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THE EFFECT OF INTELLECTUAL CAPITAL AND GOOD CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE IN BANKING SECTOR REGISTERED IN INDONESIA STOCK EXCHANGE WITH COMPETITIVE ADVANTAGE AS INTERVENING VARIABLES FOR 2016-2019

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Abstract : *The purpose of this study is to obtain empirical evidence of the role of Competitive Advantage in mediating the relationship between Intellectual Capital and Good Corporate Governance and Financial Performance. The population of this study is the banking sector companies listed on the Indonesia Stock Exchange (BEI) 2016-2019. The method of determining the sample using a purposive sampling technique. The number of samples obtained was 31 companies with a total of 124 observations. Based on the research results, it was found that the variable that had a direct influence on the Competitive Advantage was the Good Corporate Governance variable, while the Intellectual Capital variable did not have a direct effect. Meanwhile, the variables that have a direct influence on financial performance are the variables of Good Corporate Governance and Competitive Advantage. Based on the results of the analysis, it was also found that Competitive Advantage was not able to mediate the relationship between Intellectual Capital and Financial Performance but was able to mediate the relationship between Good Corporate Governance and Financial Performance.*

Keywords: *Intellectual Capital, Good Corporate Governance, Competitive Advantage, Financial Performance*

1. Introduction

Globalization, technological innovation and intense business competition in this century have forced companies to change the way they do business. In order for the company to continue to compete, these companies must be able to change their strategy and business based on laborlabor-(based business) to a business based on knowledge (knowledge based business), so that they become a science-based company (Artati, 2017). Along with science-based economic changes with the application of knowledge (knowledge management), the prosperity of a company will depend on a transformation and capitalization creation of knowledge itself which can be in the form of techniques, methods, methods of production, and the equipment or machines used in a production process (Zuliyanti, 2017).

In the banking sector, 2020 is the year the Asean Economic Community (AEC) is implemented in Southeast Asian countries, namely the condition for all workers to enter countries that follow the agreement. This means that labor competition in Indonesia will be tighter. The community will compete to improve their personal competence so that they do

not lose in the competition. Science and technology that are developing very rapidly have an impact on very rapid progress for the development of the business sector and this can make some Indonesians think that being a graduate abroad will be able to increase their competence in preparing for competition with foreign workers (Bank Indonesia, 2016).

In a pandemic situation like now, OJK estimates that there will be a significant decline in bank profits reaching 30-40% by the end of the year. This estimate is based on the banking industry's realized profit before tax, which decreased by 19.8% in the second quarter.

Based on CNN Indonesia (2020) The decline in banking profits is not something that can be avoided in a pandemic situation like now. The decline in net profit occurred particularly in several state-owned banks. The following is data on the decline in bank profits.

Table 1 Decline In Bank Profits

No.	Bank Name	Semester 1 2019	Semester 1 2020	Decreased Income Net
1.	PT Bank Negara Indonesia (Persero)| Tbk	Rp. 7,63 Triliun	Rp. 4,46 Triliun	41,54%
2.	PT Bank Tabungan Negara (Persero)Tbk	Rp. 1,3 Triliun	Rp. 768 Miliar	40%
3.	PT Bank Rakyat Indonesia (Persero) Tbk	Rp.16,16 Triliun	Rp. 10,2 Triliun	36,88%
4.	PT Bank Mandiri (Persero) Tbk	Rp.13,53 Triliun	Rp. 10,29 Triliun	23,94%

Source: CNN Indonesia, 2020

Judging from the data above, it can be said that the financial performance of banks is currently not in a good condition, especially for banks that are under the auspices of the government. However, Islamic banking's financial performance has also decreased during this pandemic. The Indonesian Minister of Finance stated that the Islamic banking industry could grow negatively this year because it was affected by the corona virus pandemic, the value of assets and liquidity could also decrease. This has been reflected in the decline in the Islamic banking industry resilience index which was released after the corona pandemic broke out in Indonesia (CNN Indonesia, 2020)

In addition to conventional banks, the syariah banking sector also experienced a significant decline in profits due to the impact of Covid-19. The data below shows a decline in profits in several Islamic banks, which means that not only conventional banks have experienced a decline in financial performance during the Covid-19 pandemic. The following is the data on the decline in profit of Islamic banks which has decreased in net profit.

Table 2 Decline In Profit Of Islamic Banks

No.	Bank Name	Semester 1 2019	Semester 1 2020	Decreased Income Net
1.	BTPN Syariah	Rp. 609,77 Miliar	Rp. 406,69 Miliar	33,16%
2.	Bank Panin Syariah	Rp. 5,11 Miliar	Rp. 1,57 Miliar	69,27%
3.	Bank Muamalat	Rp. 111,7 Miliar	Rp. 7,3 Miliar	93,4%

Source: CNN Indonesia, 2020

Company assets used to improve financial performance can be in the form of tangible assets (tangible assets) or intangile assets (intangible assets). Kamath (2015) states that if company value comes not only from tangible assets and financial assets, but also from Intellectual Capital such as research and development capital, human capital and competencies, organizational structure and company relationships with external parties (Siti, 2018). The emergence of a new paradigm driver from researchers related to Intellectual Capital as anasset.

Intangible to financial performance which is currently growing. The paradigm is "knowledge intensive organization" which interprets the company's wealth not only as tangible assets but also intangible assets such as intellectual capital.

According to Mouritsen (2001), Intellectual Capital is about the activities of managers which can be interpreted as efforts on behalf of knowledge. These activities are often related to employee development, restructuring, organization and development of marketing activities. Structural capital is the infrastructure that supports thecomponent human capital of Intellectual Capital. Human capital, the ability of employees to provide solutions to customers, to innovate and renew. Customer capital is a relationship with the people with whom the company does business (Dr. Ihyaul Ulum, 2017)

It is intellectual capital believed thatcan play an important role in increasing company value and financial performance (Lestari, 2016). Intellectual Capital has an effect on financial performance if companies that are able to manage their intellectual resources are believed to be able to create added value and are able to create competitive advantage by conducting innovation, research and development which will lead to an increase in the company's financial performance (Lestari, 2016).

Apart from intellectual capital, financial performance is also influenced by several other factors, one of which is Good Corporate Governance. Good Corporate Governance (GCG) is a concept that emphasizes the importance of shareholders' rights to obtain correct, accurate and timely information. It also shows the company's obligation to disclose (disclosure) of all the company's financial performance information is accurate, timely and transparent (Sianggono, 2018).

Good GCG implementation is the main aspect for building company fundamentals if it is not based on good governance practices. In addition, he assessed that the annual report supported by GCG will increase transparency and public accountability, which in turn will increase investor confidence. sturdy. The company's financial performance will not be sustainable (Badawi, 2018). The indicator used in measuring GCG is the board of commissioners. The Board of Commissioners is a board whose job is to supervise and provide advice to company directors (Rompas, 2018).

Disclosure of corporate governance is considered important as a form of accountability of management (agents) to owners (principals) of Bank Indonesia. Bank Indonesia's attitude and commitment to pushing towards the creation of a sound and strong banking system based on international standards that will ensure international recognition of banking in Indonesia in the era of globalization. So it is difficult to deny that during the last years, corporate governance has been very popular.

Not only popular, but Corporate Governance is also placed in an honorable position. This manifests itself in two beliefs. First, corporate governance is one of the keys to a company's success to grow and be profitable in the long term, while winning in global business, especially for companies that have been able to develop (Rompas, 2018). States that competitive advantage describes the way companies can select and implement generic strategies to achieve and maintain competitive advantage.

This research aims to analyze the influence of Intellectual Capital and Good Corporate Governance on the Financial Performance of the Banking Sector Listed on the Indonesia Stock Exchange with Competitive Advantage as an Intervening Variable.

2. Literature Review

2.2 Intellectual Capital

According to Mouritsen (2001), Intellectual Capital is about the activities of managers that can be attributed to efforts on behalf of knowledge. These activities are often related to employee development, organizational restructuring, and marketing activity development. Meanwhile, according to Stewart (1997), IC defines as the sum of everything in the company that can help the company to compete in the market, including intellectual material - knowledge, information, experience, intellectual property - which can be used to create prosperity.

2.3 Good Corporate Governance

The World Bank (World Bank) defines corporate governance as follows: Corporate Governance is a collection of laws, regulations and rules that must be fulfilled that can encourage the performance of company resources to work efficiently, resulting in long-term sustainable economic value for the shareholders as well as the surrounding community as a whole. Among business people, in general good corporate governance (GCG) is defined as corporate governance. GCG is also defined as a system that regulates and controls companies that create value added for all stakeholders (Monks, 2003). Bank Indonesia Regulation Number 55 / POJK.03 / 2016 dated 07 December 2016 regarding the Implementation of Governance for Commercial Banks defines that Good Governance is a Bank management procedure that applies the principles of transparency, independence, and accountability. accountability), responsibility, and fairness.

2.4 Competitive Advantage

Competitive advantage according to Bernardin and Russel (2008: 25), relates to the ability of a company to formulate strategy that puts it in an advantageous position compared to competing companies (Budiyono, et al, 2021). In order for the competitive advantage of a company to be maintained, it requires a human capital that has advantages in the form of commitment and capabilities in the form of innovation, enthusiasm, effective and efficient building customer value and uniqueness. (Indah, 2016: 5). Pesic, Milic, & Stankovic (2013) emphasized that HR has an important role in competition based on the RBV theory, and

believes that there is a close relationship between HR management and competitive advantage. This is due to the behavior of human resources as indicated by the cost and quality of business processes.

2.5 Financial Performance Financial

Performance according to (Libyanita & Wahidahwati, 2016) is measured by ROA (Return on Asset) where ROA is obtained from total assets divided by net income. The ROA ratio measures the ability of bank management to generate profits from total assets owned. ROA also describes the asset turnover as measured by sales volume. The greater the ROA of a bank, the greater the level of profit achieved and the better the position of the bank from the use of assets (Pratiwi, 2016)., (Iin Emy and Anik, 2020)

3. Research Methods

Population is the whole element whose characteristics are to be estimated not only for measurementelements studied but including the nature of the subject (Suliyatno, 2018). The population in this study is the sub-sector of banking industry companies listed on the Indonesia Stock Exchange (IDX) in 2016-2019. The sample is part of the number and characteristics of the population. The sampling technique uses purposive sampling method, which is a method of selection based on certain criteria. The determination of certain criteria is intended to provide maximum information (Suliyatno, 2018). The sample used in this study were 31 companies with a period study 4 years so the total samp el 124.

3.2 Operational Definition

To equalize perceptions in this study, it is necessary to have an operational definition of the variable as follows:

a. Intellectual Capital According to Mouritsen (2001), IC is about the activities of managers that can be attributed to efforts on behalf of knowledge. These activities are often related to employee development, organizational restructuring, and development of marketing activities.
b. Good Corporate Governance is responsibility and accountability for all operations of an organization, where this definition is more emphasized on external and internal accountability (Bohen and Taylor, 2000).
c. Competitive advantage can be defined as the ability obtained through the characteristics and resources of a company to have a higher performance than other companies in the same industry or market. This term comes from the title of Michael Porter's book, Comptitive Advantage (1985).
d. Financial performance is a system for measuring company performance in obtaining profits and market value. The measuring instrument commonly used is ROA. ROA is a comparison between net income and the average total assets owned by the company (Pratiwi, 2017).

3.3 Data Analysis Techniques

The data analysis technique used in this study is multiple linear regression analysis. Multiple regression analysis is a tool to estimate the effect value and prove whether there is a causal relationship between two or more independent variables on one dependent variable (Ghozali, 2016). In this study, the relationship between the independent variable (Intellectual Capital and Good Corporate Governance) and the dependent variable (financial performance) is mediated by the intervening variable (Competitive Advantage).

Hypothesis testing uses SPSS 20 software because it is able to produce convincing output for further analysis. The multiple linear regression formula based on (Ghozali, 2016) can be formulated as:

$M = a + \beta 1x1 + \beta 2x2 + e$ ..... equation 1

$Y = a + \beta 1x1 + \beta 2x2 + M + e$ ..... equation 2

Description:

a: Constant

M: Competitive Advantage

X1: Intellectual Capital

X2: Good Corporate Governance

Y: Banking Financial Performance

β1: Intellectual Capital Coefficient

β2: Coefficient of Good Corporate Governance

e: Error

4. Results And Discussion

4.2 Data Normality Test

Based on the data normality test, it shows that the Kolmogorov-Smirnove values of equation I and equation II are 0.943 and 1.201 with Asymp. The sig of equation I and equation II is (0.336) and (0.111)> 0.05. So it can be concluded that the data used in this study are normally distributed.

4.3 Multicolineartias and heteroscedasticity tests

In order to obtain the best and unbiased estimation results (Best Linear Unavailable Estimation), classical assumption tests were carried out, including what was done in this research was the Multicolonierity test and the Heteroscedasticity test. Multicollinearity test was used to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not have a correlation between the independent variables. To determine whether there is multicollinearity, it can be used by analyzing and seeing the value of the Variance Inflation Factor (VIF) and the tolerance of the selected independent variables that are not explained by other independent variables. The cut off value used to determine the presence of multicollinearity is a tolerance value ≥ 0.10 or VIF ≤ 10 (Ghozali, 2016)

Heteroskesdaticity test aims to test whether in the regression model there are variable inequalities from the residuals of one observation to another. If the residual variable from one observation to another is fixed, it is called homoscedasticity and if it is different it is called heteroscedasticity. How to test the presence or absence of heteroscedasticity, namely by using the Glejser test. A good regression model is homokesdasticity or does not occur heterosexuality. Heteroskesdastity occurs when the sig. <5%, if the value is sig. > 0.05, there is no heteroskesdaticity (Ghozali, 2016)

Table 3 test Multicollinearity and test Heteroskidastity Equation 1

Independent Variable	Test Multicollunearity		Test Heteroskidastity	
	Tolerance	VIF	t	Sig
Intellectual Capital	1.000	1.000	1.594	0.254
Good Corporater Governance	1.000	1.000	1.703	0.063

Table 4 Test Multicollinearity and Test Heteroskidastity Equation 2

Variabel Bebas	Test Multicollunearity		Test Heteroskidastity	
	Tolerance	VIF	t	Sig
Intellectual Capital	0.825	1.212	-1.975	0.051
Good Corporater Governance	0.977	1.023	-0.012	0.991
Competitive Advantage	0.816	1.225	-0.161	0.872

Based on the table of equation I and equation II above, it shows that all independent variables provide a VIF value <10 and a Tolerance value> 0.1 so it can be concluded that the model in this study is free from the deviation of the multicollinearity classic assumption. Likewise, the results of the heteroscedasticity test in the table show that all independent variables provide a sig value. > 0.05, which means that the model is free from deviations from the classical assumptions of heteroscedasticity.

4.4 Multiple Linear Regression Analysis

To determine the effect of independent variables on the dependent variable, multiple linear regression analysis was carried out. The results of the multiple linear regression analysis of this study are presented in Table 3 as follows:

Table 5. Results of the Regression Equation Model 1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.004	.003		1.128	.262
	Intellectual Capital	-0.00006206	.001	-.162	-1.905	.060
	Good Corporate Governance	.002	.001	.348	4.087	.000

a. Dependent Variable: *Competitive Advantage*

Table 6.Results of the Regression Equation Model 2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.011	.003		3.264	.001
	Intellectual Capital	-0.00008474	.001	-.206	-2.577	.011
	Good Corporate Governance	.001	.001	.195	2.662	.009
	Competitive Advantage	.310	.056	.444	5.536	.000

a. Dependent Variable: Kinerja Keuangan

Equation 1, M = 0.004 - 0.00006206X1 + 0.002X2 + e:

α = Constant of 0.004 units, meaning that if *Intellectual Capital* and *Good Corporate Governance* do not exist, *Competitive Advantage is* 0.004 units.

β1 =variable coefficient *Intellectual Capital* of -0.00006206X1 unit means that *Competitive Advantage* will decrease by 0.00006206 units if *Intellectual Capital*

increases by 1 unit assuming that Good Corporate Governance remains.
β2 = The coefficient of the Good Corporate Governance variable is 0.002 units, meaning that *Competitive Advantage* will increase by 0.002 units if Good Corporate Governance increases by 1 unit, assuming the *Intellectual Capital* remains. Equation 2, Y = 0.011 - 0.00008474X1 + 0.002 X2 + 0.0310M + e α = a constant of 0.011 units, meaning that if there is no *Intellectual Capital*, *Good Corporate Governance* and *Competitive Advantage*, then the financial performance is 0.011 units.
β1 =variable coefficient *Intellectual Capital* of -0.00008474 units, meaning that financial performance will decrease by 0.00008474 units if the *Intellectual Capital* increases by 1 unit, assuming that Good Corporate Governance and *Competitive Advantage are* fixed.
β2 = The coefficient of the Good Corporate Governance variable is 0.001 units, meaning that financial performance will increase by 0.001 units if Good Corporate Governance increases by 1 unit, assuming *Intellectual Capital* and *Competitive Advantage* fixed.
M =variable coefficient *Competitive Advantage* of 0.310 units means that financial performance will increase by 0.310 units if the *Competitive Advantage* increases by 1 unit with the assumption that *Intellectual Capital* and *Good Corporate Governance are* constant.

4.5 Determination Coefficient Test (R2)

The coefficient of determination (R2) is used to measure the ability of the model to explain the variation in the dependent variable. The coefficient of determination is between zero and one. Following are the results of the multiple correlation analysis, the coefficient of determination in this study can be seen in table 5 as follows:

Table 7 The results of the coefficient of determination of Equation I

Model Summary

Model	1
R	.387
R Square	.150
Adjusted R Square	.135
Std. Error of the Estimate	.00886

value of R Square in the table above is 0.150, indicating that the independent variable consisting of *Intellectual Capital* and *Good Corporate Governance* in explaining thevariable is *Competitive Advantage* 15.0% and the remaining 85.0% is explained by other variables. which is not included in the research model.

Table 8 Results of the Determination Coefficient Value of Equation 2

Model Summary

Model	1
R	.607
R Square	.369
Adjusted R Square	.353
Std. Error of the Estimate	.00865

value of Adjusted R Square in the table above is 0.353 indicating that the independent variable consisting of *Intellectual Capital*, *Good Corporate Governance* and *Competitive Advantage* in explaining financial performance variables is 35.3% and the remaining 64.7% is explain by other variables that are not included in the research model.

4.6 ModelTest (F Test)

FitThe F test is used to test the reliability of the regression model or the goodness of fit, whether the equation in the form falls into the fit criteria or not. The results of the f test for the two regression equations are as follows:

1) Model Fit Test (F Test) Model I

From the results of the f test it can be seen from the Fcount in the ANOVA table, namely the determination of the critical area with 95% confidence or (α = 0.05) is obtained. . The results of the f test analysis can be seen in the table

Table 9 F Model I Test Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.002	2	.001	10.281	.000[b]
	Residual	.009	117	.000		
	Total	.011	119			

a. Dependent Variable: *Competitive Advantage*

b. Predictors: (Constant), *Good Corporate Governance*, *Intellectual Capital*

From the table above, it can be seen that the calculated F value of the first model is 10,281 with a significance value of 0,000. While the F table at the 0.05 level is 3.07. Thus F count> F table (10.281> 3.07). From the results of the F test, it means that model I can be used for research.

2) Model Fit Test (Test F) Model 2

From the results of the f test it can be seen from the Fcount in the ANOVA table, namely the determination of the critical area with 95% confidence or (α = 0.05) is obtained. The results of the f test analysis can be seen in the table

Table 10 F Model 2 Test Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.005	3	.002	23.371	.000[b]
	Residual	.009	120	.000		
	Total	.014	123			

a. Dependent Variable: Kinerja Keuangan
b. Predictors: (Constant), *Competitive Advantage*, *Good Corporate Governance*, *Intellectual Capital*

From the table above, it can be seen that the calculated F value of the first model is 23.371 with a significance value of 0.000. While the F table at the 0.05 level is 2.68. Thus F count> F table (23.371> 2.68). From the results of the F test, it means that model 2 can be used for research.

4.7 T test (Partial Statistical Test)

The t statistical test is used to determine the effect of each independent variable on the dependent variable (Ghozali, 2016).

1) *Intellectual Capital* has a positive effect on *Competitive Advantage*. The results of the calculation of table 3 above obtained thesignificance value of *Intellectual Capital* 0.060> 0.05 and the t value <t table of -1.899 <1.98045, which means that *Intellectual Capital has* no effect on *Competitive Advantage* so it can be said that Hypothesis 1 is rejected. 2) *Good Corporate Governance* has a positive effect on *Competitive Advantage*.
2) The results of the calculation of table 3 above obtained the significance value of *Good Corporate Governance of* 0.000 <0.05 and the value of t count <t table of 4.079> 1.98045, which means that *Good Corporate Governance* has an effect on *Competitive Advantage* so that it can be said that Hypothesis 2 is accepted.
3) *Intellectual Capital* has a positive effect on financial performance. The results of the calculation of table 4 above show that thesignificance value is *Intellectual Capital* 0.011 <0.05 and the t value <t table is -2.577 <1.97993, which means that intellectual *capital* has a significant negative effect on financial performance, so it can be said that Hypothesis 3 rejected.
4) *Good Corporate Governance* has a positive effect on financial performance. The results of the calculation of table 4 above obtained the significance value of *Good Corporate Governance* 0.009 <0.05 and the value of t count <t table of 2.662> 1.97933, which means tha t *Good Corporate Governance* affects financial performance so that it can be said that Hypothesis 4 is accepted.
5) *Competitive Advantage* has a positive effect on Financial Performance The results of the calculation of table 4.21 above show that thesignificance value is *Competitive Advantage* 0.000 <0.05 and the t value <t table is 5.536> 1.97933, which means that *Competitive Advantage* has an effect on Financial Performance so that it can be said that Hypothesis 4 is accepted. 6) Sobel Test Sobel

test is done by testing the strength of the indirect effect of the independent variable (X) on the dependent variable (Y) through the mediating variable (M). In this study, the sobel test is used to test hypotheses 6 and 7 Based on tables 3 and 4, it is known: a = -0.162, b = 0.444, Sa = 0.001, Sb = 0.056 and a = 0.348, b = 0.444, Sa = 0.001, Sb = 0.056

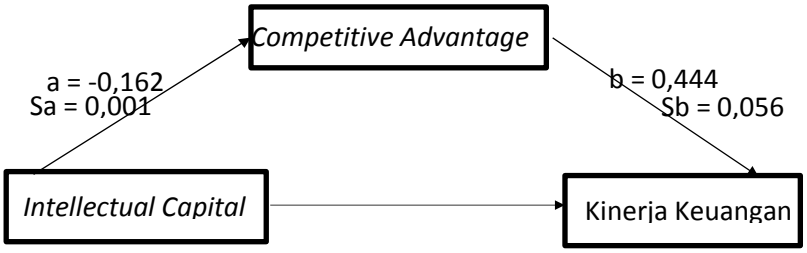

Figure 1 Mediation Framework

Sab = $\sqrt{0{,}197(0{,}000001) + 0{,}026(0{,}003136) + 0{,}000001(0{,}003136)}$
Sab = $\sqrt{0{,}0000000197 + 0{,}000081536 + 0{,}000000003136}$
Sab = $\sqrt{0{,}000081558836}$
Sab = 0,0090309930793905
T count= $\frac{ab}{sab}$
T count = -0,162 x 0,444 / 0,0090309930793905
T count = - 0,071928 / 0,0090309930793905
T count = - 7,96446186678446

Based on the calculation of the sobel daitas test the results of t count - 7.964 less than the t table with a significance level of 0.05, namely 1.96, it can be said that Hypothesis 6 is rejected.

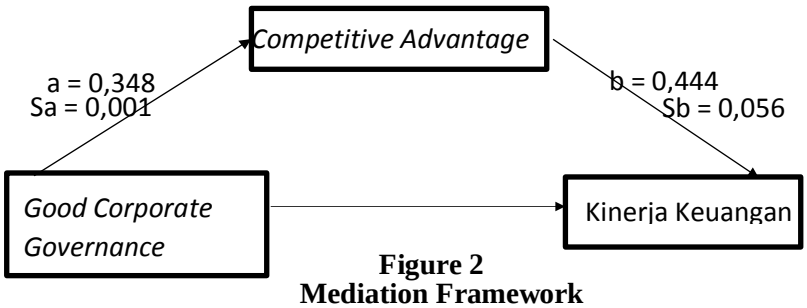

Figure 2
Mediation Framework

Sab = $\sqrt{b2sa2 + a2sb2 + sa2sb2}$
Sab = $\sqrt{0{,}197(0{,}000001) + 0{,}121(0{,}003136) + 0{,}000001(0{,}003136)}$
Sab = $\sqrt{0{,}0000000197 + 0{,}000379456 + 0{,}000000003136}$
Sab = $\sqrt{0{,}000379478836}$
Sab = 0,0194802165285707
T count= $\frac{ab}{sab}$
T count = 0,348 x 0,444 / 0,0194802165285707
T count = 0,154512 / 0,0194802165285707
T count= 7,931739350709201

Based on the calculation of the sobel daitas test, the t count was 7.931 more than the t table with a significance level of 0, 05, namely 1.96, it can be said that Hypothesis 7 is accepted.

5. Conclusion, Limitations And Suggestions

5.2 Conclusion

1) *Intellectual Capital* does not have a positive effect on *Competitive Advantage*.
2) *Good Corporate Governance* has a positive effect onCompetitive Advantage.
3) *Intellectual Capital* does not have a positive effect on financial performance.
4) *Good Corporate Governance* has a positive effect on financial performance.
5) *Competitive Advantage* has a positive effect on financial performance.
6) *Competitive Advantage is* not able to mediate *Intellectual Capital* and

performance.

7) *Competitive Advantage is* able to mediate *Good Corporate Governance* and financial performance.

5.3 Limitations

This research is still far from perfect, there are still many shortcomings or limitations as follows:

1) This study still has low R Square and Adjusted R Square values so that it cannot explain the research model better.
2) The research data in the first equation still finds obstacles so that it needs to be done casewise.

5.4 Suggestion

Based on the results of this study, the following suggestions can begiven:

1) For the company
   For the related institutions to face the implementation of the Asean Economic Community (AEC), it is hoped that they will be able to further increase their intellectual capital so that they are able to improve the competitiveness of companies.
2) For academics
   Limitations in this study are expected to be refined in further research, especially regarding the influence of the influence of intellectual capital and good corporate governance on financial performance in the banking sector listed on the Indonesian stock exchange with competitive advantage as an intervening variable by adding a sample jump. In addition, it can add other variables that affect financial performance in addition to the variables used in this study.
3) For further researchers
   Further research is recommended to add data and timeframe from the banking sector listed on the Indonesia Stock Exchange, so that the research results are more representative in using a longer time span.

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