

The Impact of Corporate Governance, Leverage, and Profitability on Intellectual Capital Disclosure with Company Size as a Moderating Variable

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ABSTRACT

This research focuses to examine the impact of Corporate Governance, Leverage, and Profitability on Intellectual Capital Disclosure with Company Size as a Moderating Variable. This research method is descriptive method with a quantitative approach. The data used in this study is secondary data, namely the annual report obtained from www.IDX.co.id and the corporate governance perception index report obtained from The Indonesian Institute for Corporate Governance. The number of samples is 46 data with the technique of taking using the purposive sampling method. The findings of this study demonstrate that the Corporate Governance variable has no impact on Intellectual Capital Disclosure, Leverage and Profitability variables have a negative and significant impact on Intellectual Capital Disclosure, the company Size variable cannot moderate the relationship linking Corporate Governance and Intellectual Capital Disclosure, and the company Size variable can strengthen the relationship linking Leverage and Profitability on Intellectual Capital Disclosure. This study can be implemented by corporates to analyze the role of corporate governance, leverage, and profitability on intellectual capital disclosure with company size as a moderating variable and is expected to be a reference in policy making by corporates management to increase its intellectual capital disclosure.

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ABSTRAK

Tujuan penelitian ini adalah untuk menguji dampak Corporate Governance, Leverage, dan Profitabilitas terhadap Pengungkapan Intellectual Capital dengan Ukuran Perusahaan sebagai Variabel Moderasi. Metode penelitian ini adalah deskriptif dengan pendekatan kuantitatif dan data yang digunakan dalam ini adalah data sekunder yaitu laporan tahunan yang diperoleh dari www.idx.co.id dan laporan corporate governance perception index yang diperoleh dari The Indonesian Institute for Corporate Governance. Jumlah sampel sebanyak 46 data dengan teknik pengambilan menggunakan metode purposive sampling. Temuan penelitian ini menunjukkan bahwa variabel Corporate Governance tidak berpengaruh terhadap Pengungkapan Intellectual Capital, variabel Leverage dan Profitabilitas berdampak negatif dan signifikan terhadap Pengungkapan Intellectual Capital, variabel Ukuran Perusahaan tidak dapat memoderasi hubungan antara Corporate Governance terhadap Pengungkapan Intellectual Capital, serta variabel Ukuran Perusahaan dapat memperkuat hubungan antara Leverage dan Profitabilitas terhadap Pengungkapan Intellectual Capital. Penelitian ini dapat digunakan perusahaan untuk memahami peranan corporate governance, leverage, dan profitabilitas terhadap pengungkapan intellectual capital dengan ukuran perusahaan sebagai variabel moderasi serta diharapkan dapat menjadi referensi dalam pengambilan kebijakan oleh manajemen perusahaan untuk meningkatkan pengungkapan intellectual capitalnya.

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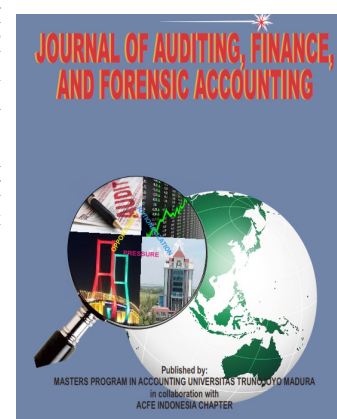
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Keyword:

Corporate Governance, Leverage, Profitability, Size, Intellectual Capital Disclosure.



1. INTRODUCTION

Companies with knowledge-based management will make resources very important, namely science and technology. One of the efforts to maintain the company's existence is to increase knowledge resources. Intellectual capital is critical to disclose because it is the main factor to compete in the free market era for researchers and economic entrepreneurs.

The purpose of this study is to analyze the impact of corporate governance, leverage, profitability on intellectual capital disclosure and test whether the size of a company moderates the impact of corporate governance, profitability and leverage on intellectual capital disclosure. In PSAK 19, intellectual capital is categorized as an intangible asset, defined as an identifiable non-monetary asset without a physical form. Intangible assets include science or technology, the design, and implementation of new systems or processes, licenses, intellectual property rights, market-related knowledge, and trademarks (including product marks and publicity titles). However, PSAK 19 does not regulate in detail the identification of measurements of intellectual capital.

Intellectual capital is a company resource to create value and achieve a competitive advantage over other companies. Several elements that impact the disclosure of intellectual capital are corporate governance, leverage, profitability, and company size. Corporate governance is one of the efforts to increase the disclosure of intellectual capital that is voluntary and it is also an effort to escape from the economic crisis. The implementation of corporate governance is demanded by foreign investors and creditors because it becomes the basis for deciding to invest in a company (Hidayat et al., 2019). Good corporate governance will give investors the confidence in the uncertainty in their investment. The outcomes of research by

Leverage is used as a financial ratio that affects intellectual capital because it is a measure of financial performance that can be used as a reference for companies to disclose company information more broadly. Amalia (2017), state that companies with high leverage outcome in low investor confidence in the quality of the company. Thus, it is essential for corporates to provide more information so that their reputation can increase in the eyes of potential investors.

Profitability is used as a financial ratio that affects intellectual capital. Profitability is one measure for companies to show the corporate's capability to generate profits during a specific period of time. A high level of profitability in the corporate will make it easier for managers to give a good impact in the form of intellectual capital disclosure to distinguish them from other less profitable companies. If the company is in a less profitable position, then they must motivate the management to provide information so that investors' confidence increases. The better the company's finances, the higher the level of intellectual capital disclosure.

Company size is a scale where companies are classified into size based on the total assets of a corporate, the greater the total assets, the greater the size of the corporate. Attractive company size is used as a moderating variable in this study. Large corporates pay more attention to the public, which causes the company's corporate governance to be better. Dewi & Yadnyana (2019) concluded that the larger the company, the higher the level of leverage. Corporates that have larger sizes will be relatively stable and able to generate profits. Thus, a large company size will improve corporate governance, leverage, and profitability, and the company will incline to disclose the company's intellectual capital more broadly. Purnomosidhi (2005), also states that company size significantly impacts intellectual capital disclosure. Large corporates will be more transparent in disclosing company information, including the disclosure of intellectual capital.

Research on intellectual capital disclosure has been carried out and some research outcome are inconsistent. Widiatmoko et al. (2020), found that corporate governance has an impact on intellectual capital disclosure. Meanwhile Zulkarnaen (2013), found that the CG mechanism has no impact on the disclosure of Intellectual Capital. Anggeline & Novita (2020); Amalia (2017), & Asfahani (2017), leverage has an impact on intellectual capital disclosure. While the outcomes of research from Saputra (2018); and Anna et al. (2018), leverage has no impact on intellectual capital disclosure. Suhardjanto and Wadhani (2010) stated that the information disclosed is supported by profitability, the more profitable the company, the higher the level of intellectual capital disclosure. Meanwhile, research outcomes from Saputra (2018); Anggeline & Novita (2020); Amalia (2017); and Asfahani (2017) profitability have no impact on intellectual capital disclosure. Based on the inconsistency of the outcomes of previous studies, the researcher intends to re-asses the factors that influence the ICD. In addition, previous research examined the direct impact of company size on IC disclosure, while this study wanted to examine size as a moderating variable.

2. LITERATURE REVIEW AND HYPHOTESIS DEVELOPMENT

Agency Theory

Jensen & Meckling (1976). declare that the agency relationship occurs linking shareholders (principals) and managers (agents). Agency theory has the assumption that all individuals have acted in their own interests, causing a conflict of interest linking the principal and the agent. Agency conflict causes shareholders to incur costs to monitor the actions taken by managers. This imbalance of events is known as information asymmetry. Amalia (2017), declares that there is a way to reduce agency costs and information asymmetry by making voluntary disclosures. One of them is voluntary disclosure using intellectual capital disclosure by the manager. With the disclosure of intellectual capital, shareholders can find out the strategy and the amount of use of the company's capital.

Resourced-Based Theory

Wernerfelt (1984), states that in the Resource-Based Theory, corporates that exceed in competition and have good financial performance will strategically own, control and utilize all of their assets, both tangible and intangible assets. Barney (1991), states that according to Resource-Based Theory, a company can achieve competitive advantage if it has different resources from other companies (heterogeneity), and the resources owned by a company cannot be imitated by other competing companies (immobility). The relationship linking Resource-Based Theory and this research is that in order to gain a competitive advantage, the company must take advantage of its hidden value, namely the disclosure of intellectual capital.

The Impact of Corporate Governance on Intellectual Capital Disclosure

According to agency theory, there is a distinction of interest linking the owner or proprietor and management or agent. Agency problems in the relationship linking agents and proprietors can arise in moral hazard, the management, or agents not performing their duties under the employment contract agreement (Jensen & Meckling, 1976). The implementation of corporate governance has a substantial and strategic role for the company in maintaining the credibility of the company's business processes and supervision. Corporate governance is a tool to protect the interests of shareholders, which includes the promotion of legal compliance and ethical behavior. Corporate governance enhances the efficient utility of resources and is responsible for managing resources (Aggarwal, 2013). Corporate governance is speculated to be the main factor influencing intellectual capital disclosure. This is affiliated to the ability of corporate governance to assign as a system to undeviate and control the corporate to achieve a balance linking the required power and authority.

Hassan & Butt (2009), stated that the principles in corporate governance could ensure the confidence of investors and creditors. The Corporate Governance Perception Index (CGPI) rating obtained by the company and published can attract the interest of stakeholders and directly respond to the market. Corporate governance is another form of business ethics and the enforcement of work ethics as a corporate commitment and enhancing corporate image. Implementing corporate governance can create a system to direct, control, and supervise the entire company's resources efficiently and impactively. Corporate governance in the company is assumed to maintain various interests in a balance that can provide benefits. The higher the CGPI score obtained, the more trusted the company is by related parties. Furthermore, if the company's corporate governance is better, it is stated that it has a better tendency to disclose more information (Riyadh et al., 2019; Adhiprasetya & Zulaikha, 2019). Furthermore, disclosure of Intellectual Capital in the form of disclosure of human resources, innovation, technology used, company relations with stakeholders

can be considered as a good signal by investors so that it will increase investor confidence.

Research conducted by Widiatmoko et al. (2020), stated that corporate governance affects intellectual capital disclosure. Based on the description above, the following hypothesis is formulated:

H1: Corporate governance has a positive impact on intellectual capital disclosure.

The Impact of Leverage on Intellectual Capital Disclosure

Jensen and Meckling (1976), state that agency theory says that a high corporate leverage ratio will uncover wider information. This leverage ratio provides an overview of the capital structure of a company so that from this leverage ratio, it can be seen how much the company's ability to fulfill its obligations. This ratio applies if the company needs funds, where creditors need extensive information about the company.

Corporates with a high proportion of debt in their capital structure will endure higher agency costs than corporates with a small proportion of debt. Therefore, companies that have a

higher level of leverage have a higher obligation to meet the information needs of their long-term creditors (Prastiwi & Puspitaningrum, 2013). The more information that will be disclosed by the company, the cost of supervision will be reduced and will help convince creditors of the information needed (Haniffa and Coke, 2002). In addition, disclosure of IC will reduce information dissatisfaction and become a steadfast value in a report regarding the state of the company

Based on research conducted by Anggelina and Novita (2020), Amalia (2017); and Asfahani (2017), state that leverage affects intellectual capital disclosure. Thus, the greater the level of leverage, the higher the company's obligation to disclose intellectual capital. This is to fulfil the information needs of long-term creditors, and the corporate will supply further comprehensive information. Based on the description above, the following hypothesis is formulated:

H2: Leverage has a positive impact on intellectual capital disclosure.

The Impact of Profitability on Intellectual Capital Disclosure

Based on resource-based theory, a high level of profitability is one of the competitive advantages that differentiate it from other less profitable companies (Sutanto & Supatmi, 2012). Profitability is the capability of a company to produce profits during a specific period, where profitability is the combined impact of liquidity, leverage, and working capital management on operating outcomes (Brigham & Houston, 1998).

According to Sudarmadji & Sularto (2007), corporates with a high profitability level will disclose further company information because the higher the company profitability is considered good news, so companies incline to disclose detailed information. Ashari & Putra (2016), state that the larger the company's financial support, the more information will be disclosed, including intellectual capital disclosure.

Based on the outcomes of research from Ashari & Putra (2016), profitability affects intellectual capital disclosure. The higher the level of profitability of a company, the higher the level of intellectual capital disclosure. Based on the description above, the following hypothesis is formulated:

H3: Profitability has a positive impact on intellectual capital disclosure.

The Impact of Corporate Governance on Intellectual Capital Disclosure with Firm Size as a Moderating Variable

In agency theory, it is said that agency conflict occurs because of information asymmetry between the proprietor and the agent. To prevent conflicts, a robust corporate governance or control mechanism is needed (Sadewa & Yasa, 2016). Companies with good corporate governance will have a higher awareness of intellectual capital disclosure. Supported by the research outcomes of Meizaroh & Lucyanda (2012), that corporate governance has a positive impact on intellectual capital disclosure.

Sihwahjoeni (2015), states that corporate governance possesses a mutual influence on company size. Company size is the size of a company which is indicated by total assets, total sales, average total sales, and average total assets. Larger companies incline to have more complex agency problems, so a more stringent corporate governance implementation mechanism is needed. In addition, companies with a larger size incline to be a public concern than companies with a small scale. This encourages companies with a larger scale to implement better quality corporate governance.

Khomsiyah (2003), said that the higher the corporate governance implementation index, the more companies will disclose information in their annual reports. Moreover, by disclosing more information, the company indicates that the company has implemented the company's management principles well (Nugroho, 2012). Thus it can be stated that the larger the company, the higher the influence of corporate governance on intellectual capital disclosure.

From this description can be concluded that the company size variable can directly affect corporate governance, but if the company size is the moderating variable, company size can moderate the relationship between corporate governance and intellectual capital disclosure. Based on the description above, the following hypothesis is formulated:

H4: Firm size strengthens the relationship between the influence of corporate governance on intellectual capital disclosure

The Impact of Leverage on Intellectual Capital Disclosure with Firm Size as a Moderating Variable

According to Ulum (2009), in agency theory companies with high leverage ratio will reveal further information because the agency costs of companies with this capital structure will be higher. Setiadewi & Purbawangsa (2012), debt structure or leverage describes the large or small amount of debt used by companies

used to finance operational activities. Hery (2017), states that company size is a scale to specify the company's size in assorted ways, including using total assets, total sales, stock market value, and so on.

Generally, large companies will need more capital to run the company operational activities and increase production. Many companies use debt as funds to finance company assets. Dewi & Yadnyana (2019), say that large-sized companies will find it easier to get funds from external parties in the form of debt because of the guarantee of future payments with more considerable total assets, thus it can be inferred that the larger the corporate, the higher the level of leverage. Moreover, companies with high leverage levels have a responsibility to fulfil the information needs for long-term creditors, so the company will provide extensive information, especially regarding intellectual capital (Amalia, 2017). Based on the description above, the following hypothesis is formulated:

H5: Company size strengthens the relationship between the impact of leverage on intellectual capital disclosure

The Impact of Profitability on Intellectual Capital Disclosure with Company Size as a Moderating Variable

Resource-based theory can describe that if the company's profitability is high, it will be a competitive advantage because its performance is considered good. Petronila and Mukhlisin (2003), stated that profitability is a description of the ability of management performance in organizing a corporate. Sari & Arisanti (2018), state that profitability and disclosure of company information have a positive relationship, which means that the larger the profitability of a company, the more preferable the disclosure of information.

According to Sari & Arisanti (2018), a high level of profitability is one thing that is considered reasonable by the company. Therefore, companies will incline to disclose detailed information. This detailed disclosure is generally supported by voluntary disclosure of information, one of which is intellectual capital. It is hoped that this disclosure can improve the company's good name.

Riyanto (2008), stated that the company's size is the measurement of the company seen from the value of equity, sales value, or the value of company assets. Sunarya (2013), states that large companies have higher profitability than smaller companies. According to Setiadewi & Purbawangsa (2012), companies that have a larger size will have an impact on increasing company profitability and company value. Niresh & Velnampy (2014), also prove that company size has a significant positive impact on profitability.

Corporates that have a larger size will be relatively stable and able to generate profits. Moreover, companies with higher profitability will also disclose more information than companies with low profitability (Khlif & Souissi, 2010). Thus, the larger the company, the higher the influence of profitability on intellectual capital disclosure. Based on the description above, the following hypothesis is formulated:

H6: Company size strengthens the relationship between the impact of profitability on intellectual capital disclosure.

3. RESEARCH METHOD

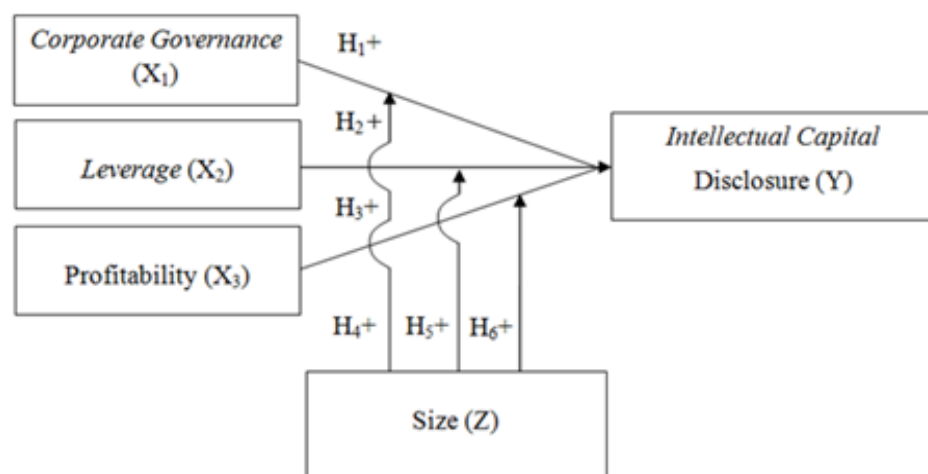
This study uses descriptive quantitative research methods. The data collection method implemented is documentation and literature study. The type of data implemented in this research is secondary data. The secondary data in this study used data taken from the annual report and the report on the corporate governance perception index. Moderated regression analysis method used in this study (MRA) method. data processing using SPSS version 25 program

The population in this study are companies listed on the Indonesia Stock Exchange (IDX) that participated in the Corporate Governance Perception Index program during 2015-2019. The sample selection was made by purposive sampling, with the following criteria:

| No | Company Classification | Amount |
|----|---|--------|
| 1 | Companies listed on the Indonesia Stock Exchange (IDX) participating in the Corporate Governance Perception Index program during 2015-2019. | 166 |
| 2 | Corporates that are not listed on the Indonesia Stock Exchange, and do not publish consecutive financial statements during 2015-2019 | (102) |
| 3 | Corporates that issue financial statements that are stated on rupiah and ending on December 31 during the 2015-2019 observation period | (1) |
| 4 | Data Outlier | (17) |
| | Total Sample | 46 |

Research Framework

The research framework related to the hypothesis is described as follows:



**Figure 1
Research Framework**

The research regression model is as follows:

$$ICD = \alpha + \beta_1 CG + \beta_2 LEV + \beta_3 PROF + \beta_3 CG.SIZE + \beta_3 LEV.SIZE + \beta_3 PROF.SIZE + \varepsilon$$

Where:

CG = corporate governance

LEV = leverage

PROF = profitability

SIZE = company size

ICD = intellectual capital disclosure

Research Design

Regarding the impact of corporate governance, leverage, and profitability, the research design is quantitative research. The test outcomes and analysis of the impact of the independent variables on the dependent variables in the study by using the hypothesis testing proposed following the formulation of the problem specified in the study. The independent variables in this study are governance, leverage, and profitability. The dependent variable in this study is intellectual capital disclosure. While the moderating variable in this study is company size.

4. RESULTS AND DISCUSSION

Statistic Description

Statistic descriptions display the amount of data and the research variables' average of minimum, maximum, and standard deviation. The outcomes of the data recapitulation are as follows (Table 1).

Table 1, shows that the Intellectual Capital Disclosure (ICD) variable has a minimum value of 0.53 and a maximum value of 0.65, an average (mean) of 0.5828, with a standard deviation of 0.02689. The Perception Index (CGPI) has a minimum value of 0.74 and a maximum value of 0.98. The average (mean) is 0.8746, with a standard deviation of 0.04746. The leverage variable has a minimum value of 0.01 and a maximum value of 11.40. The average (mean) is 4.6733, with a standard deviation of 3.31855. The profitability variable has a minimum value of 0.00 and a maximum value of 0.16. The average (mean) is 0.0337, with a standard deviation of 0.02370. Furthermore, the company Size variable has a minimum value of 29.10 and a maximum value of 37.07. The average (mean) is 32.3983, with a standard deviation of 1.82620.

Table 1
Descriptive Statistics

| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
|----------|----|---------|---------|--------|----------------|
| CGPI | 46 | 0,74 | 0,98 | 0,8746 | 0,04746 |
| LEV | 46 | 0,01 | 11,40 | 4,6733 | 3,31855 |
| ROA | 46 | 0,00 | 0,16 | 0,0337 | 0,02370 |
| ICD | 46 | 0,53 | 0,65 | 0,5828 | 0,02689 |
| SIZE | 46 | 29,10 | 37,07 | 32,398 | 1,82620 |

Source: Data Processed, 2021

The data in this study were tested for classical assumptions. Normality test using Kolmogorov Smirnov. We conducted two normality tests where the first normality test with 63 samples obtained the outcomes of Asymp. Sig. (2-tailed) is 0.025. It shows that the significant value of 0.025 is smaller than 0.05. Based on these outcomes, it can be interpreted that the data has an abnormal distribution so that outlier data is removed. After the data went through outliers with a sample size of 46, the outcomes of Asymp were obtained. Sig. (2-tailed) is 0.200. This shows that the significant value of 0.200 is greater than 0.05. Based on these outcomes, it can be interpreted that the data has a normal distribution.

The multicollinearity test indicates that all independent variables have a tolerant value of more than 0.1, namely the CGPI variable of 0.869, leverage of 0.738 and profitability variable of 0.814. And all independent variables have a VIF value of less than 10, namely the CGPI variable of 1.150, the leverage variable of 1.354, and the profitability variable of 1.228. Based on these outcomes, it can be interpreted that there is no multicollinearity between independent variables in the regression model.

Our autocorrelation test uses a run test where if the probability value is > 0.05 then there is no autocorrelation between the residual values, whereas if the probability value is < 0.05 then there is an autocorrelation between the residual values. This shows that the significant value of 0.053 is greater than 0.05. Based on these outcomes, it can be said that there is no autocorrelation between the residual values.

In the heteroscedasticity test we used the Glejser test. It is known that there is no independent variable that has a significant value below 0.05. The test outcomes can be seen in the Sig column, namely CGPI of 0.805, leverage of 0.411, and profitability of 0.899. So it can be concluded that the regression model does not contain heteroscedasticity.

Outcome

Based on table 2, the t-count for the corporate governance variable (CGPI) is smaller than the t-table, namely, $(-0.329 < 2.022)$ with a significant value of more than 0.05, namely, $(0.744 > 0.05)$. These outcomes can be concluded that the first hypothesis is rejected with the statement that corporate governance variables have no impact on intellectual capital disclosure. The outcomes of this study support the outcomes of research conducted by Saendy and Anisykurlillah (2015); and Zulkarnaen (2013), which prove that corporate governance has no impact on intellectual capital disclosure. The value of corporate governance, both high and low, will not affect intellectual disclosure, this is because the disclosure of intellectual capital in Indonesia is still voluntary, and there are no regulations governing the disclosure of intellectual capital so that company management pays little attention to the importance of intellectual capital disclosure (Saendy & Anisykurlillah, 2015). It can be concluded that corporate governance in this study as

measured by the Corporate Governance Perception Index cannot modify the disclosure of the company's intellectual capital, because disclosure of intellectual capital is still voluntary and there are no rules for disclosure of intellectual capital. The difference linking the outcomes of this study and the previous one may also be due to differences in the measurement of corporate governance variables in previous studies using corporate governance component items such as independent commissioners, audit committees, while this study uses CGPI (Hardiani et al., 2017).

Based on table 2, the t-count outcomes for the leverage variable are smaller than the t-table, namely, $(-2.682 < 2.022)$ with a significance value less than 0.05, namely, $(0.011 < 0.05)$. These outcomes can be concluded that the second hypothesis is rejected with the statement that the leverage variable has a negative and significant impact on intellectual capital disclosure. The outcomes of this study support the outcomes of research conducted by Suhardjanto & Wadhani (2010); and Muksodah et al. (2016), which prove that leverage has a significant negative impact on intellectual capital disclosure. Jensen and Meckling (1976), say that companies that have high leverage can reduce company disclosures including disclosure of intellectual capital with a view to reducing the spotlight of bondholders. And this statement is in accordance with research conducted by Smith and Warner (1979) and Suhardjanto and Wadhani (2010), which shows that companies with high leverage will reduce the level of disclosure of intellectual capital so as not to be in the spotlight of the investors. Debt holders. According to agency theory, a high corporate leverage ratio will reveal wider information (Jensen & Meckling, 1976). However, this theory cannot be proven in this study, because the higher the company's leverage level, the higher the risk of default on its obligations, so that bondholders and debtholders are worried that the company cannot pay off its maturing obligations due to insufficient assets.

Table 2
Hypothesis Testing

| Independent Variable | B | Asym. Sig | Test Outcomes | Conclusions |
|----------------------|--------|-----------|-----------------|-------------|
| CGPI | -0,042 | 0,744 | No impact | H1 Rejected |
| LEV | -0,007 | 0,011 | Negative impact | H2 Rejected |
| ROA | -0,792 | 0,018 | Negative impact | H3 Rejected |
| CGPI.SIZE | -0,002 | 0,379 | No impact | H4 Rejected |
| LEV.SIZE | 0,000 | 0,026 | Strengthens | H5 Accepted |
| ROA.SIZE | 0,019 | 0,031 | Strengthens | H6 Accepted |

Source: Data Processed, 2021

Based on table 2, the t-count outcomes for the profitability variable are smaller than the t-table, namely, $(-2.473 < 2.022)$ with a significance value less than 0.05, namely, $(0.018 < 0.05)$. These outcomes can be inferred that the third hypothesis is declined with a statement that the profitability variable has a negative and significant impact on intellectual capital disclosure. The outcomes of this study support the outcomes of research implemented by Sutanto & Supatmi (2012) and Ting & Lean (2009), which prove that profitability has a significant negative impact on intellectual capital disclosure. The greater the profitability, the lower the level of disclosure of intellectual capital information (Sutanto & Supatmi, 2012). High company profitability means that a company is judged for its good quality and performance in generating net profit from the utilization of its assets. The higher the profitability, the lower the disclosure of intellectual capital, this is because companies with a high level of profitability assume that they already have good performance so that companies no longer need to disclose intellectual capital (Ting & Lean, 2009). The fourth hypothesis is rejected because company size cannot moderate the relationship between corporate governance and intellectual capital disclosure. The size of a company cannot moderate the relationship between corporate governance and the disclosure of intellectual capital, and both large and small companies cannot moderate it. This is because intellectual capital disclosure is still voluntary, and no regulations govern intellectual capital disclosure, so Company management pays less attention to the urgency of intellectual capital disclosure (Saendy & Anisykurlillah, 2015). The outcomes of this study support the research conducted by Saendy and Anisykurlillah (2015); and Zulkarnaen (2013).

Based on table 2 the t-count outcomes for the CGPI*size variable are smaller than the t-table, namely, $(-0.891 > 2.022)$ with a significant value greater than 0.05, namely, $(0.379 < 0.05)$. These outcomes can be inferred that the fourth hypothesis is rejected with the statement that company size cannot moderate the relationship between corporate governance and intellectual capital disclosure. The outcomes of this study support the research implemented by Saendy & Anisykurlillah (2015); and Zulkarnaen (2013), which state that corporate governance has no impact on intellectual capital disclosure. The size of a company cannot moderate the relationship linking corporate governance and disclosure of intellectual capital, both large and small companies cannot moderate it, this is because the disclosure of intellectual capital is still voluntary, and there are no regulations governing the disclosure of intellectual capital so that Company management pays less attention to the importance of intellectual capital disclosure (Saendy & Anisykurlillah, 2015). So it can be concluded that the company size variable cannot moderate the influence of corporate governance on intellectual capital disclosure. Both large and small companies do not moderate the relationship linking corporate governance and intellectual capital disclosure,

because intellectual capital disclosure is still voluntary and there are no regulations, so companies do not disclose their intellectual capital.

Based on table 2, the t-count outcomes for the leverage*size variable are greater than the t-table, namely, $(2.311 > 2.022)$ with a significant value less than 0.05, namely, $(0.026 < 0.05)$. These outcomes can be inferred that the fifth hypothesis is accepted with the statement of company size strengthening the relationship linking leverage and intellectual capital disclosure. The outcomes of this study support the outcomes of research conducted by Dewi & Yadnyana (2019), which proves that large-sized companies will incline to find it easier to obtain capital from external parties in the form of debt due to guaranteed future payments with larger total assets. Thus it can be stated that the larger the company, the higher the level of leverage. Amalia (2017), companies with high levels of leverage have a responsibility to fulfil the information needs for long-term creditors, so the company will supply extensive information, especially regarding intellectual capital (Amalia, 2017). Thus, it can be stated that the larger the company, the higher the leverage impact on intellectual capital disclosure. So it can be concluded that the company size variable can strengthen the influence of leverage on intellectual capital disclosure, with the larger the company, the higher the company's leverage level, which causes the company to expose its intellectual capital more broadly.

Based on table 2, the t-count outcomes for the profitability*size variable are greater than t-table, namely, $(2.233 > 2.022)$ with a significant value less than 0.05, namely, $(0.031 < 0.05)$. These outcomes can be resumed that the sixth hypothesis is assimilated with the statement of company size strengthening the relationship concerning profitability and intellectual capital disclosure. The outcomes of this study support the outcomes of research conducted by Sunarya (2013); and Rifai et al. (2015), which prove that large companies have higher profitability than smaller companies. The larger the size of a company, the more predictable the increase in profitability. And the smaller the size of the company, the more predictable the decline in profitability. It is concluded that companies that have a larger size will be relatively stable and able to generate profits. Research conducted by Nurdin et al. (2019), Khlif & Souissi (2010), Suhardjanto & Wadhani (2010), proves that companies with higher profitability will also disclose more information than will the companies with low profitability. A high level of profitability is one of the points that is considered good by the company. Therefore, companies will incline to disclose detailed information, namely the disclosure of intellectual capital (Sari & Arisanti, 2018). This research is endorsed by the theory of resource based theory which states that if the company's profitability is high, it will become a competitive advantage, because the company's performance is considered good. It can be concluded that the company size variable can strengthen the influence of profitability

on intellectual capital disclosure, with the larger the company, the higher the company's profitability level, which causes the company to disclose its intellectual capital more broadly.

5. CONCLUSIONS AND SUGGESTIONS

Based on the outcome and discussions, it can be inferred that (1) Corporate Governance does not affect Intellectual Capital Disclosures, (2) Leverage has a negative impact on Intellectual Capital Disclosures, (3) Profitability has a negative impact on Intellectual Capital Disclosures, (4) Company size has no impact and does not moderate the relationship linking Corporate Governance and Disclosure. Intellectual Capital, (5) Firm Size strengthens the relationship linking Leverage and Intellectual Capital Disclosures, (6) Company Size enhances the relationship linking Profitability and Intellectual Capital Disclosure.

Some limitations in this study are This research cannot be separated from the element of subjectivity because when analyzing the content of intellectual capital disclosure items, several ICD-In items are disclosed in the annual report with different terms but have the same meaning. One example is in the list of items there are disclosure items with the term code of ethics but in the company's annual report it is disclosed in terms of code of conduct, code of conduct, behavioral guidelines, the difference in these terms makes identification of intellectual capital disclosure items increasingly difficult. It is hoped that in the future there will be standards in the disclosure of intellectual capital so that the disclosure items between one company and another company have a uniform name. Suggestions for future research for researchers who want to research this topic are advised to input (content analysis) items of intellectual capital disclosure carefully and thoroughly and carried out in advance because there are many items in intellectual capital disclosure that will take a long time. Further research is also expected to be able to add any variables that might be the determinants or antecedents of intellectual capital disclosure.

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Appendix 1. Variable Identification, Operational Definition, and Variable Measurement

| Variable | Operational | Measurement | Reference |
|-------------|---------------------------------|--|--|
| Dependent | Intellectual Capital Disclosure | Recognition of intellectual capital is reporting company information regarding intangible assets. | ICDindex = $(\sum \text{in}/M) \times 100\%$ Bukh et al. (2005) |
| Independent | Corporate Governance | System that regulates and controls a company to create added value for all stakeholders | CG = Corporate Governance Perception Index Salim (2017) |
| | Leverage | Term companies used to describe the ability to use capital that has a fixed burden to increase income for company owners. | LEV = Debt/Capital Suwarti et al. (2016) |
| | Profitability | States that profitability is used to measure the company's ability to generate profits at a certain level of asset sales and share capital | ROA = Net Profit After Tax/Total Assets Hanafi (2014) |
| Moderating | Company Size | The average total net sales for the year concerned up to several years. Company size is a characteristic of a company about company structure. | Size = Ln (Total Assets) Brigham et al. (2011) |

Source: Processed Data, 2021