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The Effect of Intellectual Capital, Earnings Management and Company Age on the Companys's Financial Performance: As Implementation of Achievements Sustainability Development Goals No.8

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ABSTRACT

Objective: *This study aims to determine the effect of intellectual capital, earnings management, and company age on company financial performance (as an implementation of Sustainable Development Goal No. 8).* ***Method:*** *The research method used is quantitative. The population was taken from LQ45 companies listed on the IDX from 2019 to 2023. Sampling was conducted using purposive sampling. The research population consisted of 100 companies, but after passing the specified sampling criteria, only 95 companies remained. The data analysis technique used was descriptive statistical analysis, using multiple regression analysis, with the Statistical Package for Social Sciences (SPSS) Statistics version 26 software.* ***Result:*** *The results of the study show that Intellectual Capital and Company Age have a positive and significant effect on Financial Performance, while Profit Management has a negative and significant effect on Financial Performance.* ***Novelty:*** *The implications of this study are to provide additional information for investors to be more cautious in investing, and to serve as a consideration for investors in formulating investment strategies so that they can more comfortably use all of their funds to avoid losses due to financial statement phenomena and manipulation occurring in companies.*

INTRODUCTION

Businesses are generally used as a means to achieve the goals set by entrepreneurs. The large number of businesses that exist today has created fierce competition. Business competition must be balanced with careful consideration and knowledge of good resources in order to compete with companies both within and outside the country. One aspect that can assess a company's ability to face its competitors is the company's performance. Financial performance is one of the most important aspects of a company and is a benchmark for the success of a company in managing its finances [1]. Furthermore, the SDGs (Sustainable Development Goals) are a series of development goals set and implemented by the United Nations to be achieved globally by 2030. These goals are designed to address various social, economic, and environmental challenges faced by communities around the world [2]. The SDGs cover a wide range of issues, from poverty eradication to environmental protection. SDG No. 8, in context, emphasizes equitable economic growth, labor productivity, and the creation of decent jobs for all. This refers to efforts to create inclusive and sustainable economic conditions, where economic growth is supported by fair, productive, and decent employment opportunities for all members of society. Determining the variables that influence profit management as an implementation of SDG No. 8 will involve identifying factors that can influence

profit management practices in the context of achieving equitable economic growth, increasing labor productivity, and creating decent jobs. Several variables that may influence profit management in this context include Government Policy, Economic Structure, Human Resource Management, Business Ethics, and Corporate Social Responsibility. By considering these factors, companies can design profit management strategies that are in line with SDG principles. 8 in order to achieve equitable economic growth, optimal labor productivity, and the creation of decent jobs for all.

Companies with good financial performance generate maximum profits and have high returns on investment. Financial performance is a condition that describes the finances of a company that conducts financial analysis to assess the financial condition of the company [3]. Financial performance is an analysis conducted to see the extent to which a company has implemented financial implementation rules properly and correctly [4]. Financial performance is an achievement attained by a company and expressed in monetary terms or described in the company's financial statements [5]. This is so that the company's financial position, which represents the reality of the company and its potential for continued performance, can be determined. The performance of a company will describe the overall condition of the company. In terms of financial reports, companies provide information that is very important for predicting the company's ability to generate profits from human resources. Financial performance is used to analyze or assess the extent to which the company has implemented the rules set by the company properly and correctly [1]. In this case, the company's financial performance also becomes an indicator of the success of the company's management in managing the company's finances, which will have an impact on the value of the company, which is reflected in the company's share price [6].

Companies from various industries are competing to offer the best share prices to their shareholders. The slowdown in global economic growth and tightening interest rates have forced companies to maintain their financial performance and allocate company profits the right decisions. To measure a company's financial performance, the Return on Equity (ROE) ratio, which is used to measure the financial performance of a company in achieving profits from each investment made by shareholders. The Return on Equity (ROE) ratio describes the ability of a company's development to achieve good income [7]. The current phenomenon that is being widely discussed, namely the performance of companies included in the LQ45 index, is predicted to remain promising in 2023. Until the third quarter of 2022, LQ45 companies have recorded positive growth. Based on data from the Indonesia Stock Exchange, these companies generated revenue of IDR 1,776.64 trillion, an increase of 23.7% compared to the same period last year. Net profit also jumped 63.39% to Rp 304.25 trillion. Several companies recorded record profits, including ETMK, which grew 2,454% to Rp 5.54 trillion, ADRO, which grew 352.2% to US$ 1.93 billion, ITMG grew 229.2% to US$ 893.8 million, PTBA grew 109.8% to Rp 10 trillion, and BBRI grew 103.3% to Rp 39.15 trillion. This positive outlook is driven by the consumer, banking, and energy sectors. Increased consumer spending ahead of Christmas and New Year is a positive catalyst for the consumer sector. The increase in

the benchmark interest rate by Bank Indonesia to 5.5% is also predicted to increase the net interest margin of banks. Next year, the performance of the LQ45 index is expected to remain strong in line with the projected economic growth in the country of 5.3%. Analysts from Reliance Securities predict that the banking and commodities sectors have a great opportunity to continue their positive performance. The banking sector is supported by strong credit growth and improvements in NPLs (Non-Performing Loans). Commodities, especially coal and nickel, are also predicted to grow, driven by high prices and increasing energy demand. Nickel, in particular, has bright prospects related to its use in the production of electric vehicles (EVs). However, there are several negative catalysts that need to be considered, such as the tight monetary policies of a number of global central banks and the potential for recession in several countries. Nevertheless, experts recommend several potential stocks to continue investing in, such as BBCA and BBRI in the banking sector, as well as consumer stocks such as AMRT. The target price recommendations from Ajaib Sekuritas and Reliance Sekuritas are Rp 8,875 for BBCA, Rp 5,030 for BBRI, and Rp 2,680 for AMRT. Reliansi Sekuritas also recommends MDKA with a target price of IDR 5,450, INCO at IDR 8,500, BBRI at IDR 5,060, and ADRO at IDR 4,200.

There are several factors that can influence the financial performance of a company, namely intellectual capital, profit management, and the company's age. Intellectual capital began to develop after the issuance of PSAK No. 19 (Revised 2010) regarding intangible assets, but the requirements in the regulation are very difficult to fulfill, so that intellectual capital cannot be reported in company financial reports. In addition, companies also pay more attention to Human Capital, Structural Capital, and Custom Capital. In fact, all of these are elements of intellectual capital [8].

One of the main factors that influence a company's financial performance is intellectual capital. Intellectual capital is a fundamental asset for companies in today's competitive environment, or an intangible asset that can provide value to companies and society, including patents, intellectual property rights, copyrights, and franchises [9]. Intellectual capital consists of various knowledge resources in the form of employees, customers, processes, or technologies that can be used in the process of creating value for the company [10]. Intellectual capital is defined as the difference between the market value of a company (the business of the company) and the book value of the company's assets or the financial capital of a company. The market value of a business is mostly based on knowledge, which has a greater value than the value reported in the financial statements based on calculations made by accountants. Intellectual capital consists of three main categories, namely human capital, structural capital, and custom capital [11].

The second is profit management. Profit management is an action taken by company management to influence financial reports and reported profits that can provide information about economic benefits that are not experienced by the company, which in the long term can be detrimental to the company. that are not actually experienced by the company, which in the long term can be detrimental to the company. Profit management can also be defined as actions taken by management to deliberately obtain personal gain in a process related to financial reporting. This can harm external

parties to the company, because it can cause external parties to make mistakes in decision-making based on information from financial reports that contain profit management practices [12]. Financial reports contain profit information that is important for users of financial reports. Information related to company profits is the main focus of financial reports in order to determine the extent to which profit information management can help certain parties -parties in estimating earning power in order to assess the risks involved in investment and credit [13]. The importance of profit information is to measure the performance of management [14].

The third factor is the age of the company. The age of a company is the period from when it began operations until it was able to prove its existence in the business world. The longer the age of the company, the more visible its existence, so that the more disclosures are made to create confidence in external parties regarding the quality of the company. The age of a company is the length of time a company has been operating, expressed in years and determined from the date the company was established [15]. The age of a company can ilustrate the performance of a company. The length of time a company has been established indicates that the company has been able to maintain its existence, is able to compete with similar companies, and is able to maintain its business continuity, so that the company will have more experience in performing [16]. The longer the age of the company, the more comprehensive the financial information it will provide compared to companies that are younger [17]. The age of a company also indicates how long it has been established, enabling it to take advantage of business opportunities and compete in the market.

These three factors are important for companies to determine their level of liquidity, solvency, and profitability. Therefore, it can be concluded that in assessing financial performance, it can provide an assessment of the management of company assets that will be used as evaluation material by company management to take corrective action on financial performance that is not healthy. Therefore, financial performance is very important for the financial growth of the company because companies that can grow rapidly will achieve optimal results. With these optimal results, it will be able to increase sales and attract investors to invest in the company.

Referring to the background above and as a result of this research, the researchers are interested in conducting research with the title "The Effect of Intellectual Capital, Earnings Management, and Company Age on Company Financial Performance". The purpose of this research is to find out whether intellectual capital, earnings management, and company age affect the financial performance of the company [18]. The Grand Theìoìry in this research is the Ageìncy Theìoìry which describes the reciprocal relationship between the principal and the ageìn, namely the owner of the capital and the owner of the company and is supported by the Stakeholder Theìoìry. Thus, the researcher wants to investigate this matter to find out how inteìlleìctuìal capital, profit management, and company management can affect the company's financial performance. In this research, we add the variables of the company's earnings and profit management as the variables of the next research.

Hypothesis Development

The Effect of Intellectual Capital on Financial Performance

Research conducted by previous researchers indicates that intellectual capital has a positive influence on financial performance as projected by Return on Assets (ROA) [16]. The results of this study are in line with research showing that there is a significant influence of intellectual capital on financial performance as projected by Return on Assets (ROA) [4]. This indicates that companies are able to manage their existing resources, both assets and employees, effectively and efficiently. As a result, the company is able to compete effectively and generate added value that will have a positive impact on the company's financial performance. This stakeholder theory places greater consideration on the position of stakeholders who are considered powerful. This enables the company to compete effectively and generate added value that will have a positive impact on the company's financial performance. Based on the previous statements and research, the researcher formulates the following hypothesis:

H_1: Intellectual Capital Affects the Financial Performance of Companies

The Effect of Earnings Management on Financial Performance

Previous studies have stated that earnings management affects financial performance [5]. Income management arises due to information asymmetry or differences in relevance between the principal and the manager. The existence of information asymmetry between principals and agents can be exploited by management to conceal certain information from principals. This theory assumes that the principal and agent strive to maximize profits, so that the agent may not always act in the principal's best interests and create conflicts of interest. In related research, profit management has a positive effect on financial performance [10]. This result differs from previous research which stated that earnings management has a negative effect on the financial performance of companies [19]. Based on the statements and previous studies, the researcher formulates the following hypothesis:

H_2: Profit Management Affects the Company's Financial Performance.

The Effect of Company Age on Financial Performance

Previous research states that company age is the length of time a company can survive on the stock exchange, because companies that survive longer on the stock exchange have a higher ability to return on investment [12]. The age of a company can indicate the consistency of the company in competing and taking advantage of business opportunities in a particular economic period. In theory, as the age of a company increases, its ability to grow its business will also increase because it has more experience in doing business. The same study also states that the age of a company has an impact on its financial performance [20]. Companies that have been in business for a long time are considered to have good financial performance. The length of time a company has been in existence certainly requires various strategies in order to survive and have the ability to resolve various problems in the future. Based on previous statements and research, the researcher formulates the following hypothesis:

H_3: The age of a company influences its financial performance

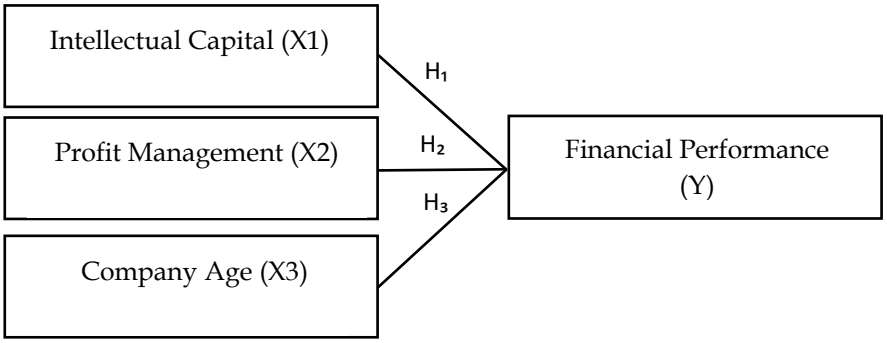

Figure 1. Conceptual Framework.

RESEARCH METHOD

Research Approach

The methodology of this research is quantitative research. The quantitative research technique is a research methodology that is based on the philosophy of positivism in order to test the hypothesis that has been determined. on a specific population and sample with data collection using research instruments and data analysis that is quantitative or statistical.

Sampling Technique

The data collection technique used in this research is in the form of doìkuìmeìntasi which clarifies the company's data by using the confidential data obtained from www.idx.coì.id in the form of financial statements that are related to the research. The sample used in this research is companies that are listed in the Indonesian Stock Exchange (BEI) by using a purposive sampling method, that is, the sample is drawn using a consideration. The criteria for selecting the sample that will be studied are:

Table 1. Sampling.

Description	Amount
Population: LQ45 Companies listed on the Indonesia Stock Exchange (IDX) in 2019-2023	45
Sample selection based on criteria (*purposive sampling*)	
1. LQ45 companies that have gone public on the Indonesia Stock Exchange but did not publish financial statements during 2019-2023	-23
2. LQ45 companies that did not earn a profit consecutively during 2019-2023	-2
Research sample	20
Total Sample (n × research period) (20 × 5 years)	100
Data not normally distributed	-5
Total Sample	95

Table 2. Variable Definitions, Variable Identification, and Variable Indicators.

Variable	Variable Definition	Indicator
Intellectual Capital (X1)	Intellectual Capital is a combination of intangible assets, knowledge, skills,	- VAIC = VACA + VAHU + STVA - VACA = VA/CE - VAHU = VA - HC

	technology, innovation, and experience applied within an organization to achieve competitive advantage as added value for the company. Intellectual Capital is divided into three components: human capital, structural capital, and customer capital [21].	- STVA = SC/VA - VA = Output - Input - Output = Sales - Input = (Operating Expenses - Employee Salaries & Benefits) - CE = Total Equity - HC = Employee Salaries & Benefits - SC = Result of VA - Employee Salaries & Benefits Source : [9]
Profit management (X2)	Manajemen Laba is a choice made by management in accounting policy decisions that can influence earnings to achieve desired results in profit reporting. Efforts to influence earnings are conducted by management using certain accounting reports, accelerating expenditure or revenue transactions, or using other methods to influence short-term earnings [22].	Market Value Equity is measured with the formula: MVE i (t-1) = Outstanding Shares× Share Price Source Source : [23]
Company Age (X3)	The length of time an organization or business has existed in operation and aims to earn profit, measured on an annual scale [24].	Company Age = Start of the company – Until the company enters LQ45 Source : [20], [25], [26]
Company Financial Performance (Y)	Financial performance is an analysis conducted to evaluate how well a company manages its financial operations correctly and appropriately. Determining specific measures can assess a company's success in generating profit over a certain period [27].	$ROA = \frac{Net\ Profit}{Total\ Assets}\ X\ 100\%$ Return On Assets is a profitability ratio measured by comparing net profit to total company assets to assess the effectiveness of asset utilization. Source : [3]

Data Collection Techniques

Data collection techniques are the methods used to obtain the data and necessary information for the research [28]. In this study, data collection was carried out to acquire the required information and support research results. The data collection methods are as follows:

1. **Documentation**

Conducted by collecting secondary data in the form of financial statements of companies listed on the Indonesia Stock Exchange (IDX) through the website www.idx.co.id, specifically LQ45 reports for the period 2019-2023.

2. Literature Study

Data collection sourced from written references. This study was conducted by reading, studying, researching, and reviewing relevant literature, theories, books, and journals related to the topic to support research data.

Data Analysis Techniques

Multiple Linear Regression Analysis

Regression analysis is a statistical method that explains the pattern of the relationship between two or more variables through an equation. This method is intended to test hypotheses and measure the effect of independent variables on the dependent variable. The analysis uses soìftwareì (SPSS) Statistics veìrsion 26. The researcher tested the effect of several independent variables, Intellectual Capital (IC), Earnings Management, and Company Age on Company Financial Performance [23]. The regression model used in this study is:

$$Q = a + \beta_1 VAIC + \beta_2 MVE + \beta_3 Age$$

Where:

Q : Financial Performance
a : Constant
β : Coefficient
VAIC : Intellectual Capital
MVE : Profit Management
Age : Company Age
e : Standar Error

Descriptive Statistics

Descriptive statistics provide a summary or description of data, including mean, median, standard deviation, maximum, and range [29].

Classical Assumption Test

Classical assumption testing is the initial stage used before multiple linear regression analysis to ensure the regression model is consistent and accurate in estimation, including normality, multicollinearity, autocorrelation, and heteroskedasticity tests. The following are the results of the classical assumption tests applied in this study.

a. Normality

Normality testing is conducted to determine whether the data is normally distributed or not. A good regression model requires data that is normally distributed or close to normal. The normality test is assessed from the observed cumulative probability graph (the cumulative value of observation probability); if the points (data) remain around the line, the data is considered normally distributed.

b. Autocorrelation

Autocorrelation is the correlation that occurs among members of observations located close to each other (if the data is time series) or the correlation between adjacent locations (if the data is cross-sectional). To identify the presence of autocorrelation, the Durbin-Watson test from the SPSS program is used.

c. Multicollinearity

Multicollinearity indicates a perfect or exact linear relationship among several variables or all independent variables in the model. The multicollinearity test aims to determine whether the independent variables are not correlated with each other. The indicator criteria can be formulated as VIF > 10 or tolerance < 0.10, which indicates symptoms of multicollinearity. Conversely, if VIF < 10 or tolerance > 0.10, no multicollinearity symptoms occur.

d. Heteroskedasticity

Heteroskedasticity occurs when the variance of variables in the model is not constant. Heteroskedasticity does not destroy the consistency of estimation, but it makes estimators not have minimum variance or inefficient. The heteroskedasticity test aims to determine whether the disturbance variables (error term) have proper variance in a normal condition; significance is indicated by a Spearman correlation > 0.5, meaning X and Y are not significant or heteroscedastic.

Hypothesis Testing

The hypothesis testing used in this study employs multiple linear regression analysis based on individual parameter significance tests (t-test). To test the research hypothesis, multiple linear regression analysis is conducted using SPSS software.

a. Partial Significance Test (t-test)

The partial significance test is used to test the regression relationship separately or to test minor hypotheses. The test is conducted to see the significance of each variable individually on the independent and dependent variables. The null hypothesis (Ho) states that there is no influence of the independent variable on the dependent variable. The alternative hypothesis (Hi) states that there is an influence of the independent variable, calculated using the t-test formula as follows:

$$t_{hit} = \frac{b_1}{Sb_1}$$

Where:

t = calculated value

b_1 = regression coefficient

Sb_1 = standart eìrroìr

This test is conducted by comparing the calculated t with the t value in the t-table at a 5% error level with degrees of freedom (DF) = N - ... to make a decision as follows:

If Tcalculated > Ttable. then Ho is rejected and (Hi) is accepted.

If Tcalculated < Ttable. then Ho is accepted (Hi) is rejected.

b. b. Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to determine the percentage of independent variables together that can explain the dependent variable. The value of R^2 ranges between 0 and 1. If $R^2 = 1$, it means the independent variables provide the information needed to predict the dependent variables. If $R^2 = 0$, it means the independent variables cannot explain their influence on the dependent variable [30].

RESULTS AND DISCUSSION

Results

Descriptive Statistics Test

Descriptive statistical tests summarize or describe information from each variable used in this study, displaying minimum, maximum, mean, and standard deviation values. The descriptive statistical test results for each variable are presented in the following table:

Table 3. Descriptive Statistics of Research Variables.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviatiron
Financial Performance	95	-118587336.00	222482396.00	39972227.6316	50438864.02833
Irnterlerctual Capirtal	95	38628815.00	9785513192.00	3681571349.2737	2516534202.39265

Source: SPSS 26 Data Processing Results (2024)

The SPSS output shows that the research sample (N) is 95 variables. The explanation for each variable:

a. Table 3 shows the mean value of Financial Performance from 95 LQ45 companies listed on the Indonesia Stock Exchange (IDX) as 39,972,227.6316, with a standard deviation of 5,043,8864.02833, maximum value of 9,785,513,192.00, and minimum value of -118,587,336.00.
b. Table 3 shows the mean value of Intellectual Capital from 95 LQ45 companies as 3,681,571,349.2737, with a standard deviation of 2,516,534,202.39265, maximum value of 9,785,513,192.00, and minimum value of 38,628,815.00.
c. Table 3 shows the mean value of Earnings Management as 23,568,192,814,133,464.0000, with a standard deviation of 6,207,550,668,464,656.0000, maximum value of 35,816,700,000,000,000.00, and minimum value of 48,038,000,000,000,000.00.
d. Table 3 shows the mean value of Company Age as 57.6632, with a standard deviation of 27.69654, maximum value of 128.00, and minimum value of 19.00.

Classical Assumption Test

Classical assumption testing in this study aims to determine the feasibility of using the research model. This test ensures that the regression model used has been tested for normality, multicollinearity, autocorrelation, and heteroskedasticity. The following are the results of classical hypothesis tests applied to the information used in this research.

Normality Test

Table 4. One-Sample Kolmogorov-Smirnov Test Results.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		95
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	46601674.27820722
Most Extreme Differences	Absolute	.127
	Positive	.127
	Negative	-.085
Test Statistic		.127
Asymp. Sig. (2-tailed)		.079[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on Table 4, the Asymp. Sig. value is 0.079, which is greater than α = 0.05. Based on the normality test using the Kolmogorov-Smirnov Test in Table 4, the probability value > 0.05, indicating that the normality test is fulfilled. Since the regression model's significance value is greater than 0.05, it can be concluded that the data used in this study is normally distributed.

Multicollinearity Test

Table 5. Multicollinearity Test Results.

Coefficients[a]			
		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	Intelectual Capital	.873	1.146
	Profit Management	.902	1.109
	Company Age	.868	1.152

a. Dependent Variable: Financial Performance

Based on the multicollinearity test in Table 5, the tolerance values of all variables are greater than 0.10 and the variance inflation factor (VIF) values are less than 10, indicating no multicollinearity symptoms. To determine the presence of multicollinearity, VIF values are used: if VIF < 10 or tolerance > 0.1, multicollinearity is absent.

Heteroskedasticity Test

Table 6. Heteroskedasticity Test Results (Glejser).

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	62026154.547	7944767.571		7.807	.000
	Intelectual Capital	-.004	.001	-.301	-2.991	.144
	Profit Management	-9.800E-19	.000	-.185	-1.863	.066
	Company Age	-215084.540	120166.182	-.181	-1.790	.077

a. Dependent Variable: ABS_RES

Based on Table 6, the significance values of all independent variables are greater than 0.05, meaning the independent variables do not affect the absolute residual (ABS_RES). Therefore, no heteroskedasticity symptoms are found.

Autocorrelation Test

Table 7. Autocorrelation Test Model Summary[b].

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.755[a]	.570	.555	17050897.80534	1.889

a. Predictors: (Constant), Company Age, Profit Management, Intellectual Capital
b. Dependent Variable: Financial Performance

Based on the autocorrelation test, DW value is 1.889. With 95 samples and 3 variables, du = 1.7316. The condition du < DW < 4-du (1.7316 < 1.889 < 2.2684) is fulfilled, indicating no autocorrelation occurs.

Model Feasibility Test (Goodness of Fit)

R^2 Test

Table 8. Determination Coefficient Model Summary[b].

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.440[a]	.194	.667	30061150.00078

a. Predictors: (Constant), Company Age, Profit Management, Intellectual Capital

Based on Table 8, the Adjusted R^2 value is 0.667, meaning 66.7% of the financial performance of LQ45 companies listed on the IDX in 2019-2023 is influenced by

Intellectual Capital, Earnings Management, and Company Age, while the remaining 33.3% is influenced by factors not included in this study.

Significance Test of Individual Parameters (t-test)

Table 9. Significance Test Results of Individual Parameters (t-test).

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	78865879.477	4506328.598		17.501	.000
	Intellectual Capital	.006	.001	-.578	-7.847	.000
	Profit Management	-8.815E-19	.000	-.214	-2.955	.004
	Company Age	263682.556	68159.112	-.286	-3.869	.000

a. Dependent Variable: Financial Performance

Multiple Linear Regression Analysis

Based on the multiple linear regression test in Table 9, Intellectual Capital (X1) has a positive and significant effect on Financial Performance (Y) with significance less than 0.05 (0.000) and beta = 0.006, thus hypothesis 1 is accepted. Earnings Management (X2) has a negative and significant effect on Financial Performance (Y) with significance less than 0.05 (0.004) and beta = -8.815E-19, thus hypothesis 2 is accepted. Company Age (X3) has a positive and significant effect on Financial Performance (Y) with significance less than 0.05 (0.000) and beta = 263682.556, thus hypothesis 3 is accepted.

Discussion

A. Effect of Intellectual Capital on Financial Performance

Based on the partial test in Table 9, Intellectual Capital positively and significantly affects Financial Performance (ROA). The reason is that companies must maintain good relations with external parties, which can influence their evaluations of the company. The better a company manages its Intellectual Capital, the better its financial performance (ROA). This study is consistent and supports research [31], [32], and [33], which shows that Intellectual Capital positively and significantly affects Financial Performance, but differs from research [34] which found that Intellectual Capital does not affect Financial Performance.

B. Effect of Earnings Management on Financial Performance

Based on the partial test in Table 9, Earnings Management negatively and significantly affects Financial Performance. The reason is that earnings manipulation is a costly strategy because increased manipulation must be balanced with higher cash flows. Therefore, in the long term, earnings management may reduce profits due to increased costs, such as capital costs. This study is consistent with research [35] and [36], which

found that Earnings Management negatively and significantly affects Financial Performance, but differs from research [37], [38], and [39].

C. Effect of Company Age on Financial Performance

Based on the partial test in Table 9, Company Age positively and significantly affects Financial Performance. Company Age is considered by investors when investing capital and reflects the company's ability to survive and compete, linking it to profitability. Older companies have greater experience and resources, making it easier to achieve significant profits. This study supports research [40] and [41], but differs from [42] and [43].

CONCLUSION

Fundamental Finding : Based on the research and discussion, Intellectual Capital and Company Age positively and significantly affect Financial Performance, as maintaining good relations with external parties improves evaluations, and older companies with broad experience and resources achieve greater profits. Profit Management negatively and significantly affects Financial Performance due to high costs of manipulation, which can reduce profits over time. The SDGs concept in this study addresses issues from poverty alleviation to environmental protection, with SDG No. 8 emphasizing equitable economic growth, labor productivity, and creation of decent work, supporting inclusive and sustainable economic conditions, including LQ45 companies. **Implication :** Companies aiming for ideal profitability should manage Intellectual Capital and Profit Management while considering all relevant factors, and investors should consider factors such as Intellectual Capital, Profit Management, and Company Age when making investments. **Limitation :** Due to research limitations such as limited time and sample size, the study may not fully capture all variables influencing Financial Performance. **Future Research :** It is recommended to increase the number of independent variables and expand company samples to further develop and generalize the findings of this research.

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3. All parties involved directly or indirectly in this scientific research.

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