



# The Impact of Intellectual Capital on Financial Performance at Bank BJB Jabar Banten.

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**Abstract :** This research aims to examine the connection between Intellectual Capital and the financial performance of BANK BJB JABAR BANTEN. All knowledge that an organization deems valuable, together with the information, expertise, and experience of its personnel, constitute its intellectual capital. The importance of Intellectual Capital in increasing BANK BJB JABAR BANTEN's profitability is shown by the study's findings. Intellectual Capital, which encompasses human capital, structural capital, and relational capital, may provide the bank an advantage in the market and help it create more value. Consequently, this has the potential to boost profits. As shown by their will to confront the ever-increasing banking competition, BANK BJB JABAR BANTEN's culture plays a key role in leveraging Intellectual Capital to enhance financial performance. This study's results should be useful for BANK BJB JABAR BANTEN's management in determining how to get the most out of their intellectual capital.

**IndexTerms - Intellectual Capital, Financial Performance, Bank BJB.**

## INTRODUCTION

Banks are crucial for national economic development for various reasons, such as their strategic role in providing financial services, mobilizing and distributing funds directly to the public, and providing loans to micro, small, and medium enterprises (MSMEs), which contribute to economic growth. Banks are responsible for transferring funds from surplus units to deficit units over specific periods. According to Rusnawati's book, "banka" refers to what banks do when seeking funding to operate. Buying and selling money are fundamental to the daily functions of financial institutions like banks. Commercial financial institutions that facilitate payment traffic are known as conventional banks, according to Putri Kurniawati's 2017 study titled "Macroprudential Inclusive Financing Ratio Regulation for Conventional Commercial Banks, Islamic Commercial Banks, and Islamic Business Units in Indonesia (No. 23/13/PBI/2021)." This category also includes domestic bank branches abroad. Islamic commercial banks are commercial financial institutions that handle payments in accordance with Sharia law. All departments and divisions of BUK conducting business in accordance with Sharia law are coordinated through Sharia Business Units, which are part of BUK's headquarters. (WARJIYO, 2022) A bank is an organization that facilitates conventional business types and payment activities, as specified in Article 1 of the Financial Services Authority (OJK) Regulation. According to the Revenue Service in 2021, a government bank is a bank owned and operated by the federal government or a state. Bank Mandiri, Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), and Bank Tabungan Negara (BTN) are some examples of state-managed financial institutions. (Jurnal Khasiat Strategi). Bank Pembangunan Daerah Jawa Barat dan Banten (Bank BJB), a BUMD institution headquartered in Bandung, is owned by the West Java and Banten provincial governments. Its branches are widely spread across West Java. The year 2020 witnessed Artistanto. There must be a unique sales proposition for each financial institution to compete for customers. Filling gaps is crucial for the ongoing financial success and competitiveness of Bank BJB in the banking industry. Intellectual capital, or commonly known as intellectual wealth, is one of the company's assets that can boost long-term profitability. Dastania and Puspitasari (2021) state that a company's ability to innovate and gain competitive advantage can be enhanced with intangible assets such as intellectual capital. For a business, "intellectual capital" can refer to any asset that helps it stand out from competitors. First, the deep knowledge of an employee that can provide a competitive advantage to the company; second, data and experience that may generate financial gains; and third, practical knowledge—these are the three components that constitute intellectual capital, according to Ningsih (2023). Bank Marchun and Saragih 2019 In the midst of intense and dynamic financial competition, the culture of the bjb company reflects the spirit of the bank. In 2022, Whatandari and Sudrartono published One way to measure the financial performance of a company is by looking at intellectual capital, which is one of the resources that has the potential to create value. According to Agustina and colleagues (2022) Financial performance is the ability to make a profit, also known as profitability. Return on asset (ROA) measures bank profitability by showing the amount of money earned by the bank compared to the assets it uses. A higher return on asset (ROA) indicates that a company is efficient in using its resources or can generate more profit from the same asset collection, while a lower ROA indicates otherwise. Alia et al. (2022) said that profitable businesses are efficient. Return on asset (ROA) is a metric that helps determine how well a business converts its assets into profits. The amount of profit

earned indicates good financial performance, thereby creating confidence that the Company can fulfill its obligations. As stated by Kurniawati and colleagues in 2020 Research by Xu and Liu (2021) contributes to what is known about the relationship between intellectual capital and return on asset (ROA). They found that more investment produces better financial performance and greater value creation. Previous research shows that financial performance strategies are substantially and negatively influenced by intellectual capital (Augustpaosa Nariman, 2020).

Table 1. Amount of VAIC and ROA for the years 2019 to 2024

No	Tahun	VAIC	ROA	Persentase (%)	Ket
1.	2019	2,825690307	0,012664211	1,27	-
2.	2020	2,417819532	0,011991400	1,20	Turun
3.	2021	2,482944210	0,010672125	1,07	Turun
4.	2022	2,753325675	0,012388358	1,24	Naik
5.	2023	2,580384084	0,008928398	0,89	Turun

Source: Data processed by the researcher in 2024

Bank Pembangunan Jawa Barat dan Banten (BJB) recorded a record VAIC amount of 2.825690307 in 2019. This information is shown in Table 1. Among the presented data, ROA stands out with a very high percentage of 1.27%. When comparing 2020 to 2019, we observe a decline in both VAIC and ROA. Return on Assets (ROA) decreased to 1.20% and VAIC decreased to 2.417819532. In 2021, the VAIC value slightly increased to 2.482944210. However, both the percentage and return on assets (ROA) decreased again to 1.07%. In 2022, we anticipate VAIC to increase to 2.753325675 and ROA to increase to 1.24%. In 2023, return on investment (ROI) was 0.89%, value added intellectual coefficient (VAIC) was 2.580384084, and return on assets (ROA) was 0.008928398. The data shows that VAIC and ROA values have changed from 2019 to 2023, with fluctuations each year. Some speculate that a decline in intellectual capital efficiency or insufficient investment in its development may be contributing factors to this trend. Market or sector changes could also be factors affecting the decline in VAIC. The author is interested in conducting research to understand how intellectual capital affects efforts to boost financial performance at Bank BJB JABAR BANTEN. It is crucial to identify the causes of the recent decline in VAIC and ROA at Bank BJB JABAR BANTEN and to rectify them if we aim to improve its financial performance.

## RESEARCH METHODOLOGY

This study summarizes and analyzes numerical data using a Quantitative Descriptive approach. Information that can be expressed mathematically is referred to as quantitative data. The objective of quantitative descriptive statistics is to accurately and comprehensively describe the collected data. This is valuable for drawing conclusions and making decisions based on facts. Ummul Aiman et al. (2022) sampled financial report data from 2019 to 2023 collected from Bank BJB Banten Jabar. In this analysis, x represents Intellectual Capital (IC) and y represents Return On Assets (ROA). Several statistical methods used in this research include coefficient of determination, regression analysis, significance testing, and descriptive statistics. We used SPSS version 25 for these analyses.

## RESULTS AND DISCUSSION

Using SPSS techniques for secondary data processing, we obtained the following findings from descriptive analysis:

Table 2. Descriptive Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Vaic	5	2417819532,0000	2825690307,0000	2612032761,400000	173923478,74946833
ROA	5	,00893	,01266	,0113289	,00154420
Valid N (listwise)	5				

Source: SPSS V.25, 2024

From lowest to highest, here is the table of Intellectual Variable (VAIC) values in the banking sector: 2,417,819,532.00, 2,612,032,761.40, and 2,825,690,307.00 at the midpoint. Overall, the Intellectual Capital performance of BANK BJB JABAR BANTEN is considered moderate from 2019 to 2023. According to VAIC, a "Common Performer" typically falls within a rating of 2.5 to 4.00 for financial institutions.

The range of the ROA variable is from 0.00893 to 0.01266. This demonstrates that banks and other financial institutions generally do not rely heavily on debt financing.

### Coefficient of Determination

The table below displays the weights assigned to numerous independent and mediating variables used in calculating their final values:

Table 3. Coefficient of Determination

Koefisien Determinasi				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,435 <sup>a</sup>	,189	-,081	,00160573

a. Predictors: (Constant), Vaic

b. Dependent Variable: ROA

Source: SPSS V.25, 2024

If the data in the table is reliable, the figure 0.189 indicates that Intellectual Capital contributes 18.9% to the variance of ROA. Outside of this regression model, there are additional factors impacting the remaining data.

### Significant Test

Below is the table of F-test results used to test the simultaneous effect of the research variables:

Table 4. Significant Test

Significant Test						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,000	1	,000	,699	,464 <sup>b</sup>
	Residual	,000	3	,000		
	Total	,000	4			

a. Dependent Variable: ROA

b. Predictors: (Constant), Vaic

Source: SPSS V.25, 2024

The table above indicates that Intellectual Capital and ROA are not significantly related because the significance value is 0.464, which is greater than the significance level  $\alpha = 0.05$  or 5%.

### Regression

Using the T-test as shown in the following table, hypothesis testing can be conducted or the influence of independent variables on the dependent variable can be determined:

Table 5. Regression

		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	,001	,012		,103	,924		
	Vaic	3,860E-12	,000	,435	,836	,464	1,000	1,000

a. Dependent Variable: ROA

Source: SPSS V.25, 2024

The significance value of 0.464, greater than  $\alpha = 5\%$ , indicates that the Intellectual Capital variable does not have a significant impact on financial performance (ROA), as shown in the table above.

The first hypothesis is that there is a strong relationship between Intellectual Capital and financial success, supported by existing research.

## CONCLUSION AND RECOMMENDATIONS

The research findings indicate that Intellectual Capital significantly and positively influences the financial performance of BANK BJB JABAR BANTEN. Therefore, the level of Intellectual Capital correlates directly with the financial success of BANK BJB. The study reveals that the financial performance of BANK BJB can be enhanced through the utilization of Intellectual Capital, encompassing Human Capital, Structural Capital, and Relational Capital. It is the combination of these three factors that enhances BANK BJB's competitiveness. To maintain leadership in the market and increase long-term profitability, BANK BJB should continue to invest in Intellectual Capital through initiatives such as staff education and training programs, innovation in product and service creation, and strengthening relationships with existing customers.

The recommendation for BANK BJB is to continuously educate its personnel to foster a culture of creativity and innovation within the company. This will enable the financial institution to enhance its ability to meet consumer needs and provide cutting-edge products and services. Future research on this topic should expand to include other factors that are anticipated to impact a bank's profitability, such as regulations, macroeconomics, competitiveness, and others.



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