PREFACE

The Activities of the International Conference are in line and very appropriate with the vision and mission of Bandar Lampung University (UBL) to promote training and education as well as research in these areas.

On behalf of the Third International Conference on Law, Business and Governance (3rd Icon-LBG 2016) organizing committee, we are very pleased with the very good response especially from the keynote speaker and from the participants. It is noteworthy to point out that about 46 technical papers were received for this conference.

The participants of the conference come from many well known universities, among others: International Islamic University Malaysia, Unika ATMA JAYA, Shinawatra University, Universitas Sebelas Maret, Universitas Timbul Nusantara, Universitas Pelita Harapan, Universitas Bandar Lampung, Universitas Lampung.

I would like to express my deepest gratitude to the International Advisory Board members, sponsor and also to all keynote speakers and all participants. I am also grateful to all organizing committee and all of the reviewers who contribute to the high standard of the conference. Also I would like to express my deepest gratitude to the Rector of Bandar Lampung University (UBL) who give us endless support to these activities, so that the conference can be administrated on time.

Bandar Lampung, 21 May 2016

Mustofa Usman, Ph.D
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THE EFFECT OF INTELLECTUAL CAPITAL AND CORPORATE GOVERNANCE ON BANK’S FINANCIAL PERFORMANCE IN INDONESIA

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Abstract
This study aimed to examine the effect of intellectual capital and corporate governance on the performance of banks in Indonesia. Intellectual capital is measured using the Value Added Intellectual Coefficient (VAIC), while corporate governance is measured using a composite score of self-assessment of banking corporate governance. The results of this study indicate that VACA and VAHU make positive effect on the performance of banks in Indonesia, which is proxied by the ROA and ROE. However, corporate governance is not proven to have a significant influence on the performance of banks in Indonesia. In addition, this study also conducts tests for each type of bank. The results show that the Islamic banking VACA proved to have a greater impact on ROE of banking.

Keywords: Intellectual capital; Corporate governance; VAIC; VACA; VAHU; STVA; Banking; Sharia; Conventional

1. PRELIMINARY
Base of business growth of the company is changed from that based on manpower (labor-based business) into a business based on knowledge (knowledge-based business), so companies will create a way to manage knowledge as a means to improve company performance. It is better known as the company’s intellectual capital. Intellectual capital is an investment company in the form of employee training, research and development (R&D), customer relationship management, and administrative and computer systems (OECD, 2008).

Recognizing this, Pulic (1998) proposes the measurement of intellectual capital with a measure to assess the efficiency of the value added as a result of the company's intellectual abilities, namely the use of Value Added Intellectual Coefficient (VAIC). The main indicator of the efficiency VAIC namely intellectual capital (the sum of the efficiency of human capital - VAHU, structural capital efficiency - STVA, and the efficiency of capital employed - VAHU). The sum is an aggregate indicator that shows the efficiency of the company's overall value creation. In other words, the aggregate indicators (VAIC) show how much of the value created by each monetary unit invested in resources. The greater the coefficient, the greater the ability of intellectual capital in creating value for stakeholders (Pulic, 2008).

In addition, the service industry, especially the banking industry is an industry that sells trust to its customers and other related parties. The number of interested parties can lead agency conflict in a company, so it is necessary to apply good corporate governance that can manage all interested parties. Keasey and Wright (1993) state that corporate governance is a structure, processes, and culture and systems to create successful operational conditions for an organization.

Both of the above issues, namely intellectual capital and corporate governance, have basic related theories when viewed through the stakeholder theory. In the relationship between the intellectual capital and financial performance, stakeholder theory should be viewed from two aspects, namely in terms of ethics (moral) and in terms of management. From an ethical perspective it is said that all stakeholders have the right to be treated fairly by the organization, and managers should manage the organization for the benefit of all stakeholders (Deegan, 2004). Management organization should pay attention optimally to the creation of value added to boost the financial performance of the organization, namely by exploiting the full potential of the organization, both human capitals, physical capital, and structural capital (Ulum, 2007). While in terms of managerial, stakeholders have the power to control the resources needed by the organization (Watts and Zimmerman, 1986). Interest on the control is returned to improve their welfare. This can be achieved by an increase in return on the creation of value added generated by the whole potential of the organization.
Based on the above theory of stakeholders, this study sought to test empirically the effect of the components of intellectual capital and corporate governance on the performance of banks in Indonesia. Banking performance used in this study is the Return on Assets (ROA) and Return on Equity (ROE).

2. LITERATURE REVIEW

THEORETICAL BASIS

UNDERSTANDING INTELLECTUAL CAPITAL

Stewart (1997) as proposed by Bontis (2001) sees intellectual capital as knowledge, information, intellectual property, and experience that can be used to create wealth value. While Bontis (2000) stated that intellectual capital is an individual knowledge and organizational knowledge that will contribute to the sustainability of a company's competitive advantages.

Edvinson and Malone (1997) identifies intellectual capital as the value of the hidden (hidden value) of the business. It means that the intellectual capital in particular intellectual assets are assets that do not look like traditional assets in real or in the financial statements. Bukh (2003) in Ulum (2009) states that the intellectual capital and intangible assets are equal and often replaced (overlap). While Edvinsson and Malone (1997) in Boekstein (2006) stated that intellectual capital is part of the intangible assets.

COMPONENTS OF INTELLECTUAL CAPITAL

Pulic (1998) proposed Value Added Intellectual Coefficient (VAIC) to provide information about the efficiency of the value creation of tangible and intangible assets in the company. VAIC is used because it is considered as a suitable indicator for measuring IC in empirical research. VAIC is an analytical procedure that is designed to enable management, shareholders, and other relevant stakeholders to effectively monitor and evaluate the efficiency of Value Added (VA) with total resources of the company and the individual components of the primary resource. Value added is the difference between income (OUT) and load (IN). VAIC method measures the efficiency of the three types of input companies (Pulic, 2005), namely human capital, structural capital, as well as physical and financial capital which consist of:

1. Human Capital Efficiency (HCE) or Value Added Human Capital (VAHU) is an indicator of the efficiency of the added value of human capital. HCE is the ratio of the Value Added (VA) to Human Capital (HC). This relationship indicates the ability of human capital to create value in a company. HCE shows how many Value Added (VA) can be produced with the funds spent on labor (Ulam, 2008).

2. Structural Capital Efficiency (SCE) or Structural Capital Value Added (STVA) is an indicator of the efficiency of value-added structural capital. SCE is the ratio of the SC to the VA. This ratio measures the number of SC required to produce 1 rupiah of VA and is an indication of how the success of the SC in value creation (Tan et al., 2007).

3. Capital Employed Efficiency (CEE) or Value Added Capital Employed (VACA) is an indicator of the efficiency of capital value added physical / financial use. CEE is the ratio of VA to CE. CEE describes how much added value resulted by the company from physical capital / finance used. CEE is calculation of the ability to manage the company's capital (Imaningati, 2007).

GOOD CORPORATE GOVERNANCE

Corporate governance is a mechanism used to ensure that lenders can exercise control over the company's management (Shleifer and Vishny, 1997). Corporate governance is one tool that can be used to supervise the company so that managers act in accordance with the interests of investors so as to prevent any conflicts of agency. National Committee on Corporate Governance issued guidelines GCG as a reference for the company to perform GCG, with the aim to optimize shareholder value by taking into account other stakeholders.

Corporate governance is a system of governance that is organized by considering all the factors that influence institutional processes, including factors related to the function of the regulator (Turnbull, 1997). Corporate governance is the system that governs how an organization controlled, directed, and held accountable to the shareholders and other stakeholders (Demirag et al. 2000).

CORPORATE GOVERNANCE IN BANKING

Bank Indonesia issued Circular letter No. 9/12 / DPNP Date May 30, 2007 to explain in detail the five principles of GCG conventional banking and Islamic banking, which are as follows:

1. Transparency, namely openness in expressing their material and relevant information as well as transparency in the decision making process.
2. Accountability, namely clarity of function and implementation of accountability of Bank organ so that it has effective management.

3. Responsibility, the Bank management has conformity with the legislation in force and the principles of healthy bank management.

4. Independency, the Bank management in a professional manner with no influence / pressure from any party.

5. Fairness, namely justice and equality in fulfilling the rights of stakeholders arising under treaties and legislation in force.

PBI No. 8/14 / PBI / 2006 and PBI No. 11/33 / PBI / 2009 say that every bank, both conventional and Islamic banking, is required to apply GCG, including conduct self-assessment and submit a report of GCG implementation. GCG self-assessment is done by filling out the paper work of GCG self-assessment that has been established, which includes 11 (eleven) assessment factors.

CONCEPTUAL FRAMEWORK

HYPOTHESIS DEVELOPMENT
THE INFLUENCE OF INTELLECTUAL CAPITAL AND CORPORATE GOVERNANCE ON THE PERFORMANCE OF BANKING IN INDONESIA

Intellectual capital is an important matter that could affect the company's performance. As stated by Imam Syatibi about 5 concepts of basic needs, namely religion, life, intellect, honor / descent, and treasure. The focus of this research is in terms of intellectual consists of three parts, namely intellectual assets function (capital employed), investment in labor (human capital), and intellectual capital in the utilization of structural (structural capital). Thirdly it will give added value to the company. Value added generated by these three components has positive effect on firm performance (Mavridis and Kyrmizoglou, 2004; Reed, 2000), then the hypotheses are:

H1a: VACA has positive effect on the financial performance of banks in Indonesia.

H1b: VAHU gives positive effect on the financial performance of banks in Indonesia.

H1c: STVA gives positive effect on the financial performance of banks in Indonesia.

The company's performance is also very closely related to the confidence of stakeholders that can be described in the report of Good Corporate Governance. Siamat (2004) mentions that the bank is a business of trust. This is as a result of the role of banks that collect funds from the public and channel them back in the form of credit. Therefore, corporate governance is indispensable in the banking industry to improve its business performance.

Khomsiyah and Rahayu (n.d) use corporate governance perception index (CGPI) made by IICG to determine the relationship CG and company performance. The results show that there is a significant relationship between the CG index with ROE premises. Similarly, the results of research of Yulianti (2009) which showed that the implementation of GCG takes positive and significant effect on the performance of banks listed on the Indonesia Stock Exchange. So the second hypothesis in this study is as follows:

H2: Corporate Governance gives positive effect on the financial performance of banks in Indonesia.

COMPARATIVE EFFECTS OF INTELLECTUAL CAPITAL AND CORPORATE GOVERNANCE IN ISLAMIC BANKING AND CONVENTIONAL BANKING IN INDONESIA

The number of research-related intellectual capital in conventional fields, making the researchers also wanted to compare the effects on the scope of the sharia. Rehman et al. (2012) conducted a study on the effect of Intellectual
Capital on corporate performance (ROA and ROE) to company mudarabah in Pakistan. They find that human capital plays an important role to attract investors to invest in the company because the company's performance was good.

Latif et al. (2012), who compare the intellectual capital between Islamic banking and conventional banking methods of VAIC, show that human capital efficiency has an important role in Islamic banking because the service sector such as banking, human capital plays a fairly important, whereas in conventional banking is dominated by capital owned by the company (capital employed efficiency). From the description above, the hypothesis is:

H3a: There are differences of influence of VACA on the financial performance of Islamic banking and conventional banking in Indonesia
H3b: There are differences of influence of VAHU on the financial performance of Islamic banking and conventional banking in Indonesia
H3c: There are differences of influence of VAHU on the financial performance of Islamic banking and conventional banking in Indonesia

The comparative study was also carried out related to the influence of corporate governance on the performance of Islamic banking and conventional banking. Rehman and Mangla (2012) conducted a study related to corporate governance, especially in the banking sector in Pakistan, the research results show that corporate governance significantly affect the performance of banks in Pakistan. Moreover, Rehman and Mangla (2012) also did a performance comparison test of Islamic and conventional banking.

The findings said that the performance of conventional banking in Pakistan is better than the performance of the Sharia banking. Because they were still included in the same industry, then this study wanted to know how the influence of corporate governance on the financial performance of islamic banking and conventional banking in Indonesia. So that hypothesis 4 in this study is as follows:

H4: There is a difference in the effect of corporate governance on the financial performance of Islamic banking and conventional banking in Indonesia

3. RESEARCH METHODOLOGY
POPULATION, SAMPLE, AND DATA

The object of this study is the Islamic banks and conventional banks in Indonesia. This study uses secondary data such as financial statements of banks listed on the Indonesia Stock Exchange (BEI) in the period of 2010-2012. The total sample in this study was 87 conventional banks and 30 Islamic banks. Data is obtained from the data stream PDEB Faculty of Economics, University of Indonesia, Islamic banking financial statements that are downloaded directly from the official websites of each bank, and the report of GCG which is also downloaded from their respective banks.

RESEARCH MODEL

The models in this study are as follows:

\[
\{\text{ROA}_i, \text{ROE}_i\} = \alpha_0 + \alpha_1 \text{VACA}_i + \alpha_2 \text{VAHU}_i + \alpha_3 \text{STVA}_i + \alpha_4 \text{CG}_i + \alpha_5 \text{SIZE}_i + \alpha_6 \text{JENIS}_i + \epsilon_i \quad (3.1)
\]

To perform a comparison test, the author uses the summation method. Model summation method is as follows:

\[
\{\text{ROA}_i, \text{ROE}_i\} = \left[ c(11) + c(12) \times \text{VACA}_i + c(13) \times \text{VAHU}_i + c(14) \times \text{STVA}_i + c(15) \times \text{CG}_i + c(16) \times \text{SIZE}_i \right] \times \text{DS} + \left[ c(21) + c(22) \times \text{VACA}_i + c(23) \times \text{VAHU}_i + c(24) \times \text{STVA}_i + c(25) \times \text{CG}_i + c(26) \times \text{SIZE}_i \right] \times \text{DK} \quad (3.2)
\]

Information:

- ROA : Return on Average Assets
- ROE : Return on Average Equity
- VACA : Value Added Capital Employed
- VAHU : Value Added Human Capital
- STVA : Structural Capital Value Added
- CG : Corporate Governance composite values
- TYPE : The type of bank, worth 1 if included in Islamic banks, worth 0 if included in conventional bank
- SIZE : Companies’ Size

VARIABLE OPERATIONALIZATION

DEPENDENT VARIABLE
Return on Average Asset (ROA)

ROA is the ratio between net incomes by average total assets owned by the company (Kieso, 2005). ROA is used to measure the effectiveness of the company in generating profits by exploiting assets owned as a whole. The greater the ROA owned by a company, the more efficient use of assets by the company to operate so that it will maximize profits. Big profits will attract investors because the company has a higher rate of return.
\[ ROA = \frac{Net \, Income \, after \, tax}{Average \, Total \, Asset} \]  

(3.3)

Return on Average Equity (ROE)

While ROE measures the ability of the company to make a profit available to shareholders of the company, ROE shows the effectiveness and efficiency of the use of capital to generate profits. The greater the value of ROE, the more effective use of capital to generate profits, so that the greater the rate of return on capital that is obtained by investors or shareholders for every penny of invested capital.

\[ ROE = \frac{Net \, Income \, after \, tax}{Average \, Total \, Equity} \]  

(3.4)

Independent Variable

1. The first independent variable in this study is the Value Added Intellectual Coefficient (VAIC), consisting of:
   - Value Added Capital Employed (VACA)
   - Value Added Human Capital (VAHU)
   - Structural Capital Value Added (STVA)

   Consistent with the research of Belkaoui Riahi (2003), VA (Value Added) represents the difference on the output produced by the company reduced by the input used, which can be measured through the following equation:
   \[ VA = OUT - IN \]  

   (3.5)

   Pulic (2000a, b) and Firer and Williams (2003) in Chen et al. (2005) say that the IC consists of three components, namely CE (capital employed), HU (human capital), and SC (structural capital) that can be measured as follows:
   \[ CE = physical \, capital + financial \, asset = total \, asset - intangible \, asset \]  

   (3.6)

   Based on the equations above, then:

   \[ VACA = \frac{VA}{CE} \]  

   (3.7)

   Value Added Human Capital (VAHU)

   \[ VAHU = \frac{VA}{HU} \]  

   (3.8)

   HU: total expenditure of employees

   Structural Capital Value Added (STVA)

   \[ STVA = \frac{SC}{VA} \]  

   (3.9)

   SC = VA - HU

   (3.10)

   Thus, the value of Value Added Intellectual Coefficient (VAIC) from the sum of value added in the top third is (VAIC = VACA + VAHU + STVA). The higher the value VAIC, the higher the intellectual capital of the company in creating added value to the company.

   The second independent variable in this study is the Corporate Governance (CG)

   Composite values of corporate governance (NKCG) for each bank has a range of values between 1-5. The smaller the value of the composite CG indicates that banks are getting better at managing the company. Based on Bank Indonesia Regulation No. 8/14 / PBI / 2006 and Bank Indonesia Regulation Number 11/33 / PBI / 2009, the criteria for a composite score for each bank are as follows:

<table>
<thead>
<tr>
<th>Nilai Komposit</th>
<th>Predikat Komposit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nilai Komposit &lt; 1,5</td>
<td>Sangat Baik</td>
</tr>
<tr>
<td>1,5 &lt; Nilai Komposit &lt; 2,5</td>
<td>Baik</td>
</tr>
<tr>
<td>2,5 &lt; Nilai Komposit &lt; 3,5</td>
<td>Cukup Baik</td>
</tr>
<tr>
<td>3,5 &lt; Nilai Komposit &lt; 4,5</td>
<td>Kurang Baik</td>
</tr>
<tr>
<td>4,5 &lt; Nilai Komposit &lt; 5</td>
<td>Tidak Baik</td>
</tr>
</tbody>
</table>

Sumber: Bank Indonesia

VARIABLE CONTROL

This study uses two control variables, namely the size of the company (SIZE) and the type of bank (TYPE). Size is used to control the effect of firm size in creating wealth through economies of scale, monopoly power, and bargaining power (Riahi-Belkaoui, 2003). Size reflects economies of scale and the level of efficiency of the company. Company size is proxied by total assets. In a regression calculation, the value of total assets of the company is natural-log because of a very large unit value and it is different from the other variables. While the variable is a dummy variable TYPE, worth = 1 if the Islamic banks, and 0 if others.
4. THE RESULT OF HYPOTHESIS TEST AND DISCUSSION
THE EFFECT OF INTELLECTUAL CAPITAL AND CORPORATE GOVERNANCE COMPONENTS ON BANKING PERFORMANCE IN INDONESIA

Table 1. The Result of Regression Test of The Effect of Intellectual Capital and Corporate Governance Components on Banking Performance in Indonesia

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Panel A: ROA = α0 + α1VACA + α2VAHU + α3STVA + α4CG + α5SIZE + α6JENIS + ε</th>
<th>Panel B: ROE = α0 + α1VACA + α2VAHU + α3STVA + α4CG + α5SIZE + α6JENIS + ε</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>+0.0053, -0.0053, -0.5178, 0.6565</td>
<td>+0.4565, -0.2574, -0.0008, 0.0000</td>
</tr>
<tr>
<td>VACA</td>
<td>+0.1565, 2.8834, 0.0047***</td>
<td>+0.1981, 2.0769, 0.0049***</td>
</tr>
<tr>
<td>VAHU</td>
<td>+0.0042, 1.8717, 0.0039</td>
<td>+0.0256, 1.7474, 0.1428</td>
</tr>
<tr>
<td>STVA</td>
<td>+0.0053, 0.0003, 0.0003, 0.0005</td>
<td>+0.0000, 0.0021, 0.0033</td>
</tr>
<tr>
<td>CG</td>
<td>-0.0003, 0.0003, 0.0003</td>
<td>-0.0000, 0.0000, 0.0000</td>
</tr>
<tr>
<td>SIZE</td>
<td>+0.0003, 0.0067, 0.0000, 0.0000</td>
<td>+0.0025, 0.0465, 0.0000</td>
</tr>
<tr>
<td>JENIS</td>
<td>-0.0008, -3.9389, 0.0004***</td>
<td>-0.0394, -2.2375, 0.0073***</td>
</tr>
<tr>
<td>Prob (F-stat)</td>
<td>0.0000***, 0.0000***</td>
<td>0.0000***, 0.0000***</td>
</tr>
<tr>
<td>R²</td>
<td>0.4160, 0.4143</td>
<td>0.4143, 0.4143</td>
</tr>
<tr>
<td>Adj R²</td>
<td>0.4160</td>
<td>0.4160</td>
</tr>
</tbody>
</table>

*significant at the level of α= 10%
**significant at the level of α= 5%
***significant at the level of α= 1%

The Total Number of Observation = 117

Resource: Eviews, processed data

Table 1 shows the results of the regression for hypothesis 1 and 2, which together, independent variable significantly affects the dependent variable. This is evidenced by the significant value of probability (F-statistic) is smaller than α = 1% so that it can be concluded that the model used in this study as a whole is able to explain the influence of the components of intellectual capital (VACA, VAHU, and STVA) and corporate governance (CG) on bank performance.

Adjusted R² in panel A above valued 0.4160. This means that the variability of the dependent variable (ROA) can be explained by the independent variable (VACA, VAHU, STVA and CG) amounted to 41.60%. The remaining 58.40% is explained by other variables outside the model. VACA variables are significant at α = 1%, while VAHU is significant at α = 5%. Adjusted R² in panel B above is worth 0.4143. This means that the variability of the dependent variable (ROA) can be explained by the independent variable (VACA, VAHU, STVA and CG) of 41.43%. The remaining 58.57% is explained by other variables outside the model.

Through regression results table 1 A panel, it shows that variable VACA has a very significant effect on the ROA banking. This indicates that the bank investment on assets has provided value added that can be seen from the increase in the value of ROA. VACA is a measure of value added as tangible assets and is one of the resources of the company that has a linear relationship with the company’s profitability because the assets of the company is an economic value which will affect the company’s profitability (Syaiipudin 2010). Variable VAHU also showed good results in the table 4.2 panel A. It shows that investments in human capital are proven to provide value added that gives effect on increasing of ROA banking. This means that banking in Indonesia is proven to take advantage of the costs incurred for employees, such as training, compensation, and others into investments that can create value for the bank through increased income. This finding is consistent with the research made by Ulum (2007), but in contrast to the findings of Firer and Williams (2003) showing that companies give more focused attention to efforts to maximize the utilization of tangible assets rather than developing human capital.

In Table 1 panel B, VACA variables also proved significant to the ROE banking. The higher the value added generated, the higher the ROE banking. This shows that physical capital banks also produce value added that can improve banking income to be distributed to investors. The higher the ROE, the more investors will be attracted to invest.
THE COMPARISON OF EFFECT OF COMPONENTS OF INTELLECTUAL CAPITAL AND CORPORATE GOVERNANCE IN THE PERFORMANCE OF ISLAMIC BANKING AND CONVENTIONAL BANKING

Table 2
Comparative Effects of Intellectual Capital and Corporate Governance in Islamic Banking and Conventional Banking Against ROA

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Tanda prediksi</th>
<th>Coef</th>
<th>Prob(t-stat)</th>
<th>Tanda prediksi</th>
<th>Coef</th>
<th>Prob(t-stat)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>+</td>
<td>0.0446</td>
<td>0.0468</td>
<td>-0.0212</td>
<td>0.0766</td>
<td></td>
</tr>
<tr>
<td>VACA</td>
<td>+</td>
<td>0.1577</td>
<td>0.0187**</td>
<td>+</td>
<td>0.0351</td>
<td>0.0462**</td>
</tr>
<tr>
<td>VAHU</td>
<td>+</td>
<td>0.0067</td>
<td>0.0038***</td>
<td>+</td>
<td>0.0016</td>
<td>0.0409</td>
</tr>
<tr>
<td>STVA</td>
<td>+</td>
<td>-0.0237</td>
<td>0.1952</td>
<td>+</td>
<td>-0.0001</td>
<td>0.8900</td>
</tr>
<tr>
<td>CG</td>
<td>-</td>
<td>0.0001</td>
<td>0.0662</td>
<td>-0.0005</td>
<td>0.9390</td>
<td></td>
</tr>
<tr>
<td>SIZE</td>
<td>+</td>
<td>-0.0222</td>
<td>0.0223**</td>
<td>+</td>
<td>0.0100</td>
<td>0.0491**</td>
</tr>
<tr>
<td>Adj R²</td>
<td></td>
<td>0.5222</td>
<td></td>
<td>0.4721</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*significant at the level of α= 10%
**significant at the level of α= 5%
***significant at the level of α= 1%

The Total Number of Observation = 117
Resource: Eviews, processed data

Table 2 shows the effect of each variable on each type of bank to ROA bank. Adjusted R² in this model showed good results. The variability of the dependent variable (ROA) can be explained by the independent variable (VACA, VAHU, STVA and CG) for Islamic banking and conventional banking amounted to 47.21%. The remaining 52.79% is explained by other variables outside the model. It is seen that variable VACA and VAHU significantly affect the performance of ROA on Islamic banking and conventional banking. This is in accordance with the test that has been done before. However, different test for each variable turned out to prove that the variables VACA and VAHU have a different effect but not significant.

The greater influence for VACA variables contained in conventional banking can be seen through the coefficient value, which is equal to 0.1637, while a greater influence on VAHU variables contained in Islamic banking, with a coefficient of 0.0067. It also indicates that investment in fixed assets in conventional banking, such as retail banking is very interested in the community as well as the range of conventional banking which has been to remote villages to provide convenience to customers in order to generate value added that significantly affect positively to ROA conventional banking. These results are slightly different with different test variables for each type of bank indicating that Islamic banking VACA has an average higher than conventional banking. This may be due to the addition of physical capital in Islamic banking that will also increase costs, so the effect on the financial performance is still lower than conventional banks that have physical capital more and longer.

While human capital related investments have provided higher value added to the performance of ROA Islamic banking. The lack of human capital in the field of sharia has provided value added in terms of expenses / costs related to employee training, compensation, and others so that the training is felt to provide more benefits because human capital in Islamic banking must have knowledge not only in the field of Islamic banking, but also knowledge in the field of conventional banking. Additionally, Islamic facilities and routines also may play a role in improving the performance of employees because employees become more comfortable when working, so that it creates a greater influence on the financial performance of Islamic banking.
Table 3
Comparative Effects of Intellectual Capital and Corporate Governance in Islamic Banking and conventional Banking Against ROE

\[
ROE = c(11) + c(12) \cdot VACA + c(13) \cdot VAHU + c(14) \cdot STVA + c(15) \cdot CG + c(16) \cdot SIZE + c(17) \cdot DK
\]

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Tanda prediksi</th>
<th>Coef</th>
<th>Prob(t-stat)</th>
<th>Tanda prediksi</th>
<th>Coef</th>
<th>Prob(t-stat)</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.7026</td>
<td>0.0224</td>
<td>-0.3906</td>
<td>0.0017</td>
<td></td>
<td></td>
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<tr>
<td>VACA</td>
<td>1.9621</td>
<td>0.0043***</td>
<td>0.6588</td>
<td>0.1665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VAHU</td>
<td>0.0403</td>
<td>0.0879*</td>
<td>0.0332</td>
<td>0.0388**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STVA</td>
<td>-0.3146</td>
<td>0.0928*</td>
<td>-0.1140</td>
<td>0.1723</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CG</td>
<td>-0.0089</td>
<td>0.4459</td>
<td>-0.0024</td>
<td>0.6899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIZE</td>
<td>0.3226</td>
<td>0.011***</td>
<td>0.0209</td>
<td>0.0001***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.4726</td>
<td></td>
<td>0.4174</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*significant at the level of α = 10%
**significant at the level of α = 5%
***significant at the level of α = 1%

The Total Number of Observation = 117

Resource: Eviews, processed data

Table 3 shows the effect of each variable on each type of bank to ROE bank. Adjusted R2 in this model showed good results. The variability of the dependent variable (ROE) can be explained by the independent variable (VACA, VAHU, STVA and CG) for Islamic banking and conventional banking amounted to 41.74%. The remaining 58.26% is explained by other variables outside the model.

It is seen that all three components of intellectual capital (VACA, VAHU, STVA) significantly affect the performance of ROE in Islamic banking, only VAHU variables that significantly affect the performance of ROE in conventional banking. This is slightly different to the test done before, and seen that the components of intellectual capital that affect ROE banking in Indonesia are mostly from Islamic banking. It can also indicate that the increase in the public interest to invest in Islamic banking, which is evidenced by the development of Islamic banking in Indonesia in recent years, amounting to 47.56% in 2010, 48.1% in 2011 and amounted to ± 37% in 2012 (Directorate of Islamic Banking, 2012).

Variables VACA and VAHU significantly give positive effect on ROE Islamic banking. It may be due to additional investment in physical assets and expenditures / expenses incurred for employees that efficiently provide great benefits in the operations of Islamic banking, so as to increase the income that may affect the distribution of income to investors. Variable VAHU also has significant positive effect on ROE conventional banking. This indicates the possibility that investors are aware that an investment in the employee will have an impact in improving the return that will be distributed to investors. So the higher value added generated by investment in human capital, the higher the return that will be earned by the investor.

But if done with Wald different test, it is proved that only variable VACA that is different significantly to affect ROE Islamic banking and conventional banking. VACA Islamic banking has a greater influence than the conventional banking which can be seen from the coefficient of VACA Islamic banking amounted to 1.9621, indicating that Islamic banking is still in the developmental phase, so that investment in physical capital such as the opening of new branches or the Islamic financing provides significant value added in improving the returns given to investors.

5. CONCLUSION
THE CONCLUSION OF THE RESEARCH

This study aimed to examine the effect of the components of intellectual capital and corporate governance on the performance of banks in Indonesia, as well as the comparison of the effect of the components of intellectual capital and corporate governance in Islamic banking and conventional banking. In accordance with the discussion of the results that have been done in the previous chapter, it can be concluded that only VACA and VAHU that affect the performance of banks in Indonesia. Value added generated from capital employed proved significantly has positive effect on ROA and ROE banking in Indonesia while human capital is significantly proven to have positive effect on ROA banking in Indonesia. In addition, if a comparison test is conducted on each type of banking, it can be seen that the VACA and ROA VAHU have an influence on both types of banks, namely the Islamic banking and conventional banking. However, the influence of the two banks does not have significant differences. Through coefficient, it can be concluded that the VACA and VAHU Islamic banking has a greater influence on ROA banking in Indonesia.
The next test is carried out also to see the effect of the components of intellectual capital and corporate governance on the performance of ROE on Islamic banking and conventional banking. The results show that all three components of intellectual capital (VACA, VAHU, STVA) significantly affect ROE Islamic banking and just VAHU proven to have effect on ROE performance of conventional banking.

But if Wald different test is done, it appears that only VACA variables that have different influences significantly towards ROE banking for both types of banks. Through coefficient, it can be concluded that VACA Islamic banking has a greater influence on ROA banking in Indonesia.

LIMITATIONS RESEARCH AND ADVICE

Several limitations of the study that can be considered for further research, namely the use of a sample which is only for 3 years of research, measurement methods of VAIC confined to the data presented in the annual report, so it is still a lot of other measurements that are not listed in the annual report of Islamic banking, such as surveys or questionnaires, and these studies use a composite CG value, so there is still another measurement that is more appropriate to look at the effect on the financial performance of banks in Indonesia.

REFERENCES
