entity can improve the company's financial performance (Trisnajuna & Sisdyani, 2015). There are still many companies that improve company performance through efficient physical capital. Therefore, using tangible assets presents more benefits than using intangible assets (Tambun & Maylani, 2020).

Differences in interests between managers and principals create agency costs (Rahima, 2020). Agency conflicts occur due to managers prioritizing personal interests which create irregularities in the costs incurred by the company, thereby reducing financial performance (Lestarini & Sariwulan, 2019).Agency costs incurred by a company that are too high or allowed to increase, thereby reducing financial performance (Pujawati & Surasni, 2020).

There is a previous study that analyzed "Impact of intellectual capital on profitability: Evidence from software development companies in the Slovak Republic" (Serpeninova et al, 2022). With the result that intellectual capital affects the company's performance positively. However, the difference from this study is in the use of operating capacity and intangible assets as independent variables and agency costs as moderating variables which will serve to determine whether agency

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costs are able to strengthen or weaken the relationship between intellectual capital, operating capacity, and intangible assets on performance. company.

The purpose of this study is to determine how intellectual capital, operating capacity and intangible assets can affect the company's performance with agency costs as moderation. Then in this study, the population from the consumer goods sector comes from the IDX in 2017-2021. It is hoped that this research can also contribute to improving the company's performance as a development of the knowledge that previously existed in consumer goods companies.

2. LITERATURE REVIEW

Signal Theory (Signalling Theory)

Spence, (1973) argues that signaling theory is a way for owners to provide instructions to investors on how management assesses company performance (Spence, 1973). Signal theory states that one party must transmit a signal that the receiver can understand and analyze. Good financial reports are a signal that a company's business is going well. Good management performance will make the relationship between owners and investors continue and signal recipients also understand the company's signal as a good signal. The shareholders or investors need to find information needed related to the signal to take maximum benefit, (Priyanto & Irawati, 2022). Thus the benchmark of an entity's financial performance becomes important in the relationship between owners and investors (Son & Changeno, 2021).

Firm performance

*Return on assets*A high value makes the value that the market will provide for the company will also be better (Brigham & Weston., 1991). Company performance is an effort made by the company in order to achieve the target in generating profits (Tambun, 2021). The profits obtained by the company are expected to be able to satisfy shareholders, one of which is by paying dividends, so that profits become a benchmark to see the amount of profit generated (Raharjo & Abdurrahman, 2020).

Intellectual Capital

John Kenneth Galbraith (1969) states that in generating value, intellectual capital is a form of intelligence and brain ability (Galbraith, 1969). Intellectual capital is one of the resources that must be owned by the company. Intellectual capital is the difference between market value and book value of company assets or company capital. Intellectual capital is often the main determinant of a company's profit (Eve & Abdurrahman, 2020). Tool for measuring intellectual capital with VAIC (Pulic, 2000). There are three components of intellectual capital, namely Value-Added Capital Employed, Value Added Human Capital, and Structural Capital Value Added.

Operating Capacity

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Operating capacitycan be measured by the ratio of total asset turnover. High total asset turnover makes the company better at managing its assets, so that it is able to obtain the profits it wants to achieve (Brigham & Weston., 1991). Operating Capacity measures the effectiveness in managing the resources owned by an entity. The company has a high level of operational capacity due to the high level of income compared to the company's asset level (Ika & Suliati, 2020). Total Asset Turnover is described by the ability of funds embedded in all assets to circulate during a certain period to generate profits (Ginting, 2018).

Intangible Assets

The characteristics of intangible assets are the high uncertainty of their useful life and do not have a physical form (Kieso et al, 1989). Intangible assets cannot be separated from an entity because they have unlimited benefits, and undergo significant changes in valuation (Fauzia, 2020). The types of intangible assets are Patent, Copyright, Trademark/Trade Name, Franchise, and goodwill.

Agency Cost

Jensen and Meckling (1976) say agency costs are costs incurred by shareholders to minimize agency problems and maximize profits (Jensen & Meckling, 1976). Costs that arise due to differences in interests are called Agency Costs and divide the Agency Costs into three, namely supervision costs, bonding costs, and Residual Loss. The owner of the company will invest in entities that have large profits but there is a condition that the manager does not take the investment, or the manager often decides to take decisions that are considered less profitable by the owner of the company. This can be a conflict of interest between the principal (Nugraha, 2021).

Intellectual Capital Relationship to Firm Performance

Intellectual capital is material that has been used, compiled, and captured, with the aim of obtaining a higher asset value. Companies must have an important role in the management of intellectual capital (Intellectual Capital). If the company carries out intellectual capital well, then the company will get value added (added value). So the company must be able to improve the company's performance in order to maintain its competitiveness (Mardiana, 2021). Intellectual capital affects the company's performance positively, because better management of intellectual capital can increase company performance (Serpeninova et al., 2022). Increasing employee productivity will increase the company's added value, which will have an effect on company performance (Sari, 2017). Therefore, the researcher provides a hypothesis:

H1: Intellectual capital has a positive effect on firm performance.

Relationship between Operational Capacity and Firm Performance

The ratio of operating capacity will increase if sales are relatively greater than the growth of assets owned by the company. On the other hand, if sales growth is relatively low compared to the company's asset growth, the ratio will be lower. If the operating capacity is higher, the company can use the company's assets to generate greater sales. The greater the profit generated, the more companies send positive signals to investors and avoid financial distress (Oktaviani, 2019). Total

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Asset Turnover affects the company's performance positively (Soedjatmiko et al, 2017). The ratio of operating capacity affects Return On Assets positively (Abbas, 2017). The ratio of operating capacity does not affect the return on assets (Hermanto & Prabowo, 2022). So the researcher proposes a hypothesis:

H2: Operating capacity has a positive effect on firm Performance.

Relationship of Intangible Assets to Firm Performance

The high intangible assets will make the higher the ability of the capital invested in these assets to generate profits for the owner of the company (Gamayuni, 2019). The effect of intangible assets on the performance of their company explains that the cost of developing intangible assets and goodwill and research has a significant influence (Okoye *et al*, 2019).Unlisted and registered intangible assetspositively affects the company's profitability (return on assets, profit margins) (Arianpoor, 2021). Intangible assets are not positively correlated with the company's performance, intangible assets are not correlated with the company's future performance, the growth rate of the entity's IC is not positively correlated with the company's performance, and IC has a different contribution to the company's performance (Tambun & Maylani, 2020). Thus, the researcher proposes a hypothesis:

H3: Intangible assets have a positive effect on firm Performance.

Relationship between Intellectual Capital and Firm Performance Moderated by Agency Costs

Intellectual capital affects company performance because it has important implications for managers of a company to have the advantage of IC resources and achieve high financial targets (Xu & Liu, 2020).The company's intellectual capital can cut factory production costs and increase sales. Intellectual capital can provide value through its core activities. Better core activities or decisions made by intellectual capital, means lower agency costs (Wijaya, 2017). Agency costs have a positive effect on company performance, because an attitude of not caring about agency costs can reduce the achievement of competitive advantages which can have a negative impact on company performance (Lestarini & Sariwulan, 2019b). Agency costs do not affect the company's performance (Murdiansyah et al., 2017). Intellectual capital affects profitability negatively by proxy of return on assets (Rahayu*et al*, 2020). Thus, the researcher proposes a hypothesis:

H4: Agency costs can moderate the influence of intellectual capital on firm performance.

The Relationship of Operating Capacity to Firm Performance Moderated by Agency Costs

The activity ratio shows no effect on return on assets (Hermanto & Prabowo, 2022). Sales that are relatively large relative to an increase in assets can make this ratio higher, otherwise if the ratio is lower for the company, the increase in sales is relatively smaller than the increase in assets. The better the company uses its assets to generate income, the more profits, and opportunities it must bring to the company. This shows that the better a company achieves financial performance, the less likely it is to experience financial distress (Pratiwi, K., & Muslih, 2020). Agency costs are negatively related to financial performance. Because reducing agency costs will lead to increased financial efficiency. Agency costs have an insignificant impact on company performance (Komarudin & Affandi, 2020). Agency costs affect the company's performance because agency conflicts arise when managers prioritize their personal interests (Lestarini & Sariwulan, 2019). Operating capacity has no effect on company performance (Sanjaya et al, 2015). With that, the researcher proposes the following hypothesis:

H5: Agency costs are able to moderate the effect of operating capacity on firm performance.

Relationship of Intangible Assets to Firm Performance Moderated by Agency Costs

Agency costs will be higher in companies that have intangible assets. Intangible assets will increase the agency costs of shareholders because there is a lot of information and actions hidden by the company that shareholders want to know (Daulay, 2017). Intangible assets affect company performance because intangible investment is not a cost or a waste for SMEs. Thus, business managers should, not only increase profitability for the survival of their companies, but also provide a positive flow for the value of the company to investors by investing more in intangible assets (Seo & Kim, 2020). Firm performance affects agency costs positively because the higher the company's performance, the more key stakeholders it has (Hamidah et al, 2017). Intangible Assets have no significant effect on improving financial performance (Purwanti & Mu'ah, 2019). Agency costs have a negative effect on profitability because if agency costs increase then profitability can decrease (Hermanto & Liem, 2022). Thus, the researcher proposes the following hypothesis:

H6: Agency costs are able to moderate the effect of intangible assets on firm performance.

3. RESEARCH METHOD

In this study there is one dependent variable, namely Company Performance and has 3 independent variables, namely Intellectual Capital, Operating Capacity, and Intangible Assets, and has a moderating variable, namely Agency Costs. The following is the form of the research model used:

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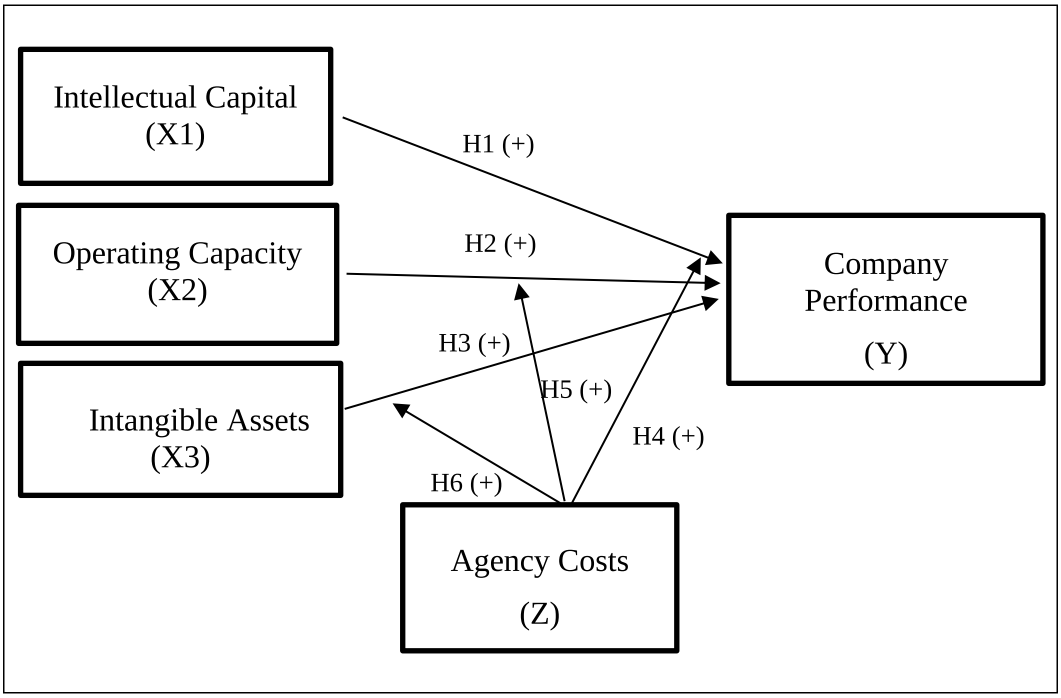

Figure 1 Research Model

Data Collection Techniques

The data in this study utilizes a purposive sampling method from consumer goods sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2017 to 2021. With the criteria for companies that publish financial reports for the period 2017-2021, and are included in the consumer goods industry sub-sector, and Manufacturing companies in the consumer goods sector that generate profits each period.

Operational Definitions of Variables

In this study there is one dependent variable, namely Company Performance, and has 3 independent variables, namely Intellectual Capital, Operating Capacity, and Intangible Assets, and has a moderating variable, namely Agency Costs. Company measurement variable as proxied by ROA (Return on Assets) is one of the best indicators to measure the company's performance where the return on assets is determined by the company's environmental factors and factors. A high level of profitability can indicate that the company's managerial performance is good (Jayanti, 2020).

Intellectual Capital is proxied by Value Added Intellectual Coefficient (VAIC™). To measure the intellectual capital of the company, the researcher uses the VAIC method where there are 3 components to measure the performance of intellectual capital, namely VAHU (Value Added Human Capital), VACA (Value Added Capital Employed) and STVA (Structural Capital Value Added) (Mardiana, 2021). Measurement of Operating Capacity variable is proxied by total asset turnover. Total asset turnover (TATO) is a company's ability to measure the extent to which total assets rotate for its operating activities in one period (Meylawati, 2020). Then

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to measure the Intangible Assets variable as proxy using Dummy Variables based on previous research by (Fauzia, 2020), for companies that disclose Intangible Assets in the Annual Report as Fixed Assets in the form of intangible fixed asset accounts, trademarks, patents, they are given value of 1 (one) for companies that do not disclose intangible assets, value of 0 (zero). Measurement of Agency Cost Variables is proxied by using the ratio of administrative costs, namely the ratio of standardized administrative costs to sales based on previous research by (Rahima, 2020).

Sample Collection Techniques

Data in the form of annual financial reports in this study are secondary data obtained from the official website of the IDX on the company consumer goods manufacturing sector. The sample taken for this study is 50 samples during the 2017-2021 period. The time of this study starts from July 01, 2022, until August 09, 2022.

Data Analysis Techniques

The type of measurement used in this study is to measure the causal relationship (explanatory causality) between the dependent variable, the independent variable, and the moderating variable in the quantitative method using multiple linear regression described in the following equation:

$$\mathbf{ROA = \alpha + \beta 1 VAIC + \beta 2 TATO - \beta 3 ATB + \beta 4 (VAIC.AGC) - \beta 5 (TATO.AGC) + \beta 6 (ATB.AGC) + \varepsilon}$$

Information:

ROA	= Return on Assets
AGC	= Agency cost (agency cost)
VAIC	= Value Added Intellectual Capital
TATO	= Total Assets Turnover
ATB	= Intangible Assets (intangible assets)
α	= Constant coefficient
β	= Coefficient of independent variable
Ɛ	= barrier variable

Testing the data in this study uses the classical assumption test, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Then using the t test and adjusted R2 test using the STATA program.

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4. DATA ANALYSIS AND DISCUSSION

Data Analysis

Tabel 1 Descriptive Statistical Test Results

No	Variabel	Mean	Std Deviasi	Min	Max
1	Company Performance	6,1822	3,596477	0,05	15,47
2	Intellectual Capital	4,7026	3,163234	1,09	12,77
3	Operating Capacity	1,1228	0,5000247	0,45	3,16
4	Intangible Assets	0,54	0,5034574	0	1
5	Agency Cost	7,8076	3,748577	0,48	15,02

Descriptive Statistics Test, the Company Performance variable has a minimum value of 0.05 at PT Sekar Bumi Tbk in 2019. The maximum value is 15.47 at PT Wilmar Cahaya Indonesia Tbk in 2019, with a standard deviation of 3.596477 and a mean value of 6.1822. This value proves that the profit generated by each company is different from the previous year and to the following year. The Intellectual Capital variable has a minimum value of 1.09 which is at PT Sekar Bumi Tbk in 2019. The maximum value is 12.77 at PT Wilmar Cahaya Indonesia Tbk in 2019, with a standard deviation of 3.163234 and a mean value of 4.7026. The difference in value can be due to the diversity of each company in managing and generating added value for the company. The Operating Capacity variable has a minimum value of 0.046 at PT Integra Indocabinet Tbk in 2018. The maximum value is 3, 16 at PT Wilmar Cahaya Indonesia Tbk in 2021, with a standard deviation of 0.5000247 and a mean value of 1.1228. The difference in value can be due to an increase in sales in generating profits in each of their respective companies. The Intangible Assets variable has a minimum value of 0 at PT Kino Indonesia Tbk in 2020. The maximum value is 1 at PT Nippon Indosari Corpindo Tbk in 2021, with a standard deviation of 0.5034574 and a mean value of 0.54. The difference in value can be due to the variety of each company in using intangible assets. The agency cost variable has a minimum value of 0.84 at PT Wilmar Cahaya Indonesia Tbk in 2021. The maximum value is 15.02 at PT Pyridam Farma Tbk in 2017, with a standard deviation of 3.748577 The difference in value can be due to the increase in sales in generating profits in each company. The Intangible Assets variable has a minimum value of 0 at PT Kino Indonesia Tbk in 2020. The maximum value is 1 at PT Nippon Indosari Corpindo Tbk in 2021, with a standard deviation of 0.5034574 and a mean value of 0.54. The difference in value can be due to the variety of each company in using intangible assets. The agency cost variable has a minimum value of 0.84 at PT Wilmar Cahaya Indonesia Tbk in 2021. The maximum value is 15.02 at PT Pyridam Farma Tbk in 2017, with a standard deviation of 3.748577 The difference in value can be due to an increase in sales in generating profits in each of their respective companies. The Intangible Assets variable has a minimum value of 0 at PT Kino Indonesia Tbk in 2020. The maximum value is 1 at PT Nippon Indosari Corpindo Tbk in 2021, with a standard deviation of 0.5034574 and a mean value of 0.54. The difference in value can be

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Normality test, used to assess whether in the regression model the confounding or residual variables have a normal distribution. The test results show that the data in this study are normally distributed as seen from the value of Prob>chi2 greater than 0.05.

Autocorrelation Test used the Durbin Watson test method to assess the presence or absence of autocorrelation in the data. The standard DW value can be said that there is no autocorrelation if it meets the requirements of the autocorrelation test, namely dU < DW < (4-DU). It can be seen that the DW value in the 1.7895 study is between 1 and 3 and meets the requirements for the value of dU < DW < (4-DU) which is 1.7708 < 1.7895 < 2.230 so it can be said that autocorrelation does not occur.

Multicollinearity Test, seen from the tolerance value in the test results, the data is said to be multicollinearity if the Variance Inflation Factor (VIF) value < 10. It can be seen from the multicollinearity test results that the VIF value is 1.58 which does not occur multicollinearity.

Heteroscedasticity Test, with the Breusch-Pagan/Cook-Weisberg test, the data is said to be free from heteroscedasticity if the probability value is > 5% or 0.05. So it can be seen from the test results that the probability value in the study is 0.9 > 0.05 so it can be said that the research model is free from heteroscedasticity symptoms.

Test Adjusted R2, if the value is close to 1, it means that the independent variable has a strong influence in explaining the dependent variable. The value of R Square in the study is 0.9389, indicating that the influence of intellectual capital, operating capacity, intangible assets and agency costs on company performance is 93.89%.

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Hypothesis test

Table 1 Hypothesis Test Results

Hipotesis	Significance Value	Coefficient Value	
H1: Intellectual capital has a significant positive effect on company performance	0,000	0,8701018	Accepted
H2: Operating capacity has a significant positive effect on company performance	0,041	0,9156658	Accepted
H3: Intangible assets have a significant positive effect on company performance	0,001	-2,238667	Rejected
H4: Agency costs are able to moderate intellectual capital on company performance	0,001	0,05005	Accepted
H5: Agency costs are able to moderate operating capacity on company performance	0,786	-0,01583	Rejected
H6: Agency costs are able to moderate intangible assets on company performance	0,022	0,157859	Accepted

Partial Test (t Test)

The results of the first hypothesis test (H1) prove that partially intellectual capital affects the company's performance is positively accepted. The significance test value of the intellectual capital variable is 0.000 <0.05. Based on the positive value of the coefficient, namely 0.8701018, so it can be said that intellectual capital affects the company's performance positively, then H1 is accepted.

The results of the second hypothesis test (H2) prove that operating capacity affects the company's performance positively accepted. The significance test value of the operating capacity variable is 0.041 < 0.05. Based on the positive coefficient value of 0.9156658 so it can be said that operating capacity affects the company's performance positively, then H2 is accepted.

The results of the third hypothesis test (H3) prove that partially intangible assets affect the company's performance negatively. The significance test value of the intangible asset variable is 0.001 <0.05. Based on the negative coefficient value, -2.238667, it can be concluded that intangible assets negatively affect the company's performance, so H3 is rejected.

The results of the fourth hypothesis test (H4) prove that partially agency costs can moderate intellectual capital on company performance. The significance test value is 0.001 < 0.05 and the coefficient value is 0.05005 so it can be said that agency costs are able to moderate intellectual capital on company performance, then H4 is accepted.

The results of the fifth hypothesis test (H5) prove that partially agency costs are not able to moderate operating capacity on company performance. The significance test value is 0.786 <0.05 and the coefficient value is -0.01583 so it can be said that agency costs are not able to moderate operating capacity on company performance, so H5 is rejected.

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The results of the sixth hypothesis test (H6) prove that partially agency costs can moderate intangible assets on company performance. The significance test value is 0.022 <0.05 and the coefficient value is 0.157859 so it can be said that agency costs are able to moderate intangible assets on company performance, then H6 is accepted.

Multiple Linear Regression Analysis

$$ROA = 0.133 + 0.765X1 + 0.127X2 - 0.313X3 + 0.242X1*Z - 0.189X2*Z + 0.226X3*Z + 0.715\ e$$

The constant (α) shows a value of 0.133, the intellectual capital coefficient increases by 0.765, if intellectual capital increases by 1%, the company's performance will also increase by 0.765. The coefficient of operating capacity will increase by 0.127. If operating capacity increases by 1%, the company's performance will also increase by 0.127. The coefficient of intangible assets decreased by 0.313, if the intangible assets decreased by 1%, the company's performance would decrease by 0.313. The coefficient of agency cost moderating intellectual capital has increased by 0.242. If it increases by 1%, the company's performance will increase by 0.242. The agency cost coefficient moderates operating capacity down by 0.189. If it falls by 1%, the company's performance will decrease by 0.242. The agency cost coefficient of moderating intangible assets increases by 0.226. If it increases by 1%, the company's performance will increase by 0.226.

Discussion

The Effect of Intellectual Capital on Firm Performance

The results of the hypothesis test (H1) that intellectual capital affects the company's performance significantly positively. Which means the first hypothesis (H1) is accepted. If intellectual capital is managed properly by a company, it will produce added value for the company and can improve company performance. Companies must optimize the potential of employees as much as possible which is useful for improving company performance. Investors can consider making higher investments compared to companies with low intellectual capital in order to generate better profit growth for a company (Serpeninova et al, 2022). With the increase in employee intellectuality, it will increase the company's added value, which will have an impact on the company's performance (Sari, 2017).

The Effect of Operating Capacity on Firm Performance

The results of the second hypothesis test (H2) show that operating capacity affects the company's performance positively, therefore the second hypothesis (H2) is accepted. The results of this study do not support the previous study which states that total asset turnover does not affect return on assets (Hermanto & Prabowo, 2022). However, the results of this study are in line with studies conducted by Octaviani (2019), Soedjatmiko et al. (2017) and Abbas (2017) which explains that Total Asset Turnover affects the Company's Performance positively. Operating capacity is the ability of a company to use its assets to obtain sales of a company.

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If the operating capacity is higher, then the company can generate greater sales by using the company's assets. The greater the profit generated, the company gives a positive signal to investors and avoids financial distress.

The Effect of Intangible Assets on Firm Performance

The results of the third hypothesis test (H3) show that intangible assets negatively affect the company's performance. Therefore, the third hypothesis (H3) is rejected. The results of this study are not in line with previous studies conducted by Gamayuni (2019), Okoye et al (2019) and Arianpoor (2021) which showed that intangible assets positively affect company performance. However, the results of this study are in line with previous studies which explained that assets do not negatively affect the company's performance. This is because there are still many companies that use more efficient physical capital or tangible assets to improve company performance to avoid financial distress. Intangible assets on company performance have not optimized the implementation of each element of intangible assets so that it can cause profits to decline. The company's performance will increase if there is an increase in the use of intangible assets so that it can generate greater profits.

The Effect of Intellectual Capital on Firm Performance Moderated by Agency Costs

The results of the fourth hypothesis test (H4) show that agency costs can moderate intellectual capital on company performance, therefore the fourth hypothesis (H4) is accepted. With agency costs in a company, the company's performance measures through intellectual capital can generate profits or added value for a company. Because the attitude of not caring about agency costs can reduce the achievement of competitive advantages which can have a negative impact on company performance. This means that if the intellectual capital of a company is high, it will affect the company's performance which will influence agency costs. Agency costs are costs borne by shareholders so that management can manage the company effectively to increase added value or shareholder wealth.

The Effect of Operating Capacity on Firm Performance Moderated by Agency Costs

The test results of the fifth hypothesis (H5) show that agency costs are not able to moderate operating capacity on company performance. Therefore, the fifth hypothesis (H5) is rejected. With agency costs or not, a company is not able to moderate operating capacity on company performance, because if agency costs increase and operating capacity will be lower, and sales growth is smaller than assets, the company's performance will decrease so that it can experience financial distress for the company. The low operating capacity of a company shows that the company has not been able to maximize its assets to improve company performance. Companies should be able to further increase operating capacity through sales every year to generate greater profits.

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The Effect of Intangible Assets on Firm Performance Moderated by Agency Costs

The results of the sixth hypothesis test (H6) show that agency costs are able to moderate intangible assets on company performance, therefore the sixth hypothesis (H6) is accepted. With the agency costs will be higher in companies that have intangible assets. Intangible assets will increase the agency costs of shareholders because there is a lot of information and actions that are hidden by the company that shareholders want to know so as to improve company performance. Intangible assets owned by the company can be developed properly so that the company's performance will increase. Agency cost policies issued by managers can be in the form of bonuses, maintenance and supervision costs that can improve company performance.

5. CONCLUSION

From the discussion of the previous results, it is found that intellectual capital affects the company's performance positively. Operating capacity affects the company's performance positively. Intangible assets affect the company's performance negatively. Agency costs are able to moderate intellectual capital on company performance. Agency costs are not able to moderate the operating capacity of the company's performance. Agency costs are able to moderate intangible assets on company performance.

This study has limitations, namely researchers only examine intellectual capital, operating capacity, intangible assets, agency costs on company performance. The sample used is only a sample of consumer goods sector companies originating from the Indonesia Stock Exchange for 5 periods, namely 2017 to 2021, so the sample is limited. So suggestions for further research are to add independent variables that affect company performance or replace different moderating variables, expand the number of research samples and other sectors, use periods with longer time horizons and use different measurements.

The managerial implications of this research for the company are expected to improve the quality of information by presenting relevant and reliable data. In addition, the company is expected to always improve the company's performance in order to avoid financial distress and can earn profits every year in order to maintain a competitive advantage and still be seen as having competitiveness.

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