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THE EFFECT OF INTELLECTUAL CAPITAL, CORPORATE GOVERNANCE, GENDER OF DIRECTORS, AGE OF DIRECTORS, AND EDUCATIONAL BACKGROUND OF DIRECTORS TOWARDS FINANCIAL PERFORMANCE

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Abstract: *The purpose of this study is to find out the effect of Intellectual Capital, Corporate Governance, Gender of Directors, Age of Directors, and Educational Background of Directors towards Financial Performance. The population used in this study is banking companies in 2017-2020. The sampling technique used is purposive sampling technique so that a sample of 164 companies that met the criteria. The results showed that the Intellectual Capital variable had a positive effect towards Financial Performance, and the Age variable of the Board of Directors negatively affected Financial Performance. While the variables of Corporate Governance, Gender of Directors, and Educational Background of the Board of Directors have no effect towards Financial Performance.*

Keywords: *Intellectual Capital, Corporate Governance, Gender of Directors, Age of Directors, Educational Background of Directors, and Financial Performance*

1. INTRODUCTION

Financial Services Authority (OJK) data on commercial bank performance said that the national banking industry's profit in the fourth quarter of 2015 decreased from the previous year in the same period. Credit grew by 4.18% and funds grew by 4.5%. Over all there is still growth although not as fast as the first 6 months of 2015. Sources from CEIC and Bank Indonesia in 2015 stated that the Return on Asset (ROA) reflecting the profitability and efficiency of banking showed a downward trend to 2.2% in May 2015 from 2.6% in the previous quarter, and the Loan to Deposit Ratio (LDR) showed an upward trend of 88.62% from the previous quarter in March 2015 of 87.58%.

Based on these conditions, banking companies are required to improve their company's better performance. Yudianto (2020) states that Performance serves as a management tool in making decisions, and shows investors, customers, or the general public that the company has good credibility (Iin and Anik, 2020). The growth potential of the company is determined by indicators that show a positive trend in the company's financial performance (Yudianto, 2020). Financial performance assessment is important for companies, not least for banking companies. The financial performance of banking companies also has an important link to the economic growth of a country that can be seen in the financial statements (Hamdani et al., 2018).

Intellectual Capital is an intangible asset that is structured and utilized to produce higher-value assets (Ulum et al., 2014). Intellectual Capital is a resource of information and knowledge that serves to improve the ability to compete and improve the performance of a company (N. T. Astuti & Suharni, 2020). Mawarsih (2016) states that companies that manage intellectual capital that they own effectively and efficiently will improve the financial performance of the company.

Corporate governance is another important factor that can improve financial performance (LMS Kristiyanti, 2021). Corporate Governance is a set of regulations that establish the relationship between shareholders, administrators, creditors, governments, employees, and other internal and external stakeholders related to their rights and obligations (Al-ahdal et al., 2020). Good corporate governance can affect the financial performance of a company seen through monitoring conducted, and an effective corporate governance system in a company will make management not abuse authority and will work in the interests of the company (Nurcahyani, 2013).

The diversity of directors establishes the heterogeneous composition of gender, age, race, education, experience, nationality, lifestyle, culture, religion, as well as other aspects that make humans different individuals (Mishra &Shital, 2013). Gender diversity can benefit a company, as each board member will have differences of opinion and information that will build a strong foundation to compete (Lisaime & Sri, 2018). According to Amin & Sunarjanto (2016), the variety of genders on the board of directors is believed to affect the company's performance in the short and long term and be able to increase the effectiveness in supervision activities.

The characteristics of the board in terms of age are related to the wisdom possessed, especially in making decisions (Zulkarnain & Mirawati, 2019). Companies that employ workers with wide age vulnerable have the advantage of creating a dynamic atmosphere, a multigenerational workforce with a wide range of expertise that benefits the company (Ararat et al., 2010). Companies that have younger managers will experience higher growth than companies with older managers because younger managers have a tendency to accept new ideas (Cheng et al., 2010).

The level of education of directors contributes to the effectiveness of management and gestures for investors regarding the reputation of their management, so as to affect the mindset and actions of a board of directors. Rahmanto & Lestari (2020) stated that the level of education also helps improve the ability and knowledge of directors related to human resource training and improvement of company development research. Directors with financial education backgrounds will be more familiar with how to achieve a good financial performance and can avoid the practice of earning management (Davidson et al., 2004). The background of financial education will also improve the ability of directors in producing a more effective financial reporting process (Syafiqurrahman et al., 2014).

The study focused on Banking Companies listed on the Indonesia Stock Exchange in 2017-2020 (Utami, 2021). The Banking sector was chosen because it focuses heavily on service innovation. Intellectual capital is widely needed in companies that need creative service innovation, and one of the four industry sectors that have Intellectual intensive is banking (Firer & Williams, 2003). This study contributed to the literature by testing the effect of Intellectual Capital, Corporate Governance, Gender of Directors, Age of Directors, and Educational Background of Directors towards Financial Performance.

2. REVIEW OF LITERATURE

Resource Based Theory

This theory discusses the resources owned by the company and how the company can process and utilize the resources owned (Wijayani, 2017). According to Mawarsih (2016) stated Resource-Based Theory considers the company will be able to achieve a competitive advantage if it has superior resources. According to Resource-Based Theory, Intellectual

Capital has great potential to be able to create a competitive advantage for companies, because with the competitive advantage of Intellectual Capital, companies can use it to compete in competitive markets and obtain optimal performance (Pratama et al., 2019). Intellectual Capital owned by the company will be able to create a competitive advantage that will improve the company's performance (Pratama et al., 2018).

Agency Theory

Agency relationships occur when one or more people hire another person to provide a service and then delegate authority in making decisions (Jensen &Meckling, 2019). The separation of ownership by the principal with control by agents in an organization tends to cause an agency conflict between the principal and the agent (Jensen & Meckling, 2019). With conflicts of interest issues and agency costs that will arise, a clearer concept of protection of stakeholders is needed, namely the concept of Corporate Governance. (Cynthia & Devie, 2017) stated that the concept of Corporate Governance protects stakeholders from conflict problems and agency costs that will arise.

Resource Dependency Theory

Resouce Dependency Theory states that a company will have more power than other companies if it has its own peculiarities (Pfeffer and Salancik, 1978). Different background managers will provide important and useful resources for the company, and in the theory of resource dependency, the diversity of the board of directors will provide different advantages for the company, because this diversity will provide quality human resources that will result in better performance for the company (Lisaime & Sri, 2018).

Upper Echelons Theory

Upper Echelons Theory put forward by (Hambrick, 1984) explain that top management including the board of directors in it reflects on the company's results. Company results such as company performance are influenced by the diversity of demographic characteristics in top management teams. This theory underlies the relationship of demographic diversity to company performance. Demographic characteristics of top management teams such as age, education, and experience will influence their decision-making (Hambrick, 1984). In Upper Echelons Theory, young boards have the characteristic of daring to take risks, and old boards of directors are characterized for being more concerned with financial and career security and have a great commitment to the company (Hambrick, 1984).

The effect of Intellectual Capital towards Financial Performance

Intellectual Capital is an intellectual property centered on human resources that serves to improve the competitiveness of the company (Wijayani, 2017). Based on Resources Based Theory it can be concluded that Intellectual Capital (IC) meets the criteria as a unique resource that is able to create a competitive advantage for the company and can be used to develop and implement strategies so as to improve the company's performance for the better (Wijayani, 2017). This means that IC plays an important role in improving the company's performance (Zuliana & Aliamin, 2019)., (Budiyono and Putri, 2021).

Research conducted by (N. T. Astuti & Suharni, 2020; Mawarsih, 2016; Pratama et al., 2018; Tarigan & Septiani, 2017; Wijayani, 2017) obtained empirical evidence that Intellectual Capital has a positive effect on Financial Performance. This shows that the effective and efficient use of intellectual capital makes the company achieve higher performance.

H1= Intellectual Capital has a positive effect on Financial Performance

The effect of Corporate Governance towards Financial Performance

The application of the principles of good Corporate Governance can affect a company's Financial Performance through monitoring carried out, and the existence of good Corporate Governance is now not only an obligation for every company but has become a necessity that bridges the relationship between investors and company management (Cynthia & Devie, 2017). Agency Theory proposed by Jensen & Meckling (2019) concerns contractual relationships between members in a company. Historically, the separation of ownership and management has been an important basis in corporate governance (Jensen & Meckling, 2019).

Research conducted by (Al-ahdal et al., 2020; Bhagat & Bolton, 2019; Cynthia & Devie, 2017; Nurcahyani, 2013; and Paniagua et al., 2018) produced empirical evidence that Corporate Governance positively affects a company's Financial Performance. (Nurcahyani, 2013) said that an effective Corporate Governance system in a company will make management not abuse authority and work in the interests of the company.

H2= Corporate Governance has a positive effect on Financial Performance

The effect of Gender of Directors towards Financial Performance

Women's boards of directors are part of gender diversity that most influences the company's performance (Sri, 2018). Gender diversity on the board of directors is believed to affect the company's performance, both in the short and long term and able to increase effectiveness in monitoring activities (Amin & Sunarjanto, 2016). In Resource Dependence Theory, the Board of Directors connects companies with other external organizations to address environmental dependency issues (Pfeffer and Salancik, 1978).

Research conducted by (Carter et al., 2010; Rompis et al., 2018; Williams, 2001) obtained a positive influence between the Gender of directors on Financial Performance. The diversity that occurs in the board of directors is expected to encourage decision making that can be taken through various points of view.

H3= Gender of Directors has a positive effect on Financial Performance

The effect of Age of Directors towards Financial Performance

Age can affect a person's performance within a company which can then affect a company's value and performance. Hambrick (1984) in Upper Echelons Theory states that younger managers are more likely to undertake risky strategies, and companies with younger managers will experience higher growth than their counterparts with older managers. Because young managers have a tendency not to accept the status quo but to accept new ideas (Cheng et al., 2010).

The results of previous studies that support the explanation include research conducted by (Ararat et al., 2010; Hassan & Marimuthu, 2016; Ramadhanty et al., 2019) who found empirical evidence that the age of directors positively affects the company's performance.

H4= Age of Directors has a positive effect on Financial Performance

The effect of Educational Background of Directors towards Financial Performance

The educational background of board members influences the knowledge and skills possessed (Astuti, 2017). The decision-making and management process of the company is strongly influenced by the cognitive characteristics possessed by the board of directors and board of commissioners, because the cognitive characteristics of a person can be seen from the educational background of members of the board of directors and members of the board of commissioners. In Upper Echelons Theory, demographic characteristics of top management teams such as age, education, and experience will influence their decision-making (Hambrick, 1984).

Research on the educational background of directors on financial performance was conducted by (Syafiqurrahman et al., 2014) and (Van Ness et al., 2010). The existence of variations in the formal educational background of directors has an impact on the market and performance. That is, the board of directors consists of indiviu who have a variety of knowledge, expertise, and credibility, so as to be able to carry out the duties and functions of the company's board.

H5= The Educational Background of the Board of Directors has a positive effect on Financial Performance

3. METHODOLOGY

Population and Sample

The population and sample used in this study are banking companies in 2017-2020. The sampling technique used in this research is purposive sampling. Based on the sample criteria, a research sample of 41 companies was obtained for each year from the period 2017-2020. The total sample used is 164.

Sample Selection Table

No.	Criteria	Size
1	Banking companies listed on the Indonesia Stock Exchange in 2017-2020 = 41 x 4 years	164
2	Companies/years of banking companies that did not publish financial reports during 2017-2020	(0)
	Total Number of Samples During the Research Period	164

Definition - Operational and Measurement of Variables

Independent Variable

Intellectual Capital

Intellectual Capital is an intangible asset that plays an important role in increasing a company's competitiveness and is used to increase company profits (Wijayani, 2017). To measure the variable of Intellectual Capital in this study, the iB–VAICTM method will be used which references Ulum's research (2013). The formula for calculating iB–VAICTM is as follows:

a. To calculate iB–*Value Added* (iB–VA)

$$\mathbf{iB - VA = OP + EC + D + A}$$

Di mana:
OP: *Operating Profit* (Laba operasi/laba usaha)
EC: *Employee Costs* (Beban karyawan)
D: *Depreciation* (Depresiasi)
A: *Amortization* (Amortisasi)

b. To calculate iB–*Value Added Capital Employed* (iB–VACA) iB–VACA is an indicator for iB–VA that is created from one unit deriving from *human capital*. This ratio shows the contribution made by each unit of CE to the company's value added (Ulum, 2013).

$$\mathbf{iB - VACA = \frac{VA}{CE}}$$

Where:
iB–VACA: Ratio iB–VA to the CE
iB–VA: *Value added*
CE: *Capital Employed*: available funds (total equity)

c. To calculate iB–*Value Added Human Capital* (iB–VAHU)
iB–VAHU indicates how much iB–VA can be generated with funds spent on labour. This ratio shows the contribution made by every rupiah invested in HC to the organization's value added (Ulum, 2013).).

$$\mathbf{iB - VAHU = \frac{VA}{HC}}$$

Where:

iB–VAHU	: Rasio iB–VA against HC
iB–VA	: *Value added*
HC	: *Human Capital*: weight of labor

d. To calculate *Structural Capital Value Added* (iB–STVA)
This ratio measures the number of SCs needed to generate one rupiah from iB–VA and is an indication of how successful SC is in value creation (Ulum, 2013).

$$\mathbf{iB - STVA = \frac{SC}{VA}}$$

Where:

iB–STVA	: Ratio from SC against iB–VA
SC	: *Structural Capital*: iB-VA – HC
iB–VA	: *Value Added*

e. To calculate *Value Added Intellectual Coefficient* (iB–VAICTM)
iB–VAICTM indicates the organization's intellectual abilities that can also be considered as BPI (Business Performance Indicator). iB–VAICTM is the sum of the three previous components which are formulated as follows (Ulum, 2013)

$$\boldsymbol{iB - VAICTM = iB - VACA + iB - VAHU + iB - STVA}$$

Corporate Governance

Corporate Governance is a mechanism based on agency conflict. Corporate governance involves the relationship between the company's top management, the board of directors, shareholders, and other stakeholders such as employees and customers. The strategic and managerial characteristics of the company can determine the success of a company, and these strategic characteristics include the strategy of implementing a good Corporate Governance

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system in the company (Cynthia & Devie, 2017) In this study, Corporate Governance is measured using the CGI index which has 52 disclosure items, which refers to the research of Siagian et al. (2013).

Gender of Board of Directors

The female board of directors is part of the gender diversity that has the most influence on the company's performance (Sri, 2018). According to Sri (2018), the gender diversity of directors can enrich perspectives in decision making. Male directors have high abilities in terms of talent or intelligence, while women have a high prudence, tend to avoid risks and are more thorough (Amin and Sunarjanto, 2016). In this study, the Gender of Directors was measured using a proportion that referred to the research of Rismawati & Singapurwoko (2019) with the following formula:

$$\boldsymbol{\mathit{Gender}\ \textbf{of Board of Directors}} = \frac{\textbf{Female Board of Directors}}{\textbf{Total Board of Directors}}$$

Age of Board of Directors

The presence of age diversity will provide different backgrounds such as diversity in experience, skills, skills, and social networks. According to Hambrick et al. (1984), companies with young managers will experience higher growth than companies with older managers.

In this study, the age of the Board of Directors is measured using a proportion that refers to Astuti (2017) research with the following formula:

$$\textbf{Age of Board of Directors} = \frac{\textbf{Total Senior Board of Directors} \leq \textbf{50 Years}}{\textbf{Total Board Directors}}$$

Education Background of Board of Directors

The field of education pursued by the directors, namely in what field the directors' completed their education. This will affect the mindset and reference for the director in determining the policies to be taken, where this will impact the results of the company's performance (Astuti, 2017). Kusumastuti & Sastra (2007) states that board members with economic and business education backgrounds have better abilities in making business decisions.

The educational background of the Board of Directors in this study is measured using a proportion that refers to the research (Putra, 2019) with the formula:

$$\textbf{Education Background BOD} = \frac{\textbf{BODs with Economy \& Business Background}}{\textbf{Total Board of Directors}}$$

Description:
BOD : Board of Directors

Dependent Variable

Financial performance

Return On Assets (ROA) is used as a proxy in measuring the company's financial performance because it is more comprehensive in measuring the overall rate of return both from debt and capital (Indrawati et al., 2020). Indrawati et al (2020) also stated that Return On Assets (ROA) can measure the company's ability to generate operating profits with total existing assets. The Return On Assets (ROA) formula is as follows (Pratama, 2016):

$$\textbf{Financial Performance} = \frac{\textbf{Profit before Tax}}{\textbf{Total Asset}}$$

Data analysis technique

Hypothesis testing in this study will be using the multiple regression analysis method. Before performing the test, the classical assumption test must first be conducted to test and ensure the feasibility of the regression model used in this study. The regression equation in this study is as follows:

$$\boldsymbol{KK = \alpha + \beta 1IC + \beta 2CG + \beta 3GENDER + \beta 4USIA + \beta 5PENDIDIKAN + \varepsilon}$$

KK	: Financial Performance
α	: Constant
β1-β5	: Regression coefficient of each independent variable
IC	: Intellectual Capital
CG	: Corporate Governance
GENDER	: Gender of BOD
USIA	: Age of BOD
PENDIDIKAN	: Education of BOD
ε	: Error term

4. RESULT AND DISCUSSIONS

Descriptive Statistical Analysis

	Minimum	Maximum	Mean	Std. Deviation
X1	-2,573	16,075	2,75539	2,701041
X2	18,000	57,000	35,35976	10,473389
X3	,000	,750	,18396	,182241
X4	,000	,750	,27178	,201699
X5	,143	1,500	,77392	,200060
Y	-,090	,040	,00709	,020782

Source: Secondary data processed in 2021

Description:

X1	: Intellectual Capital
X2	: Corporate Governance
X3	: Gender of BOD
X4	: Age of BOD
X5	: Education Background of BOD

Y : Financial Performance

Based on the table above, it can be seen that the Financial Performance variable has an average value of 0.007. Intellectual Capital variable has an average value of 2.755. Meanwhile, the Corporate Governance variable has an average value of 35.359, the Gender of BOD variable has an average value of 0.183, the Age of BOD has an average value of 0.271, and the Education Background variable of BOD has an average value of 0.773.

Multiple Regression Analysis

Multiple regression analysis was used to determine the effect of the independent variable on the dependent variable.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,009	,009		,995	,321
	X1	,002	,001	,284	3,662	,000
	X2	,000	,000	,084	1,102	,272
	X3	,000	,009	-,004	-,058	,954
	X4	-,019	,008	-,184	-2,463	,015
	X5	-,011	,008	-,107	-1,444	,151

Dependent Variable: Y
Source: Secondary data processed in 2021

Description:
X1 : Intellectual Capital
X2 : Corporate Governance
X3 : Gender of BOD
X4 : Age of BOD
X5 : Education Background of BOD
Y : Financial Performance

Based on the results of the regression coefficients above, a multiple linear regression equation model can be made as follows:

$$KK = 0,009 + 0,002IC + 0,000CG + 0,000GENDER - 0,0019USIA - 0,011\,PENDIDIKAN + \varepsilon$$

Goodness of Fit Test

Coefficient of Determination (Adjusted R^2)

Coefficient of Determination (Adjusted R^2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,414[a]	,171	,145	,019213
a. Predictors: (Constant), X5, X2, X3, X4, X1				
b. Dependent Variable: Y				

Source: Secondary data processed in 2021

Description:
X1 : Intellectual Capital
X2 : Corporate Governance
X3 : Gender of BOD
X4 : Age of BOD
X5 : Education Background of BOD
Y : Financial Performance

Based on the results of the coefficient of determination, the Adjusted R Square value is 0.145, which means 14.5% of the Financial Performance variable can be explained by the variables of the influence of Intellectual Capital, Corporate Governance, Gender of BOD, Age of BOD, and Education Background of BOD. While the remaining 85.5% is explained by the variables of Operating Cost/Operating Income, Capital Adequacy Ratio (CAR), and Loan to Deposit Ratio (LDR) and other variables outside the regression model (Lukitasari & Kartika, 2014).

Model Fit Test (F Statistic Test)

F Statistic Test

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,012	5	,002	6,540	,000[b]
	Residual	,058	158	,000		
	Total	,070	163			
a. Dependent Variable: Y						
b. Predictors: (Constant), X5, X2, X3, X4, X1						

Source: Secondary data processed in 2021

Description:
X1 : Intellectual Capital
X2 : Corporate Governance
X3 : Gender of BOD
X4 : Age of BOD
X5 : Education Background of BOD
Y : Financial Performance

It is known that the calculated F value is 6.540 with a statistical value showing significant results at = 0.05, which is 0.000, meaning that the significance value is <0.05. This indicates that the model is feasible to use to predict the influence of Intellectual Capital, Corporate Governance, Gender of BOD, Age of BOD, and Education Background of BOD on Financial Performance.

Individual Parameter Significance Test (t Statistic Test)

t Statistic Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,009	,009		,995	,321
	X1	,002	,001	,284	3,662	,000
	X2	,000	,000	,084	1,102	,272
	X3	,000	,009	-,004	-,058	,954
	X4	-,019	,008	-,184	-2,463	,015
	X5	-,011	,008	-,107	-1,444	,151

a. Dependent Variable: Y

Source: Secondary data processed in 2021

5. DISCUSSION

The results of testing the first hypothesis

The results of the t test show the regression coefficient value of 0.002 with a positive direction and a significance value of 0.000 <0.05. This shows that the independent variable that was inputted in the regression model, namely the Intellectual Capital variable has a positive effect on Financial Performance. This is evidenced by the results obtained, that is tvalue > ttable, the value is 3.662 > 1.654. Therefore, it can be concluded that the first hypothesis is accepted and the Intellectual Capital variable has a positive effect on Financial Performance.

The results of the Intellectual Capital research are in line with the Resources Based Theory which explains that companies can utilize their resources to create added value for companies to achieve competitive advantage. Improved human resource capabilities are expected to improve performance for the company (Wijayani, 2017). This research is in line with research conducted by (N. T. Astuti & Suharni, 2020; Mawarsih, 2016; Pratama et al., 2018; Tarigan & Septiani, 2017; Wijayani, 2017).

The results of testing the second hypothesis

The results of the t test show the regression coefficient value of 0.000 with a positive direction and a significance value of 0.272 > 0.05. This shows that the independent variable inputted in the regression model, specifically Corporate Governance, has no effect on Financial Performance. This is evidenced by the results obtained, tvalue < ttable the value is 1.102 < 1.654. It can be concluded that the second hypothesis is rejected and the Corporate Governance variable has no effect on Financial Performance.

This is not in accordance with the agency theory which allows conflicts of interest between managers (agency) and investors (principals). Puspitasari & Ernawati (2010) stated that there may be inhibiting factors that can reduce the effectiveness of the implementation of Corporate Governance, thereby affecting the Company's Financial Performance, such as government regulations and business entity policies, market forms, and funding structures. This study is in line with the results of research conducted by (Puspitasari & Ernawati, 2010) namely Corporate Governance has no effect on Financial Performance

The results of testing the third hypothesis

The results of the t test show the regression coefficient value of 0.000 with a positive direction and a significance value of 0.954 > 0.05. This shows that the independent variable inputted in the regression model, that is Gender of BOD has no effect on Financial Performance. This is evidenced by the results obtained, namely tvalue < ttable the value is -0.058 < 1.654. So it can be concluded that the third hypothesis is rejected and the Gender of BOD variable has no effect on Financial Performance.

This finding is in line with the results of research by Rashid (2018) and Yasser et al., (2017) where gender has no effect on firm performance as measured by ROA. The presence of women on the board of directors is still very few and does not necessarily have the expected quality, so that no effect has been found on company performance as measured by ROA (Amin & Sunarjanto, 2016).

The results of testing the fourth hypothesis

The results of the t test show the regression coefficient value of 0.019 with a negative direction and a significance value of 0.151 > 0.05. This shows that the independent variable included in the regression model, namely the Education Background of BOD has no effect on Financial Performance. This is evidenced by the results obtained, tvalue < ttable the value is -1.444 < 1.654. Therefore, it can be concluded that the fourth hypothesis is rejected and the Age of BOD variable has a negative effect on Financial Performance.

A young board of directors who are considered more open to something new and more dynamic in thinking may not necessarily have a positive effect on the company. If it is not balanced with emotional control and careful calculation and a stable way of thinking, it will boomerang against the company (Amin & Sunarjanto, 2016).

The results of testing the fifth hypothesis

The results of the t test show the regression coefficient value of 0.011 with a negative direction and a significance value of 0.015 <0.05. This shothat the independent variable inputted in the regression model, the Educational Background of the BOD has no effect on Financial Performance. This is evidenced by the results obtained, tvalue < ttable, the value is -2.463 < 1.654. So, it can be concluded that the fifth hypothesis is rejected and the Education Background variable of the Board of Directors has no effect on Financial Performance.

There is a possibility where the Education Background of the BOD must be in accordance with the position of the division in order to support the continuity of the company. The ability of directors is also not only measured by their formal education, which is hard skills, but also soft skills in running a business. This research is in line with research conducted by (Rahmanto & Lestari, 2020) with the results that the Education Background of BOD has no effect on Financial Performance.

6. CONCLUSION

The findings discussed have led us to draw some conclusions as follows: (1) Intellectual Capital has a positive effect on Financial Performance, (2) Age Of Board Of Director has a negative effect on Financial Performance, (3) Corporate Governance does not affect Financial Performance, (4) Gender Of Board Of Director does not affect Financial Performance, (5) The Educational Background of the Board of Directors does not affect Financial Performance. The result of this study show that banking companies can develop their Intellectual Capital Performance to provide a competitive advantage to the banks that will provide them higher value. Based on the conclusions and implications described above, the researchers provide suggestions for further research: (1) future researchers can add other variables to corporate governance proxies such as audit committees, proportions of independent commissioners, and ownership structures. (2) Further research is expected to use different sectors.

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