

# INTELLECTUAL CAPITAL AND CAPITAL STRUCTURE: A STUDY OF CAPITAL FORMATION OF FINANCIAL PERFORMANCE AND FIRM VALUE

Nur Fadjrih Asyik<sup>1\*</sup>, Muchlis<sup>2</sup>, Hening Widi Oetomo<sup>3</sup>

<sup>1</sup> Accountancy, Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA), Surabaya, Indonesia

<sup>2</sup> Accountancy, Muhammadiyah University, Surabaya, Indonesia

<sup>3</sup> Management, Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA), Surabaya, Indonesia

\*Corresponding Author: [nurfadjrih@stiesia.ac.id](mailto:nurfadjrih@stiesia.ac.id)

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**Abstract:** This study aimed to examine the effect of a firm's capital components, e.g., intellectual capital and capital structure, on the firm's performance that, in turn, increases the firm value. This study investigated 66 manufacturing companies as samples within 396 observations for six years from 2015 to 2020. As a result, this study indicated that intellectual capital and capital structure were capital factors that comprised value-added to optimize financial performance and converted a positive signal for investors. Financial performance could not mediate the impact of intellectual capital on firm value since investors had understood the prominence of skilled human resources, which could manage the company successfully and establish good relationships with external parties. At the same time, the capital structure affected financial performance and firm value because the optimization of the capital structure shows the level of security for the balance of risk and return. It becomes valuable information for investors.

**Keywords:** *Intellectual Capital, Capital Structure, Financial Performance, Firm Value*

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