Soedirman Accounting Review (SAR): Journal of Accounting and Business
Vol. 08 No. 01 Tahun 2023, Hal 103 - 118

THE EFFECT OF *INTELLECTUAL CAPITAL AND GOOD CORPORATE GOVERNANCE* (GCG) ON FIRM VALUE WITH *FINANCIAL DISTRESS* AS INTERVENING VARIABLE

Irmanisa Ikhwani Tanjung[1*], Hendrian[2], Ira Geraldina[3]
[1,2,3]Management Graduate Program, Universitas Terbuka, Tangerang

[*]Email corresponding author: irmanisatanjung25@gmail.com

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh intellectual capital dan good corporate governance terhadap nilai perusahaan dengan financial distress sebagai variabel intervening. Penelitian ini merupakan penelitian kuantitatif menggunakan data sekunder pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia (BEI). Sampel penelitian ini adalah 117 bank yang terdaftar di BEI dengan periode 2019-2021 dan dianalisis menggunakan Eviews 12. Hasil penelitian ini menunjukkan bahwa *intellectual capital* berpengaruh secara positif terhadap nilai perusahaan dan *good corporate governance* tidak berpengaruh terhadap nilai perusahaan. Selain itu, IC berpengaruh terhadap nilai perusahaan melalui *financial distress* dan GCG tidak berpengaruh terhadap nilai perusahaan melalui *financial distress* sebagai variabel intervening di masa pandemi Covid-19.

Kata Kunci: Intellectual Capital; Good Corporate Governance, Nilai Perusahaan; Financial Distress
JEL Code: G34, L25, M41

Abstract

This study aims to determine the effect of intellectual capital and good corporate governance on firm value with financial distress as an intervening variable. This quantitative study uses secondary data on banking companies listed on the Indonesia Stock Exchange (IDX). The sample of this study was 117 banks listed on the IDX for the 2019-2021 period and was analyzed using Eviews 12. The results of this study are that intellectual capital has a positive effect on firm value and intellectual capital harms financial distress; good corporate governance does not affect substantial value and financial distress. In addition, intellectual capital acts as muscular weight through financial distress as an intervening variable, and good corporate governance does not affect firm value through financial distress as an intervening variable during the Covid-19 pandemic.

Keywords: Intellectual Capital; Good Corporate Governance, Firm Value; Financial Distress
JEL Code: G34, L25, M41

INTRODUCTION

Companies sometimes face difficult situations to survive, mainly due to managerial and financial problems, economic or political crises in their countries, and global concerns in the world economy. However, in 2019, the situation was not the economy but the Covid-19 crisis, which affected the health of the world's people (Crespí-Cladera et al., 2021). The Covid-19 crisis affected the banking sector and caused a contraction in the second quarter of 2020 due to weakening business activities locally and globally, causing many countries to have an economic recession. Based on data from the Financial Services Authority (OJK) in 2020, ATMR credit decreased -0.94% (yoy) in line with the slowdown in credit growth due to the influence of weak credit demand and business activities due to the Covid-19 pandemic. The decline occurred in all types of expenditure, where consumption decreased because of weakening purchasing power, which suppressed order and was in line with business activities that were still not normal due to the implementation of the transitional PSBB.

These conditions force banks to operate in a high-risk environment amidst uncertainty. That condition can cause banking companies to go bankrupt or what can be called financial distress. Besides the companies having difficult conditions during the Covid-19 pandemic, the era of globalization also requires companies to compete globally and increase their competitive advantage to survive and be sustainable, especially during the covid-19 pandemic. In raising this competitive advantage, companies can use their existing resources to provide added value to the company (Solikhah et al., 2010 in Simarmata, 2016).

Companies should manage intellectual capital to minimize the occurrence of financial distress in banks during the pandemic crisis, and companies can implement good corporate governance, which aims to create added value for the company and all interested parties. The weakness of good corporate governance in companies has been considered one of the critical factors that caused the Asian financial crisis 1997. Financial distress can be caused by neglecting the implementation of good corporate governance, especially in the principles of transparency, disclosure, and accountability (Widhianningrum and Amah, 2012). Johnson et al. (2000) explained that corporate governance variables provide a better explanation than macroeconomic variables related to the crisis.

Banking is one of the companies affected by the Covid-19 pandemic, causing the banking industry's stock prices to have declined even though the banking industry has contributed to the composite stock price index (IHSG) on the Indonesia Stock. Therefore, a decrease in stock prices dramatically affects the company's performance, resulting in firm value. Financial distress affects a substantial value because it can affect its performance due to decreased profits and capital loss. When a company experiences financial pain caused by a pandemic crisis, the company's value can fall due to reduced yields obtained by stakeholders (Sulistiyowati and Devinaya, 2021).

Therefore, based on this background, this study aims to determine the effect of intellectual capital and good corporate governance on firm value with financial distress as an intervening variable. This research refers to previous research (Seprijon, Anggraini, and Rahmi, 2019), where researchers added an independent variable: good corporate governance (GCG) because good corporate governance has a relationship with financial distress and firm value. Good corporate governance structure within a company is related to financial distress because this variable can be a warning or predictor of financial distress. Prove that the GCG variable is a good predictor in previous research (Lee and Yeh, 2004).

LITERATUR REVIEW AND HYPOTHESES DEVELOPMENT

SignalingTheory

This theory explains how companies should give signals to stakeholders regarding the company's financial statements. The relationship between signal theory and the company's financial performance is the presence of a positive sign that can be given to interested parties in a company. This positive signal is used by company management to deliver financial information to stakeholders and potential

investors so that with this signal, the company could increase firm value (Scott and R, 2012). Signaling theory can help company management and other stakeholders predict bankruptcy or financial distress, shown as negative signals. When these negative signals appear, management can think of strategies to improve company performance so that firm value remains in good condition.

Resource-Based View Theory

This theory assumes that company resources are heterogeneous and provide a unique character for each company. When companies make maximum use of resources, companies can gain a competitive advantage by taking advantage of opportunities and minimizing threats. These resources can give a competitive advantage for companies that resources must at least have the criteria of being rare, difficult to imitate, and not easily substituted (Maulina et al., 2020).

Firm Value

Firm value is a form of company achievement in achieving the level of company confidence in the performance carried out, starting from the company's founding to the current state of the company. The company's stock price reflects the firm value that had gone public ice (Margaretha, 2005). Buyers and sellers from the company's stock price at the time of the transaction because the stock price reflects the actual value of the company's assets (Hermuningsih, 2012). Therefore, a high stock price can cause the company's value to be high and can be a prospect for the company in the future.

Intellectual Capital

Ulum (2017)defines intellectual capital as a helpful knowledge package. Intellectual capital is a combination of intangible assets from market value, intellectual property, HR, and infrastructure that enables the company to perform its functions properly and has an essential role in the company (Nurhayati, 2017). When intellectual capital (IC) is utilized correctly, it can increase the company's competitiveness and will increase the company's performance. Good company performance increases the company's value, which can be seen from the y stock price. Therefore, good intellectual capital can not only provide benefits to shareholders and attract other investors to invest but also increase the company's internal strength so that it can increase company value (Amirullah et al., 2021; Juwita and Angela, 2016; Sayyidah and Saifi, 2015; Seprijon et al., 2019) Based on the explanation above, the first hypothesis is:

H1: Intellectual capital has positive effects on firm value.

Signaling theory can predict the symptoms of financial distress so that before bankruptcy occurs, companies can make strategies to minimize financial distress. Good intellectual capital can positively impact stakeholders and prevent information asymmetry and negative signals. So, it can peek from the management's ability to process existing resources within the company so that effective resource management can provide a competitive advantage, improve company performance, and minimize financial distress. Based on the research by Widhiadnyana and Dwi Ratnadi (2019)shows that intellectual capital has harmonical distress.

H2: Intellectual capital has adverse effects on financial distress.

Good Corporate Governance

Good corporate governance is a system that directs and controls the company's business activities (Leipziger, 2015). According to Peraturan Otoritas Jasa Keuangan Nomor 4/POJK.03, 2016, banks must assess their level of soundness to determine financial conditions, which will later become a means for supervisory authorities to make strategies related to bank supervision. In the governance report, when the outcome has a good value, it can change investors' company assessment. This positive signal can provide the power of information for stakeholders in decision-making. So, exemplary rate

governance implementation can make investors respond positively to company performance so that it will increase firm value (Retno and Prihatinah, 2012). Based on the explanation above, the third hypothesis is:

H3: Good corporate governance has positive effects on firm value

To reduce information asymmetry, GCG implementation is needed to reduce agency problems between managers and owners. This is in line with signaling that the implementation of GCG in a company can ensure that the company's current condition is good. When the signal is positive due to good GCG, it can minimize financial distress within the company. ImplementingGoodgovernancsound expected to reduce agency conflicts between managers and shareholders (Purwaningtyas, 2011). Therefore, based on the explanation above, the fourth hypothesis is:

H4: Goohypothesise governance has adverse effects on financial distress

Financial Distress

Financial distress is a stage of declining economic conditions in a company before liquidation or bankruptcy (Platt and Platt, 2002). According to Mas'ud (2012) in Sirait (2016), this condition shows that the company's finance is unhealthy and can interpret as the company's inability to pay its obligations. Financial distress can start from liquidity difficulties (in the short term) to the bankruptcy phase, which is the most financial difficulty (Triwahyuningtias, 2012).

When a company uses funds efficiently and appropriately, the company can reduce economic challenges so that investors and other stakeholders will trust the company, which can lead to an increase in stock price. Research by Liza Tamarani (2015) explains that financial distress negatively affects firm value because high financial distress can decrease firm value. Therefore, based on the explanation above, the fifth hypothesis is as follows:

H5: Financial distress has adverse effects on firm value

The effect of intellectual capital on firm value with financial distress as an intervening variable

Optimizing intellectual capital can improve company performance and increase firm value to avoid financial distress. Therefore, as an internal party receives more information, management must manage its resources to produce a good performance and competitive advantage. In research by (Seprijon, Anggraini, and Rahmi, 2019), the results show that financial distress mediates the indirect effect of IC on firm value. When the intellectual capital owned by the company increases, it can minimize the use of financial distress. Therefore, based on the explanation above, the sixth hypothesis is as follows:

H6: Intellectual capital has positive effects on firm value through financial distress as an intervening variable

The effect of good corporate governance on firm value with financial distress as an intervening variable

Implementing sound corporate governance following applicable regulations can increase the firm value, seen from the company's stock prices. When banks implement good corporate governance, they indirectly give confidence to stakeholders to invest their shares to increase firm value. Therefore, increasing firm value can increase shareholder wealth by showing that the company is healthy and reducing the risk of financial distress (Liza Tamarani, 2015). Based on the explanation above, the seventh hypothesis is as follows:

H7: Good corporate governance has positive effects on firm value through financial distress as an intervening variable

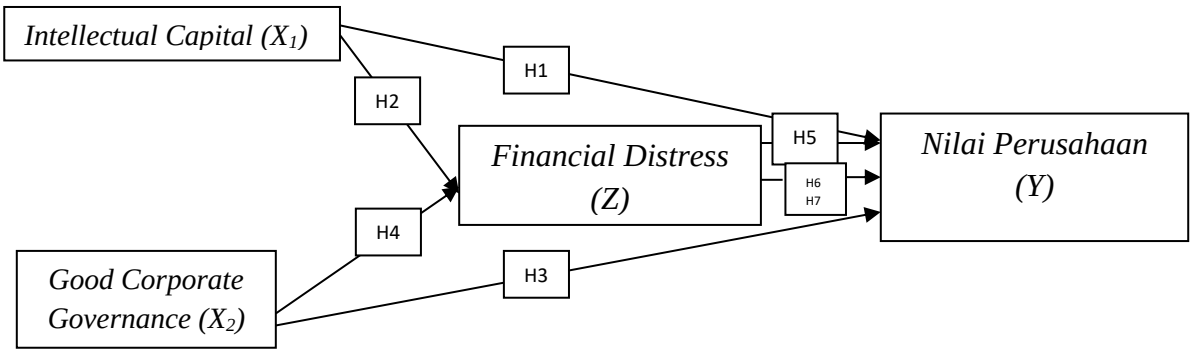

Figure 1. Conceptual Framework

: *Direct effect*

: *Indirect effect*

RESEARCH METHOD

This study uses a type of quantitative research which is research that links cause and effect between variables. Two independent variables in the study are intellectual capital and good corporate governance. While the dependent variable comes from firm value, and financial distress is the intervening variable. The data source in this study uses secondary data obtained from financial reports on the IDX, and GCG reports on each bank's website. The population in this study is the banking industry listed on the Indonesia Stock Exchange (IDX) for 2019-2021, and the sample for this study is 117 banks.

The indicator for measuring the intellectual capital variable used the Value Added Intellectual Coefficient (VAIC) calculation. Indicators for measuring suitable corporate governance variables are used to assess the bank's soundness level according to POJK No.4/POJK.03/2016 Pasal 9. Indicators for measuring firm value variables used price book value (PBV) calculations. Indicators for measuring financial distress variables used the Altman Z "Score calculation. This research was analyzed using Eviews 12 with the Ordinary Least Square (OLS) method, which uses common effect, fixed effect, and random effect estimation (Nengsih and Martaliah, 2021). This study uses the classical assumption, hypothesis, and Sobel test to measure the intervening pathway.

RESULT AND DISCUSSION

Research Sample

During the Covid-19 pandemic, banking had not impacted optimal lending performance, resulting in a slowdown in credit growth. So, using a purposive sampling method, the population in this study are all banking companies listed on the IDX for the 2019-2021 period. The criteria in this study are as follows:

1. The sectors selected as the sample for this study are all banking companies listed on the Indonesia Stock Exchange.
2. Banks that have published their financial reports at the Financial Services Authority and the Indonesian Stock Exchange in 2019-2021.
3. The available data fulfills the variable criteria in this study, namely the existence of data related to GCG and data related to intellectual capital.

From that criteria, the secondary data or sampling obtained as follows:

Table 1. Sampling Method

No.	Criteria	Total
1	Banking companies listed on the Indonesia Exchange Stock	46
2	Banking companies that do not publish financial reports in specific years in the 2019-2021 period	5
3	Banking companies that do not issue corporate governance reports in specific years in the 2019-2021 period	2
4	Total companies sampled	39
5	Number of observations 2019-2021 (39 x 3)	117
Total		117 Bank

Source: Author's on work (2023)

Descriptive Statistic

The Intellectual Capital (IC) variable has a maximum value of 25.63000 and a minimum of -77.72600. Based on VAIC calculations carried out in the study (Ulum, 2017), it can be concluded that 117 samples of banks listed on the IDX have not optimized intellectual capital where the average bank has a VAIC score <3.00 or in the sense of bad performers.

The good corporate governance (GCG) variable has a maximum of 4.000000 and a minimum value of 1.000000. Based on the calculation of the governance composite value that has been calculated independently by each bank regulated in (POJK Nomor 55/POJK.03, 2016) it can be concluded that 117 samples of banks listed on the IDX have implemented governance. It can be seen that the average composite value of bank governance has a score of 2 which has implemented good governance.

The financial distress (FD) variable has a maximum of 7.120000 and a minimum value of 0.020000. Based on the calculation of the bankruptcy calculation value Altman Z "Score, it can be seen that the Covid-19 pandemic is not too problematic for bank health because the average bank has a Z score" score of more than 2.60 or 2.704, which indicates that the bank is not in a state of bankruptcy.

The firm value variable (NP) has a maximum value of 35.48000 and a minimum value of 0.220000. Based on the results of a sample of 117 banks listed on the IDX, it can be concluded that the average PBV value is more than 1 or 2.0123, which indicates that the bank's company shares are worth considering because they have a higher market value than the book value.

Table 2. Descriptive Statistic

Variable	N	Mean	Maximum	Minimum	Std. Deviation
Intellectual Capital (X_1)	117	0,756068	25,63000	-77,72600	8,401995
Good Corporate Governance (X_2)	117	2,113333	4,000000	1,000000	0,459683
Financial Distress (Z)	117	2,704615	7,120000	0,020000	1,360647
Firm Value (Y)	117	2,012308	35,48000	0,220000	3,71728

Source: Eviews Output (2023)

Substructural Model I

In the selection test of the substructural model, I was used to seeing the effect of intellectual capital and good corporate governance on the financial distress variable. The following tests were carried out on the substructural model I:

1. Chow Test

Table 3. Result of Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	107.090455	(38,76)	0.0000
Cross-section Chi-square	567.886536	38	0.0000

Source: Eviews Output(2023)

Based on Table 3. the Chow Test results above show that the Chi-square probability value is less than 0.05 or 0.0000, so it can be concluded that the selected model is the Fixed Effect Model (FEM).

2. Hausman Test

Table 4. Result of the Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	115.069567	2	0.0000

Source: Eviews Output(2023)

Based on Table 4. the results of the Hausman Test above, it can be seen that the probability value is less than 0.05 or 0.0000, so it can be concluded that the selected model is FEM.

Substructural Model II

The substructural model II selection tests its use to see the effect of intellectual capital, good corporate governance, and financial distress on firm value variables. The following tests were carried out on the substructural model II:

1. Chow Test

Table 5. Result of Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.614249	(38,75)	0.0000
Cross-section Chi-square	121,762777	38	0.0000

Source: Eviews Output(2023)

Based on Table 5. the Chow Test results above show that the Chi-square probability value is less than 0.05 or 0.0000, so it can be concluded that the selected model is the FEM model.

2. Hausman Test

Table 6. Result of the Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	37.466864	3	0.0000

Source: Eviews Output(2023)

Based on Table 6. the results of the Hausman Test above show that the probability value is less than 0.05 or 0.0000, so it can be concluded that the selected model is FEM.

Result of Asumsi Klasik Test on Substructural I

1. Multicollinearity Test

Table 7. Result of Multicollinearity Test

	GCG	IC
GCG	1.000000	-0.283603
IC	-0.283603	1.000000

Source: Eviews Output(2023)

Based on Table 7. The results of the Multicollinearity Test above show that the correlation value of each independent variable is less than 0.85, namely the IC and GCG correlation coefficient of -0.283603 <0.85. So it can be concluded that these variables are free from multicollinearity.

2. HeteroscedasticityTest

Table 8. Result of the HeteroscedasticityTest

Variable	Sig.Value	Indication
Intellectual Capital (X_1)	0,2842	There is no heteroscedasticity
Good Corporate Governance (X_2)	0,2251	There is no heteroscedasticity

Source: Eviews Output(2023)

Based on Table 8, the heteroscedasticity test results above show that the significance value of IC and GCG is more significant than 0.05. Therefore, it can be concluded that there are no symptoms of heteroscedasticity.

Result of Asumsi Klasik Test on Substructural II

1. Multicollinearity Test

Table 9. Multicollinearity Test

	IC	GCG	FD
IC	1.000000	-0.283603	0.788994
GCG	-0.283603	1.000000	-0.279502
FD	0.788994	-0.279502	1.000000

Source: Eviews Output(2023)

Based on Table 9. the results of the Multicollinearity Test above can be seen that the correlation value of each independent variable is less than 0.85, namely the correlation coefficient IC and GCG is -0.283603 <0.85, the correlation coefficient IC and FD is 0.788994 <0.85, GCG and FD correlation coefficient is -0.279502 < 0.85. So it can be concluded that these variables are free from multicollinearity.

2. Heterokedastisitas Test

Table 10. Heteroskedastisitas Test

Variable	*Sig.Value*	Indication
Intellectual Capital (X_1)	0,1396	There's no Heteroskedastisitas
Good Corporate Governance (X_2)	0,3185	There's no Heteroskedastisitas
Financial Distress (Z)	0,079	There's no Heteroskedastisitas

Source: Eviews Output(2023)

Based on Table 10. the results of the heteroscedasticity test above show that the significance value of IC, GCG, and FD is more significant than 0.05. Therefore, it can be concluded that there are no symptoms of heteroscedasticity.

Regression of Data Panels on Substructural I

Table 11. Regression of Data Panels on Substructural I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.770213	3.768017	1.265974	0.2081
IC	1.203360	0.093142	12.91967	0.0000
GCG	-1.704718	1.680021	-1.014701	0.3124

Source: Eviews Output(2023)

Based on Table. 11, the result of the regression of data panels on substructural I is:

FD = 4.770213 + 1.20336*IC – 1.704718*GCG

The constant value is 4.77021272241 or 477.021%, meaning that without the Intellectual Capital (X1) and Good Corporate Governance (X2) variables, the Financial Distress (Z) variable will increase by 477.021%. The beta coefficient value of the Intellectual Capital variable (X1) is 1.20336030944 or 120%. If the value of other variables is constant and the X1 variable increases by 1%, the Financial Distress (Z) variable will increase by 120%. The beta coefficient value of the Good Corporate Governance (X2) variable is -1.70471821515 or 170%. If the value of other variables is constant and the X2 variable increases by 1%, the Financial Distress (Z) variable will decrease by 170%.

Regression of Data Panels on Substructural II

Table. 12 Regression of Data Panels on Substructural II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.221366	2.440965	0.910036	0.3647
IC	0.785198	0.094059	8.347962	0.0000
GCG	-9.976257	1.085636	-0.918932	0.3610
FD	-0.177261	0.060251	-2.942031	0.0040

Source: Eviews Output(2023)

Based on Table. 12, the result of the regression of data panels on substructural II is:

NP = 2.221366 + 0.7851*IC – 9.97625*GCG - 0.1772*FD

The constant value of 2.2213662 or 222.13% means that without the Intellectual Capital (X1), Good Corporate Governance (X2), and Financial Distress (Z) variables, the Firm Value variable (Y) will increase by 222.13%. The beta coefficient value of the Intellectual Capital variable (X1) is 0.78519808 or 78.51%; if other variables are constant, and the X1 variable increases by 1%, then the Firm Value variable (Y) will increase by 78.51%. The beta coefficient value of the Good Corporate Governance variable (X2) is -9.976256 or -99.76%; if the other variables are constant and the X2 variable has increased by 1%, then the Firm Value variable (Y) will decrease by 99.76%. The beta coefficient value of the Financial Distress (Z) variable is -0.17726051 or -17.72%; if the value of other variables is constant and variable Z has an increase of 1%, then the variable Firm Value (Y) will decrease by 17.72

t Test on Substructural I

Table. 13 Result of t-test on Substructural I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.770213	3.768017	1.265974	0.2081
IC	1.203360	0.093142	12.91967	0.0000
GCG	-1.704718	1.680021	-1.014701	0.3124

Source: Eviews Output(2023)

The t-test results on the Intellectual Capital variable (X_1) have a t_{hitung} = 12.91967 > t_{table} = 1.98118 and a sig. 0.0000 <0.05, so H_2 is accepted that intellectual capital affects financial distress. The t-test results on the Good Corporate Governance variable (X_2) have a t_{hitung} = -1.014701 < t_{table} = 1.98118 and a sig. 0.3124 > 0.05, so H_4 is rejected, meaning that good corporate governance does not affect financial distress.

t Test on Substructural II

Table. 14 Result of t-test on Substructural II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.221366	2.440965	0.910036	0.3647
IC	0.785198	0.094059	8.347962	0.0000
GCG	-9.976257	1.085636	-0.918932	0.3601
FD	-0.177261	0.060251	-2.942031	0.0040

Source: Eviews Output(2023)

The t-test results on the intellectual capital variable (X_1) obtained the value of t_{hitung}= 8.347962 > ttable = 1.98118, and the sig. 0.0000 <0.05, H_1 is accepted, meaning that intellectual capital positively affects firm value. The t-test results on the variable good corporate governance (X_2) obtained the value of t_{hitung} = 0.918932 < t_{table} = 1.98118 and sig. 0.3601 > 0.05, so H_3 is rejected, meaning that good corporate governance does not affect firm value. The t-test results on the variable financial distress (Z) obtained the value of t_{hitung} = -2.942031 > t_{table} = 1.98118, and the sig. 0.0040 <0.05, then H_5 is accepted, meaning that financial distress harms firm value.

Sobel Test

1. The Effect of Intellectual Capital on Firm Value with Financial Distress as an Intervening Variable

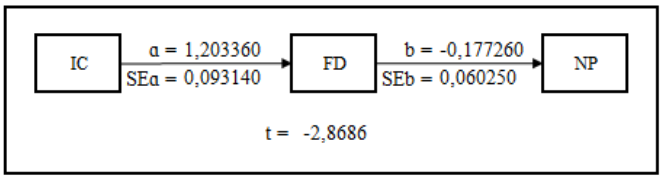

Figure 1. Sobel Test H_6

Based on the results of the Sobel test calculation in Figure 1, the value of t_{hitung} = -2.8686 > t_{table} = 1.98118, although the effect is in a negative direction, so that H_6 is accepted, in which intellectual capital negatively affects firm value through financial distress.

2. The Effect of Good Corporate Governance on Firm Value with Financial Distress as an Intervening Variable

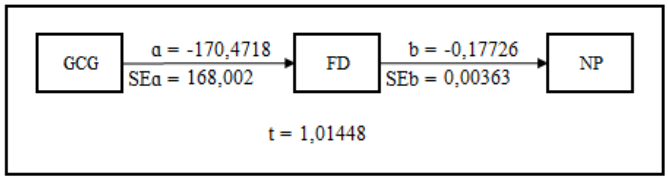

Figure 2. Sobel Test H_7

Based on the results of the Sobel test calculation in Figure 2, the value of t_{hitung} = 1.01448 < t_{table} = 1.98118, so H_7 is rejected, in which good corporate governance does not affect firm value through financial distress.

Effect of Intellectual capital on firm value

Intellectual capital has positive effects on firm value during the Covid-19 pandemic. These results indicate that the increase or decrease in intellectual capital in the banking sector affected the increase or decrease in company value during the Covid-19 pandemic. The value-added intellectual coefficient (VAIC) calculation shows that all banks give their rights and obligations to human resources through salaries, allowances, and bonuses during the Covid-19 pandemic, even though several banks had losses. It shows that the company has considered that internal strength in human resources can give an advantage to the banking company itself, especially during the Covid-19 pandemic. Signaling theory explains that companies may experience an information asymmetry with investors because internal parties have better information regarding company conditions and prospects than outsiders.

Employees and management of the company are considered to have more control over information than external parties, so in conveying this information, it must be conveyed as it is and credible so that investors can make decisions objectively (Gumanti, 2018). This result aligns with previous research (Amirullah, Dharma, & Putri, 2021), which states that intellectual capital affects firm value. The IC that banking companies have used makes the performance even more optimal. Even though banking finances are experiencing a contraction due to the Covid-19 pandemic, they can still maintain and increase company value. This result is also in line with the research of Sayyidah and Saifi, 2015 and Amirullah et al., 2021 which explains that exemplary intellectual capital implementation can benefit shareholders and attract other investors to invest and increase the firm value.

Effect of Intellectual capital on financial distress

Intellectual capital has adverse effects on financial distress during the Covid-19 pandemic. These results indicate that optimizing good intellectual capital can reduce symptoms of financial distress. High intellectual capital can help companies improve their performance. The improved performance demonstrates that the company is in a healthy condition to avoid the possibility of financial distress. The RBV theory explains that to get a sustainable competitive advantage, a company must have

resources that are unique, difficult to imitate, and have added value. Even though during the Covid-19 pandemic, the banking sector experienced a decline in profits and delays in customer repayments, this did not affect the advantages of each bank because they already had resources that were hard to imitate and good work culture. In addition, each bank continuously innovates and provides advantages in every product sold, especially during the Covid-19 pandemic, by improving customer digital banking services.

This study's results align with research (Seprijon, Anggraini, and Rahmi, 2019), which shows that intellectual capital negatively affects financial distress. It is shown that the more optimal the company manages intellectual capital, the lower the risk of financial distress. The research (Widhiadnyana & Ratnadi, 2019) also shows that intellectual capital harms financial distress because a company that can manage and optimize its resources through innovation, development, and renewal suitable can improve economic performance and their companies.

Effect of good corporate governance on firm value

Good corporate governance has no effect on firm value during the Covid-19 pandemic. These results indicate that a decrease or increase in the implementation of good corporate governance does not affect increasing the value of a company. Implementing banking governance still needs to be optimal because several information system infrastructures are still slow, and the monitoring system is finishing manually. In addition, the Covid-19 pandemic has created problems related to banking governance reports because there is a decrease in loans, and banks should have a strategy in planning steps to prevent the things that can harm the bank. There are still problems in the implementation of GCG, such as several frauds within the bank, which causes information asymmetry to shareholders.

When a company implements GCG properly and optimally, it can reduce problems related to transparency and accountability, improving company performance. Implementing corporate governance can develop and increase company value due to stakeholder trust in corporate governance reports (Assidi, 2020). These results align with research (Meindarto & Lukiastuti, 2016), which shows that suitable corporate governance components, managerial ownership, and audit committees do not affect firm value.

Effect of Good corporate governance on financial distress

Good corporate governance has no effects on financial distress during the Covid-19 pandemic. These results indicate that implementing good corporate governance has no effect on symptoms of financial distress during the Covid-19 pandemic. In signaling theory, a signal will appear and influence investors' decisions. When the company has unique values and characteristics that differentiate it from other companies, it can be said that the signal is expensive. So that even during a pandemic crisis, the company remains sustainable and avoids symptoms of financial distress. The Covid-19 pandemic, which has only been occurring for three years in Indonesia, has not caused the banking sector to experience a sizeable contraction in its financial performance. Banking has carried out SKK's duties, implemented risk management, and carried out a comprehensive self-assessment so that the company can determine an action plan in the form of corrective actions needed to minimize the occurrence of financial distress during the Covid-19 pandemic.

The results of this study align with those (Shahwan & Habib, 2020), which show that good corporate governance does not affect financial distress because the application of GCG in Egyptian companies does not increase efficiency in its operational activities, so it does not involve minimizing the occurrence of financial distress. Research (Widhiastuti, Nurkhin, and Susilowati, 2019) also shows that GCG does not affect financial distress because even though the company has implemented good governance, it has not prevented the company from having financial problems.

Effect of Financial distress on firm value

Financial distress has adverse effects on firm value during the Covid-19 pandemic. These results indicate that when the company is not experiencing financial distress, the value of the company will increase. Otherwise, if the company is experiencing financial distress, the firm value will decrease. In 2020, almost all banks experienced decreased profits due to reduced credit, so the company's stock price decreased in 2020. It aligns with the signaling theory that a company experiencing financial distress will undoubtedly make investors not invest and impact firm value. The stock price reflects the firm value, so several banks added their capital in 2020 to increase the stock price again.

This study's results align with those of (Seprijon, Anggraini, and Rahmi, 2019), which show that financial distress negatively affects firm value because companies experiencing financial difficulties can make investors and stakeholders feel less confident to invest. The research (Sulistiyani, Rivai, & Suharto, 2020) also shows that financial distress significantly affects firm value. When a company's financial distress increases, it will affect company performance and decrease firm value.

Effect of intellectual capital on firm value with financial distress as an intervening variable

Intellectual capital negatively affects firm value through financial distress during the Covid-19 pandemic. These results indicate that any increase in intellectual capital in the company can reduce financial distress and firm value. Intellectual capital in banking can predict symptoms of financial distress during the Covid-19 pandemic that come to Indonesia. This is because the banking sector has stable resources even though affected by the pandemic crisis. This aligns with the RBV theory, which states that when a company optimizes its resources properly, it will increase its competitive advantage. IC has a role in improving company performance to increase firm value and minimize symptoms of financial distress.

Increasing the motivation of every human resource in the company will certainly help the company increase firm value because the organizational culture has been well formed. By optimizing IC, the crisis during the Covid-19 pandemic did not affect the value of banking companies. Therefore, even though the banking sector had contracted due to the Covid-19 pandemic crisis, this did not stop it from releasing innovations and maintaining internal resource strength to remain sustainable and maintain its corporate value. These results align with research (Ayu, Sari, & Pramitasari, 2022), which shows that intellectual capital has a positive effect but is insignificant on firm value through financial distress.

Effect of good corporate governance on firm value with financial distress as an intervening variable

Good corporate governance does not affect firm value through financial distress during the Covid-19 pandemic. Implementing sound corporate governance in banking does not affect firm value because the banking sector, especially those with the most considerable assets in Indonesia, can seek from the stock price. It can see in the 2021 financial reports that almost all the banking sectors studied experienced growth even though the previous year's profits and loans had significantly decreased. The line of signaling theory explains that companies with expensive signals differentiate between undervalued and overvalued. Companies with these values and signals can survive in times of crisis because they are considered to have separated themselves or equilibrium and tend to get appreciation in the capital market (Gumanti, 2018). The covid-19 pandemic occurring for three years in Indonesia has not caused the banking sector to experience a sizeable contraction in its financial performance. Therefore, implementing GCG that has been carried out properly does not affect firm value because these banks already have a reputation that the people trust. The results of this study align with those (Adhiprasetya & Zulaikha, 2019), which show no effect between the Corporate Governance Perception Index (CGPI) and firm value.

CONCLUSION

This study's results indicate that intellectual capital has a positive effect on firm value, intellectual capital harms financial distress, and good corporate governance does not affect firm value and financial distress. In addition, intellectual capital affects firm value through financial distress as an intervening variable, and good corporate governance does not affect firm value through financial distress as an intervening variable during the Covid-19 pandemic. This aligns with the RBV theory, which states that when a company optimizes its resources properly, it will increase its competitive advantage. IC has a role in improving company performance to increase firm value and minimize symptoms of financial distress. In signaling theory, a signal will appear and influence investors' decisions. When the company has unique values and characteristics that differentiate it from other companies, it can be said that the signal is expensive. So that even during a pandemic crisis, the company remains sustainable and avoids symptoms of financial distress.

The suggestion can generate is that the Covid-19 pandemic crisis that hit the whole world, one of which is Indonesia, has caused not only public health but also a financial crisis or a decrease in people's purchasing power. The decline in purchasing power fell in all sectors, one of which is banking, where the reduction in credit at the start of the Covid-19 pandemic came to Indonesia. Even though this decline was very drastic, it did not cause banks to have bankruptcy or financial distress. It has proved that in 2021 the banking financial performance has an increase or economic recovery so that the film value has risen again, which can be seen by the increasing stock prices. However, to face the crisis and banking challenges in the digital world, banks must implement good corporate governance properly and optimize intellectual capital, strengthening the company's internal resources. This can be done by granting the rights and obligations of employees who are increasingly feasible and continuing to innovate using company resources so that later they can continue to increase the advantages of each bank and not be left behind by the times.

Because the covid-19 pandemic happened in early 2020, the 2019 data did not yet show symptoms of a financial crisis caused by the co-19 pandemic. Hopefully, further research can add samples of banks not listed on the IDX or take representatives of banks badly affected by the Covid-19 pandemic, for example, BPR/BPRS using primary data or comparing the years before Covid-19 and during Covid-19. In addition, financial distress research variables can be calculated using a method other than the Altman Z-Score: the risk profile, good corporate governance, earnings, and capital (RGEC) methods.

REFERENCES

Adhiprasetya, A., and Zulaikha. (2019). PENGARUH CORPORATE GOVERNANCE PERCEPTION INDEX TERHADAP NILAI PERUSAHAAN DAN KINERJA KEUANGAN PERUSAHAAN. DIPONEGORO JOURNAL OF ACCOUNTING, 1-10.

Amirullah, H. R., Dharma, F., and Putri, W. R. (2021). Pengaruh Intellectual Capital Terhadap Nilai Perusahaan Saat Pandemi Covid 19 Dengan Profitabilitas Sebagai Variabel Moderasi (Studi Empiris Pada Peusahaan LQ45 Yang Terdaftar Di Bursa Efek Indonesia) . Jurnal Akuntansi Bisnis dan Ekonomi 7(2) , 2039-2050.

Assidi, S. (2020). The effect of voluntary disclosures and corporate governance on firm value: a study of listed firms in France. International Journal of Disclosure and Governance, pp. 168–179.

Ayu, N. P., Sari, L. P., and Pramitasari, T. D. (2022). Pengaruh Intellectual Capital Terhadap Nilai Perusahaan Dengan Financial Distress Sebagai Variabel Intervening Pada Perusahaan Property dan Real Estate Yang Terdaftar di BEI Tahun 2018-2020. Jurnal Mahasiswa Entrepreneur , 1331-1346.

Crespí-Cladera, R., Martín-Oliver, A., and Pascual-Fuster, B. (2021). Financial distress in the hospitality industry during the Covid-19 disaster. Tourism Management, 85(December 2020).

Gumanti, T. A. (2018). TEORI SINYAL DALAM MANAJEMEN KEUANGAN. Jakarta: Universitas Bhayangkara Jakarta Raya.

Hermuningsih, S. (2012). Pengaruh Profitabilitas, Size Terhadap Nilai Perusahaan Dengan Sruktur Modal Sebagai Variabel Intervening. Jurnal Siasat Bisnis, 16(2), 232–242.

Johnson, S., Boone, P., Breach, A., and Friedman, E. (2000). Corporate governance in the Asian financial crisis. Journal of Financial Economics, 58(1–2), 141–186.

Juwita, R., and Angela, A. (2016). Pengaruh Intellectual Capital Terhadap Nilai Perusahaan Pada Perusahaan Indeks Kompas 100 di Bursa Efek Indonesia. Jurnal Akuntansi, 8(1), 1–15.

Lee, T. S., and Yeh, Y. H. (2004). Corporate governance and financial distress: Evidence from Taiwan. Corporate Governance: An International Review, 12(3), 378–388.

Leipziger, D. (2015). The OECD Principles of Corporate Governance. The Corporate Responsibility Code Book: Third Edition, 216, 347–416.

Liza Tamarani. (2015). Pengaruh Good Corporate Governance Indeks Dan Financial Distress Terhadap Nilai Perusahaan Dengan Kinerja Perusahaan Sebagai Variabel Intervening (Studi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2009-2012). Jom Fekon, 2(1), 1–15.

Margaretha, F. (2005). Teori dan Aplikasi Manajemen Keuangan Investasi dan Sumber Dana Jangka Panjang. Jakarta: Penerbit PT. Grasindo.

Maulina, R., Soufyan, D. A., Rahmazaniati, L., Vonna, S. M., and Rahmadani, I. (2020). Analisis Peran Bank Perkreditan Rakyat Syariah (Bprs) Terhadap Peningkatan Kinerja Umkm (Studi Pada Pt. Bprs Baiturrahman). Akbis: Media Riset Akuntansi Dan Bisnis, 4(2), 107.

Meindarto, A., and Lukiastuti, F. (2016). PENGARUH CORPORATE GOVERNANCE TERHADAP NILAI PERUSAHAAN PADA PERUSAHAAN PERBANKAN YANG TERDAFTAR DI BEI TAHUN 2011-2014. Telaah Bisnis.

Nengsih, T. A., and Martaliah, N. (2021). Regresi Data Panel Dengan Software Eviews. Jambi: UIN Sultan Thaha Saifuddin.

Nurhayati, S. (2017). Analisa Pengaruh Intellectual Capital Terhadap Kinerja Pasar Dan Kinerja Keuangan Pada Perusahaan Lq45 Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2010-2013. Jurnal ASET (Akuntansi Riset), 9(1), 133.

Peraturan Otoritas Jasa Keuangan Nomor 4/POJK.03. (2016). Peraturan Otoritas Jasa Keuangan Nomor 4/ POJK.03 Tentang Tingkat Kesehatan Bank Umum. Jakarta: Otoritas Jasa Keuangan.

Platt, H. D., and Platt, M. B. (2002). Predicting Corporate Financial Distress: Reflections on Choice-Based Sample Bias. Journal of Economics and Finance, 26(2), 184–199.

Purwaningtyas, F. P. (2011). Pengaruh Mekanisme Corporate Governance Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di BEI Tahun 2007-2009). Jurnal Akuntansi AKUNESA, 8(1), 1–65.

Peraturan Otoritas Jasa Keuangan Nomor 4/POJK.03. (2016). *Peraturan Otoritas Jasa Keuangan Nomor 4/ POJK.03 Tentang Tingkat Kesehatan Bank Umum.* Jakarta: Otoritas Jasa Keuangan.

POJK Nomor 55/POJK.03. (2016). Peraturan Otoritas Jasa Keuangan Nomor 55/POJK.03 Tentang Penerapan Tata Kelola Bagi Bank Umum. Jakarta: Otoritas Jasa Keuangan.

Retno, D. R., and Prihatinah, D. (2012). Jurnal Nominal / Volume I Nomor I / Tahun 2012. Jurnal Nominal, I(5), 12–14.

Sayyidah, U., and Saifi, M. (2015). Pengaruh Intellectual Capital Terhadap Nilai Perusahaan Variabel Moderasi (Studi Pada Perusahaan Sub Sektor Property Dan Real Estate Di Bursa Efek Indonesia Periode 2013-2015). Administrasi Bisnis (JAB), 46(1), 163–171.

Scott, and R, W. (2012). Financial Accounting Theory, Sixth Edition. Toronto: Pearson Canada Inc.

Seprijon, Y. P., Anggraini, F., and Rahmi, S. (2019). PENGARUH INTELLECTUAL CAPITAL TERHADAP NILAI PERUSAHAAN DENGAN FINANCIAL DISTRESS SEBAGAI VARIABEL INTERVENING. Abstract of Undergraduate Research, Faculty of Economics, Bung Hatta University.

Shahwan, T. M., and Habib, A. M. (2020). Does the efficiency of corporate governance and intellectual capital affect a firm's financial distress? Evidence from Egypt. Journal of Intellectual Capital, 403-430.

Simarmata, R. S. (2016). Pengaruh Intellectual Capital Terhadap Kinerja Keuangan Dan Nilai Perusahaan Perbankan Indonesia. Accounting Analysis Journal, 5(1), 1–9.

Sirait, S. (2016). Analisis Rasio Keuangan Untuk Memprediksi Kondisi financial.

Sulistiyani, T., Rivai, A., and Suharto. (2020). The Effect of Institutional Ownership and Capital Structure on Firm Value with Financial Distress as Moderated Variables in Non-Bank Companies Registered in IDXLQ45 2016–2018. International Journal of Social Sciences and English Literature, 1-8.

Sulistiyowati, L. N., and Devinaya, D. R. (2021). Financial Distress Pengaruhnya Terhadap Nilai Perusahaan Asuransi Yang Terdaftar Di Bursa Efek Indonesia. Jurnal Manajemen Dan Bisnis Indonesia, 7(2), 45–61.

Triwahyuningtias, M. (2012). Analisis Pengaruh Struktur Kepemilikan, Ukuran Dewan, Komisaris Independen, Likuiditas, Dan Laverage Terhadap Terjadinya Financial Distress. Semarang , Universitas Diponogoro, 1–81.

Ulum, I. (2017). INTELLECTUAL CAPITAL: Model Pengukuran, Framework Pengungkapan and Kinerja Organisasi. Malang: Universitas Muhammadiyah Malang.

Widhiadnyana, I. K., and Ratnadi, N. M. (2019). The impact of managerial ownership, institutional ownership, proportion of independent commissioner, and intellectual capital on financial distress. Journal of Economics, Business and Accountancy Ventura, 21 (3), 351.

Widhiastuti, R., Nurkhin, A., and Susilowati, N. (2019). Peran Financial Performance dalam Memediasi Pengaruh Good Corporate Governance Terhadap Financial Distress. Jurnal Economia , 34-47.

Widhianningrum, P., and Amah, N. (2012). Pengaruh Mekanisme Good Corporate Governance Terhadap Kinerja Keuangan Selama Krisis Keuangan Tahun 2007-2009. JDA Jurnal Dinamika Akuntansi, 4(2), 94–102.