



## **DOES CORPORATE GOVERNANCE STRUCTURE AND LEVERAGE AFFECT INTELLECTUAL CAPITAL DISCLOSURE?**

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### **Abstract**

The aim of this research is to analyze whether corporate governance structure and leverage affect intellectual capital disclosure? In this study, the corporate governance structure is proxied by the independent commissioner variable and foreign ownership. The data used in this study is secondary data obtained from the annual reports of companies listed on the Kompas 100 Index for the 2014-2018 period. This research uses purposive sampling. Based on the results of the tests conducted in this study, it was found that the independent commissioner variable had no effect on the disclosure of intellectual capital. This is based on the company being the object of research, on average, the number of commissioners is in accordance with the applicable regulatory standards. So that sufficiently meeting the standard the number of independent commissioners is not able to supervise management in carrying out transparency of company information including intellectual capital information in the company's annual report. Meanwhile, the foreign ownership variable has a positive effect on intellectual capital disclosure. This is because foreign investors want to implement information transparency to reduce information asymmetry between investors and managers. Leverage has a positive effect on intellectual capital disclosure. This is because companies with high leverage will also receive attention from creditors to ensure that the company does not violate debt covenants, to reduce agency costs and information asymmetry between managers and creditors, the company will conduct wider disclosures including disclosure of intellectual capital.

**Keywords:** Independent Commissioner; Foreign Ownership; Leverage, Intellectual Capital; Disclosure

### **Abstrak**

*Tujuan dari penelitian ini adalah untuk menganalisis apakah struktur corporate governance dan leverage mempengaruhi pengungkapan modal intelektual? Dalam penelitian ini, struktur tata kelola perusahaan diproksikan dengan variabel komisaris independen dan kepemilikan asing. Data yang digunakan dalam penelitian ini adalah data sekunder yang diperoleh dari laporan tahunan perusahaan yang terdaftar di Indeks Kompas 100 periode 2014-2018. Penelitian ini menggunakan purposive sampling. Berdasarkan hasil pengujian yang dilakukan dalam penelitian ini ditemukan bahwa variabel komisaris independen tidak berpengaruh terhadap pengungkapan modal intelektual. Hal ini berdasarkan perusahaan yang menjadi objek penelitian, rata-rata jumlah komisaris sudah sesuai dengan standar regulasi yang berlaku. Sehingga cukup memenuhi standar jumlah komisaris independen tidak mampu melakukan pengawasan manajemen dalam melaksanakan transparansi informasi perusahaan termasuk informasi modal intelektual dalam laporan tahunan perusahaan. Sedangkan variabel kepemilikan asing berpengaruh positif terhadap pengungkapan modal intelektual. Hal ini dikarenakan investor asing ingin menerapkan transparansi informasi untuk mengurangi asimetri informasi antara investor dan pengelola. Leverage berpengaruh positif terhadap*



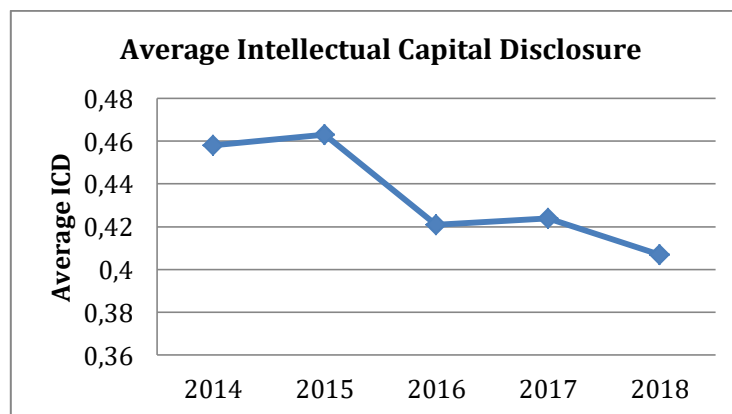
*pengungkapan modal intelektual. Hal ini dikarenakan perusahaan dengan leverage yang tinggi juga akan mendapat perhatian dari kreditur untuk memastikan bahwa perusahaan tidak melanggar debt covenant, untuk mengurangi biaya keagenan dan asimetri informasi antara manajer dan kreditor maka perusahaan akan melakukan pengungkapan yang lebih luas termasuk pengungkapan modal intelektual.*

**Kata Kunci:** *Komisioner Independen; Kepemilikan Asing; Leverage; Intellectual Capital; Pengungkapan*

## INTRODUCTION

The development of technology and science changed the way companies view their activities in order to create corporate value in the era of the industrial revolution 4.0. Tight business competition, makes business people must have a business strategy based on knowledge (knowledge-based business) that applies the concept of knowledge management in utilizing resources efficiently. Intellectual capital is of particular concern for companies in conditions where companies are competing to increase company value (Nugroho, 2012). intellectual capital is defined as knowledge resources in the form of employees, customers, processes or technology used to help create value and increase a company's competitive advantage (Bukh, et al 2005). In general, there are three components of intellectual capital, namely knowledge capital related to humans (human capital), knowledge capital related to the company (structural capital), and knowledge capital related to outsiders (relational capital) (Astuti and Wirarman, 2016).

Figure 1. Intellectual Capital Disclosure at Kompas Index Companies 100



Source: Data is Processed (2020)

Figure 1 shows that there are still few companies listed on the Kompas 100 Index to disclose intellectual capital in a transparent manner. Research conducted by Yenita and Syofyan (2018), Astuti and Wiraman (2016), and Ningsih and Laksito (2014) found that companies in Indonesia only disclosed items of intellectual capital of 27-40%.

Previous studies have found several factors that influence companies to disclose their intellectual capital. The first factor, regarding the role of the

corporate governance structure in the company, namely the independent commissioner that the board that has a high proportion of independent commissioners will have strong control over managerial decisions, because independent commissioners have an incentive to exercise control over their decisions in order to maintain a good image for them. sources of capital from outside the company. One form of control for independent commissioners is to request disclosure of adequate intellectual capital from management, so that the company can maintain its image in the eyes of potential investors (Joson and Susanti, 2015). As in the research of Poluan and Nugroho (2015), Wahyuni and Rasimini (2016), Rahandika and Dewayanto (2019), Puspitarini and Panjaitan (2018) found that independent commissioners have a positive effect on intellectual capital disclosure, while in Indah and Handayani's research (2017) , Nugroho (2017), Aini (2018), and Yenita and Syofyan (2018) found that independent commissioners had no effect on intellectual capital disclosure.

Meanwhile, the next corporate governance structure factor is foreign ownership, where the composition of ownership in a company will affect the extent of intellectual capital disclosure. Foreign investors tend to be more conservative than domestic investors in terms of buying shares (Aisyah and Sudarno, 2014). Foreign investors will monitor management in the preparation of annual reports, because foreign investors demand high corporate governance standards, so that high foreign ownership will pressure companies to disclose intellectual capital information due to information asymmetry that occurs due to differences in standards used in each country (Main and Khafid, 2015). Research related to foreign ownership conducted by Febriana and Nugrahanti (2013), Aisyah and Sudarno (2014), Supradya and Ulupui (2016), Sinaga and Sudarno (2018), and Suci (2019) found that foreign ownership affects intellectual capital disclosure. whereas in research conducted by Utama and Khafid (2015), Nugroho (2016), and Putri and Herawaty (2019) found that foreign ownership had no effect on disclosure of intellectual capital.

Finally, in this study, taking the leverage variable to provide an overview of the capital structure in a company so that the leverage ratio can be seen how much the company can fulfill its obligations. Jensen and Meckling (1976) stated that in agency theory, a high corporate leverage ratio will lead to high agency costs so that companies are required to disclose transparent information (Asfahani, 2017). The research related to leverage variables conducted by Asfahani (2017) and Widiatmoko and Indarti (2018) shows that the leverage ratio has a positive effect on intellectual capital disclosure, whereas in Puspitarini and Panjaitan's research (2018), Leonard and Trinawati (2015) and Faradina (2015) shows that the leverage variable does not affect the disclosure of intellectual capital.

## **LITERATURE REVIEW**

Agency theory explains the contractual relationship between a manager called an agent and a company owner called a principal. Jensen and Meckling (1976) argue that managers use choices to select and use information, but do not provide a detailed description of the chosen accounting method. So that there is an

information gap between the agent and the principal, because the agent interacts directly with the company's activities every day, while the principal only relies on reports made by managers regarding the condition of the company (Ulum, 2017: 46). In this study, agency theory can be used to reduce conflicts of interest by monitoring corporate governance. Corporate governance is responsible for checking and overseeing that the financial reports prepared by management have provided a true picture, ensuring that the company has been run in accordance with the prevailing laws and regulations, and understanding problems or things that have the potential to contain risks and the internal control system as well as monitor the supervisory process carried out by the internal auditor.

According to Sveiby (1998) intellectual capital consists of the intangible assets of the organization which include: employee competence such as skills, education and experience and their capacity to act in various situations; internal structure namely, management structure, patents, concepts, models, research and development capability and software; and external structures consisting of image, brands, customers and supplier relations (Aisyah and Sudarno, 2014). Meanwhile, Dharminder (2012) defines intellectual capital as a term often used by several entities or companies that are related to information related to employee skills, experience and knowledge. There are several components of intellectual capital that can be used as a basis for companies to increase added value for the company (Hindun, 2018).

Intellectual Capital Components, very few companies report intellectual capital separately (Ulum.dkk, 2016). In Brooking (1996) classifies intellectual capital into four components as follows: (a) Market assets or Customer assets, including: brands, consumers, consumer loyalty, distribution networks, suppliers and others. (b) Human-centered assets, including: skills and expertise, problem-solving abilities, leadership styles, and everything related to employees. (c) Intellectual property assets, including: technical skills, trademarks, patents and other intangibles related to copyright. (d) Infrastructure assets, including: all matters relating to technology, processes and methodologies that enable a company to function well (Ulum, 2017: 85).

According to Guthrie and Petty (2000), Bukh et al (2005) and Mourtsen et al (2005), intellectual capital disclosure is identified that the intellectual capital literature in accounting mainly discusses external reporting, that the capital market wants more reliable information related to the knowledge resources possessed by companies. Disclosure of intellectual capital is reduces transaction costs and uncertainty among related parties. Furthermore, Bukh et al (2005) stated that disclosure of intellectual capital is one part of the process of creating the company's value (Ulum, 2017: 300).

According to The Organization for Economic Corporate and Development (OECD) (2004) defines corporate governance as a system used to direct and control companies. The corporate governance structure determines the distribution of responsibility in accordance to the proportion of each actor in the company, including the board of directors and commissioners, managers, stockholders and other stakeholders (Lucyanda and Rahmayanti, 2012). The definition of corporate governance according to the Forum for Corporate Governance in Indonesia (2003) is a set of regulations that regulate the

relationship between stockholders, company managers, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations or as a system that regulates and controls the company.

In the Decree of the Minister for State-Owned Enterprises Number Kep.117/MMBU/2002, corporate governance is a process of structure used by BUMN organs to increase business success and corporate accountability in order to realize stockholder value in the long term while still paying attention to the interests of other stakeholders and based on regulations, legislation, and ethical values. There are two points that need to be considered in the concept of corporate governance. First, the importance of the shareholder's right to obtain correct and timely information. Second, the company's obligation to disclose accurately, timely, and transparently of all information on company performance, ownership and stakeholders (Wahyuni and Rasmini, 2016). Corporate governance acts as a mechanism that helps companies to achieve their goals while disclosure is an important tool for reporting company performance to investors (Taliyang and Jusop, 2011).

According to Marwata, the ownership structure can be viewed from two aspects, namely 1) the amount of public ownership compared to the ownership of certain parties called insider parties, 2) the amount of foreign ownership compared to domestic ownership. It is further stated that the company's ownership structure affects the extent of information disclosure that disclosed in the annual report, it is stated that the greater the insider ownership, the less information is disclosed in the annual report (Sinaga and Sudarno, 2018).

Independent Commissioners are members of the board of commissioners who are not affiliated with the Board of Directors, other members of the board of commissioners and controlling stockholders, and free from business or other relationships that may affect their ability to act independently or act solely for the benefit of the company (Independent Commissioner Guidelines). Independent commissioners are also neutral parties who are expected to be able to bridge information assimilation that occurs between stockholders and company managers.

Foreign Ownership in Regulation No. 25 of 2007 in article 1 point 6 states that foreign ownership is individual foreign citizens, foreign business entities, and foreign governments investing in the territory of the Republic of Indonesia (Febriana and Nugrahanti, 2013). The problem of information asymmetry is more often faced by companies whose shares are mostly owned by foreigners.

Leverage is a ratio that measures the level of dependence on the use of funds originating from creditors to finance the company's assets, in a broad sense, leverage is used to measure a company's ability to pay all its liabilities both short and long term (Kasmir, 2010).

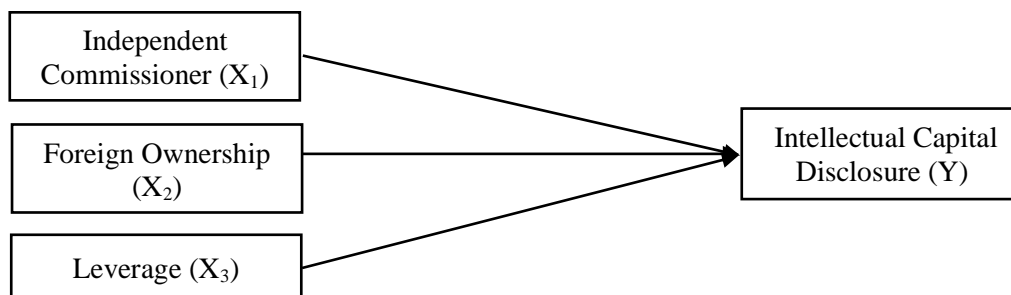
According to Fama and Jensen (1983), boards that have a high proportion of independent commissioners will have strong control over managerial decisions, because independent boards of commissioners have an incentive to exercise control over their decisions in order to maintain the company's image (Arifah, 2012). As regulated in POJK No. 57 regarding the minimum number of independent commissioners in a company is 30%, so that companies with more than 30% of independent commissioners will be considered more effective in

supervising company management in disclosing company information in a transparent manner.

In Febriana (2013), the problem of information asymmetry is more often faced by companies with large foreign ownership. To reduce the problem, companies will be encouraged to disclose more extensive information in the annual report. Broader disclosure is expected to reduce agency costs arising from foreign managers and investors, so that comprehensive disclosure of information will assist investors in knowing the state of the company and making decisions for investors. Therefore companies with large foreign ownership will be motivated to disclose their information voluntarily and broadly, including information on intellectual capital (Febriana and Nugrahanti, 2013).

In Jensen and Meckling (1976), there is an opportunity to transfer wealth from debtors to stockholders and managers in companies whose levels of dependence on debt are very high, so that it can also increase agency costs. To reduce, company management is expected to be able to disclose more information voluntarily, which includes information related to intellectual capital. So, voluntary disclosure can be increased along with the higher level of corporate leverage (Purnomosidhi, 2006). Figure 2 is the research framework of the effect of independent commissioner, foreign ownership, and leverage on intellectual capital disclosure.

Figure 2. Research Framework



***The Independent Commissioner Has an Effect on Intellectual Capital Disclosure***

Independent commissioners are neutral parties in the company who are expected to be able to bridge the information gap that occurs between the owner and the company management. In other words, the presence of an independent board of commissioners on the board can improve the quality of supervisory activities in the company because they are not affiliated with the company as employees (Puspitarini and Panjaitan, 2018). In Fama and Jensen (1983) boards that have a high proportion of independent commissioners will have strong control over managerial decisions, because independent boards of commissioners have an incentive to exercise control over their decisions in order to maintain the company's image (Arifah, 2012). As for the POJK Regulation No. 57 which regulates the minimum number of independent commissioners in a company at 30%, so that companies with more than 30% independent commissioners will be more effective in supervising company management in disclosing company information in a

transparent manner. Research conducted by Li et al (2008), Mahmudi and Nurhayati (2014), and Uzliawati (2015) found positive results on intellectual capital disclosure. So, it is assumed that the more independent commissioners in a company, the more intellectual capital disclosures the company will do.

**H1: The Independent Commissioner has a positive effect on intellectual capital disclosure**

***Foreign Ownership Affects the Intellectual Capital Disclosure***

The problem of information asymmetry is more often faced by companies with large foreign ownership. To reduce the problem, companies will be encouraged to disclose more extensive information in the annual report. Broader disclosure is expected to reduce agency costs arising from foreign managers and investors, so that comprehensive disclosure of information will assist investors in knowing the state of the company and making decisions for investors. Therefore, companies with large foreign ownership will be motivated to disclose their information voluntarily and broadly, including information on intellectual capital (Febriana and Nugrahanti, 2013).

Large foreign ownership will encourage the company to expand its financial information disclosure, one of which is intellectual capital. Foreign ownership demands high standards of corporate governance so that it can be an effective monitor for managers in growing markets. Foreign investors will choose policies that are supportive to increase long-term value for the company (Aisyah and Sudarno 2014). Foreign investors will prefer and support policies that increase long-term value for the company which can be seen from the broader and complete disclosure of intellectual capital. In addition, foreign-based companies have qualified employee skills, modern technology, and an extensive information network, making it possible to carry out wider and better disclosures (Asfahani, 2018).

Research conducted by Febriana and Nugrahanti (2013), Aisyah and Sudarno (2014), and Supradnya and Ululpui (2016) have a positive effect on intellectual capital disclosure. From the description above, it is assumed that the greater the foreign ownership in the company, the greater the disclosure of intellectual capital disclosed by the company.

**H2: Foreign ownership has a positive effect on intellectual capital disclosure**

***Leverage Affects Intellectual Capital Disclosure***

Jensen and Meckling (1976), there is a potential to transfer wealth from debtholders to stockholders and managers in companies whose levels of dependence on debt are very high, resulting in high agency costs. To reduce agency costs, company management can disclose more information voluntarily, about information relating to intellectual capital. So, voluntary disclosure can be expected to increase along with the higher level of leverage (Purnomosidhi, 2006).

Companies that have high debt or leverage need high supervision too. The cost of debt cannot be separated from the incentives for managers so that supervision is necessary. Supervision of the company can be done through the

extent of disclosure published. Thus, companies that have a lot of debt are likely to make wider disclosures so that their performance can be trusted by creditors (Wardani, 2015).

Research conducted by Purnomosihi (2006), Asfahani (2018), Fajarrisqim, et al (2017), and Widiatmoko and Indarti (2018) found a positive influence on the leverage variable in influencing disclosure of intellectual capital. From the description above, it is assumed that, if the level of leverage in the company is high, the disclosure of the company's intellectual capital will be high, this is because to reduce agency costs, the company's management can disclose more information voluntarily, about information related to intellectual capital.

### **H3: Leverage has a positive effect on intellectual capital disclosure**

## **RESEARCH METHODOLOGY**

The population used in this study are companies listed on the Kompas 100 Index listed on the Indonesia Stock Exchange in 2014-2018, this is because the companies that are members of the index are a collection of large companies that tend to face high agency costs because they will get good attention more than stockholders and potential investors. In the end, intellectual capital disclosure can be used as a tool to reduce agency costs (Setianto and Purwanto, 2014). The study period took the most recent year the company's annual report was published. The sampling technique was carried out by purposive sampling technique with the aim of getting a sample that was in accordance with the research objectives.

The data used in this study are secondary data. In this study, the data used are in the form of companies' annual reports that are listed on the Kompas 100 Index. Annual reports are obtained from the official website of the Indonesia Stock Exchange [www.idx.com](http://www.idx.com) and the websites of companies that are used as objects. The research object used is a company listed on the Kompas 100 Index of the Indonesia Stock Exchange for the 2014-2018 reporting year.

This study uses company research objects that are included in the Kompas 100 index in 2014-2018. The sampling technique used was purposive sampling. Table 1 depicts the sample criteria of this research.

Table 1. Sample Criteria

<b>No</b>	<b>Criteria</b>	<b>Total</b>
1	Companies listed in the compass index 100	100
2	Companies that are not consecutively listed in the compass index 100 during the 2014-2018 study period	(53)
3	Financial companies that are not listed on the Kompas 100 Index for the 2014-2018 period	(9)
4	Companies that do not have a foreign ownership structure in the financial statements during the 2014-2018 study period	(26)
	Total Sample Used	12
	Total Data Used in this Research (12x5)	60

Source: Data is Processed (2020)



The dependent variable is a variable that is influenced by other variables or due to the presence of independent variables (Sujarweni, 2015: 75). In this study the dependent variable used is disclosure of intellectual capital (ICD). Independent variables are variables that affect the dependent variable or are called independent variables (Sujarweni, 2015: 75). In this study, the independent variables used are independent commissioners, foreign ownership and leverage.

Intellectual capital disclosures are measured using the index developed by Bukh et al (2005). The indicators assessed consist of Employee (ICD E), Customer (ICD C), Information and Technology (ICD IT), Process (ICD P), Research and Development (ICD R&D), and Strategic Statements (ICD SS). In this study, the assessment for disclosure of intellectual capital uses content analysis by giving a score of 1 on items disclosed in the company's annual report and a score of 0 for items that are not disclosed by the company in the annual report (Ulum, 2017).

Formulae 1. Intellectual Capital Disclosure

$$ICD = \frac{\sum d}{M} \dots\dots\dots(1)$$

Notes:

- ICD* = intellectual capital disclosures
- d* = Value 1 if item is disclosed, value 0 if item is not disclosed.
- M* = the total number of items (78 items).

An independent commissioner is an internal controller mechanism that is expected to make decisions on behalf of stockholder and to ensure that management behavior is consistent (Li et al, 2008). Independent commissioners are measured by comparing the number of independent commissioners with the entire board of commissioners (Joson and Susanti, 2015).

Formulae 2. Indendent Commissioner

$$KOMIN = \frac{\text{Number of Independent Commissioners} \dots\dots\dots(2)}{\text{The Entire Board of Commissioners}}$$

Foreign ownership is the portion of stocks owned by foreign investors or investors, namely companies owned by individuals, legal entities, the government and their parts with foreign status to the total outstanding shares (Aisyah and Sudarno, 2014).

Formulae 3. Foreign Ownership

$$KSA = \frac{\text{Number of foreign stocks} \dots\dots\dots(3)}{\text{Number of Outstanding Stocks}}$$

Leverage is a measure of the company's dependence on the use of funds from creditors that are used to finance company assets. the higher the leverage ratio, the higher the company's dependence on debt (Purnomosidhi, 2006). The

leverage variable uses the Debt-to-Equity Ratio measurement, which is a ratio that measures debt to equity (Kasmir, 2010).

Formulae 4. Leverage

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \dots\dots\dots(4)$$

In this study, the causal statistical test was used to test the sample data, then carried out the classical assumption test including the Normality Test, Multicolonity Test, Autocorrelation Test, and Heteroscedasticity Test. Meanwhile, for testing the hypothesis using multiple linear regression analysis, *t*-test, *f*-test, and the coefficient of determination test.

**RESULTS AND DISCUSSION**

Based on the results of statistical tests that have been conducted, Table 2 is a table of descriptive statistical results for the intellectual capital, independent commissioners, foreign ownership and leverage variables.

Table 2. Descriptive Statistics Results

	ICD	KOMIN	KSA	DER
Mean	0.4348	0.3550	0.2760	1.4713
Median	0.4400	0.3300	0.1600	0.8485
Maximum	0.6300	0.5700	0.9300	5.2350
Minimum	0.2900	0.2900	0.0500	0.1860
Std. Dev.	0.0640	0.0595	0.2444	1.2424
Skewness	0.4142	2.1339	1.7059	1.2757
Kurtosis	4.1652	7.6657	5.1156	4.0579
Jarque-Bera	4.2585	83.298	33.576	15.893
Probability	0.1189	0.0000	0.0000	0.0004
Sum	21.7400	17.7500	13.8000	73.5670
Sum Sq. Dev.	0.2006	0.1733	2.9260	75.6310
Observations	50	50	50	50

Source: Data is Processed (2020)

The descriptive statistic for the mean value of intellectual capital disclosure is 0.4348. This shows that from 2014-2018, the disclosure of intellectual capital in the companies used as research objects on average disclosed intellectual capital of 0.4348 or 43.48%. The distribution of symmetrical data to the average of all intellectual capital disclosure variables is 0.4348. This means that from 10 sample companies, the average number of companies disclosed is 34 out of 78 items of intellectual capital disclosure.

The standard deviation value is the average variation of all data towards the mean (average) value, the standard deviation value in disclosure of intellectual capital is 0.063991. These results show that the value is smaller than the mean, so that the mean value can be used as a representation of the overall data. Then the maximum value and minimum value of intellectual capital disclosure are 0.63 and 0.29 respectively, where the lowest intellectual capital disclosure value is in the Adhi Karya company Tbk, in 2014 by disclosing intellectual capital of 0.29 or 29%. Meanwhile, the highest disclosure of intellectual capital was carried out by the company Telekomunikasi Indonesia Tbk in 2014, amounting to 0.63 or 63%.

Based on the test results, for the independent commissioner variable, the mean value obtained is 0.355, the average company has met the provisions of PJOK No. 57 of 2017 which states that the minimum number of independent commissioners in a company is 30% or 0.30 of the total number of commissioners. The maximum and minimum values for independent commissioners are 0.57 and 0.29 respectively, where the maximum value is found in the company Telekomunikasi Indonesia Tbk, which has independent commissioners of 0.57 or 57% of the total board of commissioners in 2017 and 2018. Meanwhile, the lowest value is owned by the company Semen Indonesia Tbk, namely 0.29 or 29% for 2015, 2017, 2018. The standard deviation for independent commissioners is 0.059462 which indicates that the mean value can be used as a representation of the overall data.

Based on the table of descriptive statistical analysis results, the foreign ownership variable has a mean value of 0.27600 or 27.6%. This shows that in the company which is the object of research, the average foreign investor who made an investment was 27.6%. The maximum and minimum values for the object of research are 0.93 or 93% and 0.05 or 5%. Astra International was the highest company with 93% foreign ownership in 2015, while Aneka Tambang had the lowest value for foreign ownership of 0.5% in 2016 and 2017. The standard deviation in the Foreign Ownership variable was 0.244365, so the mean value could be used as a representation of all data.

Based on the table of descriptive statistical analysis results above, the leverage variable has a mean value of 1.471346 so that on average the company has a total debt of 1.47 from the total equity owned by the company. The maximum and minimum values in the descriptive statistical analysis of the leverage variable were 5.235000 and 0.186000. The company PP company which has the highest level of leverage of 5,23500 in 2014, this shows that the financing of the PP company is 5,235 times financed by debt or in other words the financing made by investors is low. Whereas the minimum value is found in the Kalbe Farma company with a leverage value of 0.186000 in 2018, this shows that Kalbe Farma Tbk's corporate financing uses debt of only 0.186 or in other words, financing at Kalbe Farma Tbk company, 91.4% is financed by the company's equity. The standard deviation for the leverage variable is 1.242373, so that the mean value can be used as a representation of the all data.

Table 3. Testing Hypothesis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.2551	0.0658	3.8741	0.0004
KOMIN	-0.2302	0.1311	-1.7555	0.0875
KSA	0.8623	0.1913	4.5084	0.0001
DER	0.0159	0.0057	2.7925	0.0082

Source: Data is Processed (2020)

The output used in this study, as depicted in Table 3, is a fixed effect model that uses a weighting method (GLS). According to Gujarati and Porter (2009) the equation that uses the Generalized Least Square (GLS) method is an equation that meets the requirements of classical assumptions. So, it is clear that the model in this study has met the requirements of the classical assumptions.

The regression results show a constant value of 0.255091, which shows the results if the KOMIN, KSA and LEV coefficient values get 0, the intellectual capital disclosure value is 0.255091. The value of the KOMIN coefficient is -0.230164, this shows that each independent commissioner variable value is reduced by 1, so the constant value of intellectual capital disclosure will decrease by -0.230164.

The KSA coefficient value is 0.862269, which indicates a situation where each value of the foreign ownership variable increases by 1, the constant value of intellectual capital disclosure will increase by 0.862269. The DER coefficient value is 0.015925, which indicates that if the value of the leverage variable increases or increases by 1 constant, the constant value of intellectual capital disclosure or ICD will increase by 0.015925. The coefficient of determination is used to measure the ability of the model to explain the variation in the dependent variable. The results of the coefficient of determination can be seen in the table below:

Based on the test results, it shows that the Adjusted r-Square value is 0.533706. This shows that 53.37% of intellectual capital disclosure can be explained by the independent commissioner variable, foreign ownership and leverage. Meanwhile 46.63% is explained by other factors outside of this study, while other variables are used such as company size, managerial ownership, government ownership, institutional ownership, audit committee, profitability, and so on.

This test is used to test whether the variables used in the study are feasible or not. The f- test is used to determine whether all the independent variables simultaneously influence the dependent variable. The results of the t-test can be seen from the table below. Based on the test results, it shows that the probability value <0.05 is 0.000021. So it can be concluded that the independent commissioner variable, foreign ownership and leverage jointly affect intellectual capital disclosure or in other words that the regression model is appropriate for this study.

The results of data analysis show that the independent commissioner variable (KOMIN) has a coefficient value of -0.230164 with a significant level of  $0.0875 > 0.05$ . This indicates that H1 is rejected or the independent commissioner variable has no significant effect on intellectual capital disclosure or statistically

rejects the hypothesis. This shows that many or not independent commissioners do not influence the company in disclosing intellectual capital information, so that many independent commissioners are not able to supervise management in carrying out transparency of company information including intellectual capital information in the company's annual report. Management does not thoroughly disclose intellectual capital information in the company's annual report. The effect of independent commissioners on disclosure of intellectual capital in indicators is only found in the disclosure of IT indicators which is the highest disclosed, while for indicators of employee, customer, process, research & development and strategic statement the disclosures are not optimal. So that in this research, independent commissioners show their activities that focus on monitoring the disclosure of intellectual capital in IT indicators, this is because in the current era of the technology industry, where IT is very important for the continuity of companies in the era of technology. So that the independent commissioner oversees how the company manages IT so that the company is able to compete in the current technology industry era. Companies that have good IT can increase the value of the company because the company is considered capable of competing with other companies that have good technology.

The results of data analysis show that foreign ownership has a coefficient value of 0.0862269 with a significant level of  $0.0001 < 0.05$ . According to statistics, the foreign ownership variable has a positive significant effect on intellectual capital disclosure. Companies that have high foreign ownership value will disclose intellectual capital information extensively. This is due to the possibility of information asymmetry between management and foreign investors, management who knows the actual condition of the company as a financial report maker, while investors only know the state of the company through information made by the manager. This will result in information asymmetry, so that companies are required to disclose voluntary information widely, one of which is intellectual capital (Febriana and Nugrahanti, 2013), whereas the role of foreign ownership of companies in disclosure of intellectual capital focuses on disclosures of IT indicators and strategic statements. This is because foreign investors want to see the company's readiness in the IT field and whether it is able to compete in the current industrial era, while for the strategic statement indicators, foreign investors want to know the company's strategy in increasing company value so that this information is used by foreign investors in making decisions.

The result of the analysis shows that the leverage variable coefficient is 0.015925 with a significant level of  $0.0082 < 0.05$ . This shows that leverage has a significant positive effect on intellectual capital disclosure. Companies that have a high level of leverage must disclose information about intellectual capital extensively. This is because according to Jensen and Meckling (1976), there is a potential for transfer of wealth from debt-holders to stockholders and managers in companies that have high leverage, which results in high agency costs. Companies with high leverage will also get attention from creditors to ensure that the company does not violate the debt agreement. To reduce agency costs as well as information asymmetry between managers and creditors, the company will conduct broader disclosures including disclosure of intellectual capital (Sari and Arisanti, 2018). In this company object, that leverage affects the disclosure of

intellectual capital in the indicators of customer, IT, process and strategic Statement, companies with high levels of leverage will reduce the reporting of intellectual capital information on these indicators, this is because the company does not want its image to be bad so that management will reduce the amount of intellectual capital disclosures. Meanwhile, the Employee and R&D indicators are not disclosed more. Thus, the high or low level of leverage in the company will not affect the amount of disclosure on these two indicators. The company chooses another technique to improve the company's image from the level of its debt.

## **CONCLUSION**

Based on the results of data analysis and data testing in this study, the conclusion is that independent commissioner has no effect on intellectual capital disclosure. This is based on the company that is the object of research, on average, the number of commissioners is in accordance with the applicable regulatory standards. Thus, whether or not many independent commissioners do not influence the company in disclosing intellectual capital information, so that sufficiently meeting the standard, the number of independent commissioners is not able to supervise management in carrying out information transparency of the company including intellectual capital information in the company's annual report.

Foreign ownership has a positive effect on intellectual capital disclosure. This shows that the higher the foreign ownership in a company, the wider the disclosure of intellectual capital. This is because foreign investors want to implement information transparency to reduce information asymmetry between investors and managers.

Leverage has a positive effect on intellectual capital disclosure. This shows that the higher the leverage level of the company, the more intellectual capital information disclosed by the company. This is because companies with high leverage will also receive attention from creditors to ensure that the company does not violate debt covenants, to reduce agency costs and information asymmetry between managers and creditors, the company will conduct wider disclosures including intellectual capital disclosure.

Based on the above conclusions, the research findings suggest (1) The results of this study can be used as material for consideration and evaluation of information regarding intellectual capital disclosure in the company's annual report. (2) This research still needs a more in-depth study, because the research is limited to the independent commissioner variable, foreign ownership and leverage. It is suggested in future research to use variables other than independent commissioner, foreign ownership and leverage. (3) This study uses the framework 78 developed by Bukh et al. (2005). It is recommended in future research to use the latest year's framework.

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