



The Role of Board Commissioner Size, Independent Commissioner, Ownership Concentration, Leverage, and Firm Size on Intellectual Capital Disclosure

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Abstract

The purpose in this study to determinate the effect of board of commissioner size, independent commissioner, ownership concentration, leverage, and firm size to intellectual capital disclosure in banking sector listed on Indonesian Stock Exchange 2017-2020. This study used purposive sampling to sample selection and found 148 sample data. The data obtained from Indonesian Stock Exchange website. This study used data analytical method is descriptive statistical analysis, classical assumption test, multiple linear regression analysis, and goodness of fit models by SPSS version 25. This study find is board of commissioner size, independent commissioner, and ownership concentration have no effect on intellectual capital disclosure. Then, Leverage, and firm size have effect on intellectual capital disclosure.

Keywords: Commissioner, Ownership, Leverage, Firm Size, Intellectual Capital Disclosure

INTRODUCTION

The change process business from a labor based business to a knowledge based business makes company focus more on the importance of creating knowledge transformation as intangible asset (Soebyakto et al., 2014). The component to measuring, assessing, and reporting intangible assets used intellectual capital, and intellectual capital disclosure is considered a value creation company. But, Intellectual Capital disclosure in Indonesia is caused by the disclosure that is still voluntary and depends on the policies of each company (Nurhayati & Uzliawati, 2017). This can also be seen from the Intellectual Property Index (IP-Index) published by The Global Innovation Policy Center (GIPC) in 2017, that Indonesia is ranked 39 of 45 countries with a score only 9.64%. The index is based on 35 indicators with 6 categories such as patents, copyrights, trademarks, trade secrets and market access, implementation, as well as membership and ratification of international treaties. According to Widiatmoko & Indarti (2018), intellectual capital disclosure can help companies reduce the occurrence of information asymmetry and increase the relevance of financial statements.

The intellectual capital in banking sector has developed through various digital transformations innovation such as Bank Mandiri with creating Mandiri Online called Livin by Mandiri which was developed in 2017 as an integrated service on Smartphone or PC devices in real time. This innovation resulted in a significant increase in transactions from 46 million transactions to 620 million transactions (www.bankmandiri.co.id). In 2018, Bank BRI also developed customer service technology using robots. Smart BRI New Assistant (SABRINA) which is used as a chatbot to serve the banking needs of BRI customers virtually. This customer service innovation has an impact on increasing the number of SABRINA users reaching 231,000 users (digital.bri.co.id). Furthermore, in 2019 BNI was no less competitive in launching BNI Sonic (Self Service Opening Account) as part of the digital branch. This innovation has earned BNI an award from MURI in 2019 (www.bni.co.id). The phenomenon of increasing intellectual capital at Bank Mandiri, BRI, and BNI proves that intellectual capital can provide added value for the company. The extent of intellectual capital disclosure in the three banks also increased. This can be seen from the disclose of Livin by Mandiri information in Bank Mandiri's annual report 2017, SABRINA information in Bank BRI annual report 2018, as well as information on BNI Sonic in Bank BNI annual report 2019. Thus it, can be said that in the banking sub-sector the application of intellectual property capital disclosure began to be considered. Disclosure of intellectual capital in the company's annual report can reduce information ambiguity and information asymmetry between companies and report users.

There are several factors that affect the level of intellectual capital disclosure such as the size of the board of commissioners. The board of commissioner size is used as a supervisory system to control management actions so that they are not opportunistic. The supervisory actions of the board of commissioners are carried out to reduce information asymmetry and reduce agency costs. This goes by emphasizing management to disclose complete and accurate information, including disclosure of intellectual capital (Priyanti & Wahyudin, 2015). In the research of Priyanti & Wahyudin (2015), Rahandika & Dewayanto (2019), and Uzliawati (2015) show that the board of commissioners size have effects on intellectual capital disclosure. Meanwhile, in the research of Aini (2018), Saha & Kabra (2020) stated that the board of commissioner size has no effect on intellectual capital disclosure.

The board of commissioners can also align the interests of management with those of shareholders through independent commissioners. Independent commissioners come from outside affiliates and their assessments are more objective so that the interests of shareholders are not ignored by management. In this way, management will be encouraged to disclose intellectual capital disclosure in its annual report (Ashari & Putra, 2016). Research by Ashari & Putra (2016), Latusura & Muid (2021), Muryanti & Subowo (2017) show that independent commissioners have effect on intellectual capital disclosure. Meanwhile, research by Indah & Handayani (2017), Indrayati et al., (2021), and Putri & Pratama (2020) stated that independent commissioner has no effect on intellectual capital disclosure.

Another factor that can affect the level of intellectual capital disclosure is ownership concentration. Generally, the highest share ownership is owned by company managers, if larger share ownership is owned by non-controlling shareholders, the level of information asymmetry will be higher (Ferreira et al., 2012). So, the company needs to disclose additional information including intellectual capital disclosure. Research by Setianto & Purwanto (2014), Suwarti et al., (2016) shows that ownership concentration has effect on intellectual capital disclosure. Meanwhile, research Ferreira et al., (2012), Saha & Kabra (2020), Widiatmoko & Indarti (2018) shows that ownership concentration has no effect on intellectual capital disclosure.

The next effect is leverage, because a high level of leverage will lead to a high level of information asymmetry as well. So to convince shareholders that the company is able to pay off obligations and as a transparency of the use debt to creditors, management will disclose intellectual capital disclosure (Setianto & Purwanto, 2014). Research by Bohalima et al., (2021), Rajabalizadeh & Oradi (2021), Septiana & Subowo (2020) shows that leverage has an effect on intellectual capital disclosure. While research by Ashari & Putra, (2016), and Rahma et al., (2021) shows that leverage has no effect on intellectual capital disclosure.

The last factor that affects the level of intellectual capital disclosure is firm size. The larger size of the company, higher the information asymmetry because it has more activities so that the demands for transparency also increase (Naimah & Mukti, 2019). Research by Kamath (2017), Rahma et al., (2021), Septiana & Subowo (2020) shows that firm size has an effect on intellectual capital disclosure. Meanwhile, research by Naimah & Mukti (2019), Saha & Kabra (2020) stated that firm size had no effect on intellectual capital disclosure.

THEORITICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

Jensen & Meckling (1976) mention that agency theory is related to the contractual relationship between the principal (shareholders or investors) and the agent (management). The concept of agency theory states that both the principal and the agent are self-interest (Ghozali, 2020). Eisenhardt (1989) assumes that human related to agency theory consists of selfishness, so both the agent and the principal often have different interests. Agents tend to act opportunistically even against the will of the principal. Based on this assumption, managers as human beings who have their self interests are most likely to act opportunistically by not providing comprehensive information to the principal, as a result, the principal has less information in assessing agent behavior (Eisenhardt, 1989; Scott, 2000). According to Delima & Zuliyati (2020), shareholders have access to internal company information, while company managers have real and comprehensive information about the company's operations and performance. To reduce the occurrence of information asymmetry, companies need to disclose additional information in the form of intellectual capital disclosure.

Intellectual capital disclosure is intended so that the financial statements can be relevant as well as a form of transparency of managers to shareholders. To ensure the company provides information of intellectual capital, it is necessary to create a corporate governance mechanism in the form of supervision and control of agents. Governance mechanism which is expected to have an effect on the level of report quality company.

Intellectual Capital Disclosure

Intellectual capital disclosure is a disclosure that includes a variety of financial and non-financial information such as assets not tangible and knowledge-based activities of the company (Naimah & Mukti, 2019; Sudarno & Yulia, 2015). Suwanti et al., (2016) also mentions that intellectual capital comes from good organizational abilities skills, technology, and expertise possessed by employees to create added value for the company. Ideas and ideas raised through this main capital can be a competitive advantage in business.

There is no standard that requires companies to report intellectual capital, therefore disclosure is still voluntary (voluntary disclosure). Improved quality of transparency with disclosing the company's intellectual capital information is very helpful investors and creditors in making decisions. According to Sudarno & Yulia (2015) intellectual capital disclosure serves as

a strategy company to gain the trust of external parties towards company's ability to manage its assets. Intellectual capital disclosure is also used to reduce information uncertainty as well as improve the quality of openness that is used as material for taking decisions by report users, especially investors and creditors

Board of Commissioner Size

The size of the board of commissioners is the number of board member commissioners as a whole (Rahandika & Dewayanto, 2019). As Peraturan Otoritas Jasa Keuangan (POJK) 33/POJK.04/2014 states that the board of commissioners is charge of carry out oversight responsible for overseeing policy management, the course of management in general as well as providing advice to the board of directors. In the Peraturan Otoritas Jasa Keuangan (POJK) 55/POJK.03/2016 about concerning the Implementation of Good Corporate Governance for Banks in general, states that banks are required to have a number of members the board of commissioners as much as 3 or equal to the number of members directors. The greater the number of commissioners, the more competitive the company will increase and result in higher also the disclosures made (Rahandika & Dewayanto, 2019).

Independent Commissioner

Independent commissioner is a member of the board of commissioners who selected from outside the company to oversee the company's performance, with the aim of being able to work independently and act solely for the benefit of the company (Ashari & Putra, 2016). Independent commissioner not affiliated with the board of directors, members of the board of commissioner others and the controlling shareholder so that the assessment. The existence of an independent commissioner is expected to be a part neutral in bridging the interests of management and shareholders stocks (Suwarti et al., 2016). The role of the independent commissioner too intended to create a more objective climate, fairness and balance between the majority shareholders and protect the interests of minority shareholders (Rifai, 2009). Independent commissioners can provide views with a level higher accountability so that sustainability is formed company and the implementation of good governance. In protecting the interests of shareholders, the independent commissioner will directing companies to carry out transparency with the aim of for the availability of relevant information.

Ownership Concentration

The concentration of ownership is the number of share ownership companies that are outstanding and owned by individuals or structures certain ownership that is classified as a shareholder substantially to the company's total outstanding shares (Ferreira et al., 2012). The higher the concentration level of ownership will have an effect to the greater the voting power and cash flowright have an impact on the company's contract implementation agreement (Soebyakto et al., 2014). Different if the concentration level of ownership low with many shareholders who have interests diversity can increase the demand for transparency of company, so that additional information such as intellectual capital will be disclosed (Setianto & Purwanto, 2014).

Leverage

Leverage is a ratio that describes the proportion of debt companies in financing company assets (Naimah & Mukti, 2019). Leverage reflects the company's ability to manage assets or funds that have a fixed burden as a level of income for company owner. Leverage rate the higher the company's dependence, the higher the company's dependence against debt. This reflects the greater the risk that borne by the company so that investors ask for a higher level of profit higher (Ashari & Putra, 2016). To reduce this, management needs to disclose more information including intellectual capital disclosure (Naimah & Mukti, 2019).

Firm Size

Firm size is the size of a company (Ferreira et al., 2012). The size of the company can be expressed by the number of company assets, total sales and number of shares outstanding (market capitalization) (Delima & Zulyati, 2020). Company size can be measured using total assets because assets are considered as the wealth and resources of the company (Ashari & Putra, 2016; Rahma et al., 2021). Suwarta et al., (2016) believes that large-scale companies have activities diversified operations, competent human resources and adequate information system. As a result, company performance tends to well with high profits than small-scale companies. The management of company capital in large-scale companies is carried out optimally, so that the disclosure of information is also more optimal that way the company will disclose its intellectual capital (Nurdin et al., 2019).

Effect of Board of Commissioner Size on Intellectual Capital Disclosure

Board of commissioner size can increase the effectiveness of supervision (Rahandika & Dewayanto, 2019). In this, management will be more careful in their actions and will be encouraged to disclose a lot of information, including Intellectual Capital Disclosure. The more the board of commissioners, the higher the disclosure of the company's intellectual capital (Saha & Kabra, 2020). Priyanti & Wahyudin (2015), Rahandika & Dewayanto (2019), and Uzliawati (2015) show that the board of commissioner size has a positive effect on intellectual capital disclosures. Therefore the hypothesis is:

H1 : Board of commissioner size has effect on intellectual capital disclosure.

Effect of Independent Commissioner on Intellectual Capital Disclosure

The effective role of the board of commissioners can be seen in the independent commissioners. The role of the independent commissioner as a neutral party is expected to be an intermediary between the interests of management and shareholders. The existence of an independent commissioner also makes management make accurate disclosures by disclosing intellectual capital. The more effective the role of independent commissioners, the higher the disclosure of intellectual capital (Ashari & Putra, 2016). In the research of Ashari & Putra (2016),

Latusura & Muid (2021), and Muryanti & Subowo (2017) show that independent commissioners have a positive effect on intellectual capital disclosure. Therefore, the next hypothesis is:

H2 : Independent commissioners have effect on intellectual capital disclosure.

Effect of Ownership Concentration on Intellectual Capital Disclosure

A low of ownership concentration allows for conflicts between owners (Setianto & Purwanto, 2014). Agency problems can increase if the percentage of shares owned by management is small (Soebyakto et al., 2014). Companies with spread ownership mean that the company has more shareholders with diverse interests so that the demands for information disclosure are higher, as a result, there is more disclosure of intellectual capital (Setianto & Purwanto, 2014). Research by Setianto & Purwanto (2014), Suwarti et al., (2016) shows that ownership concentration has a negative effect on intellectual capital disclosure. Therefore, the hypothesis in this study is:

H3 : Ownership Concentration has effect on intellectual capital disclosure.

Effect of Leverage on Intellectual Capital Disclosure

Agency theory explains that the higher the level of corporate leverage, the higher the demand for transparency on the company (Jensen & Meckling, 1976). Information asymmetry occurs when management does not provide sufficient information about the use of debt. As a result, management will disclose a lot of information, including intellectual capital disclosure (Setianto & Purwanto, 2014). The research from Rajabalizadeh & Oradi (2021), Septiana & Subowo (2020), and Bohalima et al., (2021) show that leverage has positive effect on intellectual capital disclosure. So that the next hypothesis is:

H4 : Leverage has effect on intellectual capital disclosure.

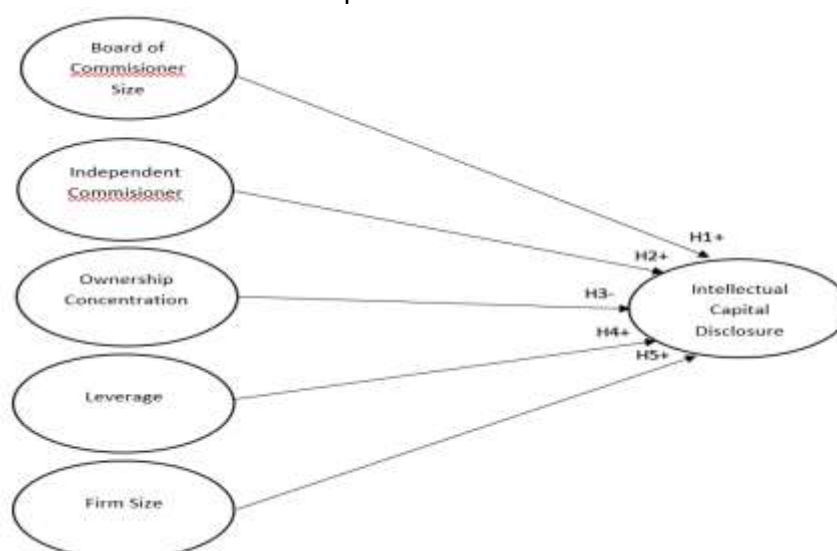


Figure 1. Research Model

Effect of Firm Size on Intellectual Capital Disclosure

Large scale companies have diverse operational activities, competent human resources, and adequate information systems (Suwarti et al., 2016). The bigger the company, the higher the demand for transparency of company information. To provide an overview of the actual condition of the company and reduce the information asymmetry that occurs, management will

make voluntary disclosures including intellectual capital disclosure (Naimah & Mukti, 2019). In research Kamath (2017), Rahma et al., (2021), and Septiana & Subowo (2020) state that there is a positive influence between firm size on intellectual capital disclosure. So the hypothesis in this study are:

H5 : Firm size has effect on intellectual capital disclosure.

RESEARCH METHOD

This research is a quantitative research based on population and samples, phenomena and the formulation of hypotheses are connected using concepts and theories (Sugiyono, 2017). The data collection technique in this study uses library research and field research and the acquisition of secondary data in the form of bank annual reports from the Indonesia Stock Exchange by accessing www.idx.co.id and the company's official website. The population in this study is the sub-sector of banks listed on the Indonesia Stock Exchange in 2017-2020. Meanwhile, the sampling method used purposive sampling technique.

The independent variables in this study include the size of the board of commissioners, independent commissioners, concentration of ownership, leverage, and firm size. The debt to assets ratio was chosen as a proxy for leverage because in banking the value of debt tends to be proportional to the total value of its assets so that it can better describe the use of debt to fund company assets. Meanwhile, the size of the company is measured using \ln (total assets) because the size of the company's scale can be seen from the total assets it has. The dependent variable used in this study is intellectual capital disclosure. In this study, intellectual capital disclosure is reflected using the item component index framework modified by Ulum (2015) with the term Intellectual Capital Disclosure Indonesia (ICD- \ln). ICD- \ln consists of 36 items consisting of 8 items of human capital, 15 items of structural capital, and 13 items of relational capital. The research data processing was carried out using the SPSS (Statistical Product and Service Solution) version 25 program because it functions to analyze data and windows-based statistical calculations. The data analysis technique used in this research is descriptive statistical analysis, classical assumption test, coefficient of determination test, f test and t test.

While the regression model used in the multiple linear regression analysis in this research is as follows:

$$ICD = \alpha + \beta_1 BOC + \beta_2 IC + \beta_3 OWN + \beta_4 LEV + \beta_5 SIZE + e$$

Information:

ICD : Intellectual Capital Disclosure

α : Constant

β_1 - β_5 : Regression Coefficient

BOC : Board of Commissioner Size

IC : Independent Commissioner

OWN : Ownership Concentration

LEV : Leverage

SIZE : Firm Size

e : Error term

RESULT AND DISCUSSION

The population in this study was 42 banks, with purposive sampling method, the banks included in the sample criteria were 37 banks with 4 years of observation so that 148 samples were obtained. The result on this study as follows.

Descriptive statistical analysis aims to describe research data in terms of minimum and maximum values, mean, and standard deviation (Ghozali, 2018). The description of this research data is as follows:

Table 1. Descriptive Statistical Analysis Result

	N	Minimum	Maximum	Mean	Std. Deviation
BOC	148	2,00	10,00	5,0338	2,01834
IC	148	0,33	0,80	0,5649	0,09676
OWN	148	0,15	0,98	0,5736	0,22454
LEV	148	0,71	0,94	0,8328	0,05131
SIZE	148	28,43	34,95	31,4439	1,70288
ICD	148	0,39	0,86	0,6621	0,10672
Valid N (listwise)	148				

Source: Data is processed by researcher with SPSS 25 (2022)

Classic Assumption Test Results

The classical assumption test aims to find out that the research data is free from deviations from classical assumptions (Ghozali, 2018). This research uses normality test, multicollinearity test, autocorrelation test and heteroscedasticity test. The results obtained are as follows:

Table 2. Classic Assumption Test Results

		BOC	IC	OWN	LEV	SIZE
Normality Test		Asymp. Sig = 0,200				
Multicollinearity Test	Tolerance	0,670	0,944	0,931	0,951	0,689
	VIF	1,492	1,059	1,074	1,052	1,452
Autocorrelation Test		du<dw<4-du = 1,8012 < 1,932 < 2,1988				
Heteroskedasticity Test		0,163	0,615	0,320	0,304	0,304

Source: Data is processed by researcher with SPSS 25 (2022)

Based on table 2 the results of the classical assumption test, it is concluded that this study has normally distributed data as seen from the asymp value. sig of 0.200 > 0.05. The multicollinearity test which shows that the data is free from multicollinearity deviations with tolerance > 0.10 and VIF < 10. The autocorrelation test also shows that there are no deviations, which can be seen that $du < dw < 4 - du$ ($1.8012 < 1.932 < 2.1988$). Meanwhile, the heteroscedasticity test was carried out using the Glejser test and the results showed that the BOC, IC, OWN, LEV, and SIZE variables had a significance value greater than 0.05 (5%), so it was concluded that the research data were free from heteroscedasticity deviation.

Determination Coefficient Test Result

Table 3. Determination Coefficient Test Result (R Square)

Model	R	R Square	Adjusted R Square	Std. Error
1	0,680 ^a	0,462	0,443	0,06397

Source: Data is processed by researcher with SPSS 25 (2022)

Based on Table 3, the Adjusted R Square value is known to be 0.443 or 44.3%. This shows that the variable size of the board of commissioners, independent commissioners, concentration of ownership, leverage, and firm size affect the intellectual capital disclosure by 44.3%, while the remaining 55.7% is influenced by other variables not included in the study.

F Test Result

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regresi	0,495	5	0,099	24,203	0,000
	Residual	0,577	141	0,004		
	Total	1,072	146			
	F _{tabel}	2,28				

Source: Data is processed by researcher with SPSS 25 (2022)

Based on Table 4, it is known that the f-count value is 24.203 and f-table is 2.28 and the significance value is 0.000. The value of f-count is greater than f-table which is $24.203 > 2.28$ and the significance value is 0.000 less than 0.05 (5%). So it can be concluded that the independent variables are the size of the board of commissioners, independent commissioners, ownership concentration, leverage, and firm size affect intellectual capital disclosure.

T Test Result

Tabel 5. T Test Result

	Model	Hypotesis	B	T	Sig.	Conclusion
1	(Constant)		-0,065	-3,405	0,001	
	BOC	H1	6,876	1,865	0,064	No Accepted
	IC	H2	0,032	0,450	0,654	No Accepted
	OWN	H3	-0,010	-0,356	0,722	No Accepted
	LEV	H4	0,179	2,832	0,005	Accepted
	SIZE	H5	3,102	7,612	0,000	Accepted

Based on the results of the t-test in Table 5, the significance value of the size of the board of commissioners is $0.064 > 0.05$. So it can be concluded that the size of the board of commissioners has not effect on intellectual capital disclosure, it's mean that hypothesis 1 is not accepted. The independent commissioner variable has a significance value of $0.654 > 0.05$. So it can be concluded that the independent commissioner has not effect on intellectual capital disclosure, it's mean that hypothesis 2 is not accepted. The ownership concentration variable has a significance value of $0.722 > 0.05$. So it can be concluded that the concentration of ownership does not have a significant positive effect on intellectual capital disclosure, it's mean that hypothesis 3 is not accepted. The leverage variable has a significance value of $0.005 < 0.05$. So it can be concluded that leverage has a significant positive effect on intellectual capital disclosure, it's mean that hypothesis 4 is accepted. The firm size variable has a significance value of $0.000 < 0.05$. So, it can be concluded that the size of the board of commissioners has a significant positive effect on intellectual capital disclosure, it's mean that hypothesis 5 is accepted.

Based on the regression results, multiple linear regression analysis in this study uses the following equation:

$$ICD = -0,065 + 6,876 \text{ BOC} + 0,032 \text{ IC} - 0,010 \text{ OWN} + 0,179 \text{ LEV} + 3,102 \text{ SIZE} + e$$

Discussion

The Effect of Board of Commissioner Size on Intellectual Capital Disclosure

The results of testing the first hypothesis (H1) show that there is no effect of the size of the board of commissioners on intellectual capital disclosure, meaning that the first hypothesis is rejected. This shows that the number of commissioners has not been able to influence the level of intellectual capital disclosure made by bank management. As in the Regulation of the Financial Services Authority POJK Number 33 /POJK.04/2014 is explained that in banking, the board of commissioners is in charge of supervising related to the course of bank management, bank strategic policies and can provide advice to the board of directors. The large number of boards of commissioners in banking reflects that the implicit division of tasks in it is also more complex. This makes the size of the board of commissioners not effective in controlling the actions of management as an agent. So that management continues to act opportunistically by keeping company information for its own sake. As a result, the bank's annual report becomes irrelevant and information asymmetry is not a problem that must be overcome, so intellectual capital disclosure is not applied. Previous studies that support include research conducted by Aini (2018), and Saha & Kabra (2020) which shows that there is no effect of the size of the board of commissioners on intellectual capital disclosure.

The Effect of Independent Commissioner on Intellectual Capital Disclosure

The results of testing the second hypothesis (H2) indicate that there is no influence from the independent commissioner on intellectual capital disclosure, meaning that the second hypothesis is rejected. This means that the proportion of independent commissioners has not been able to influence the decision of bank management to disclose intellectual capital information. In the Financial Services Authority Regulation Number 55 /POJK.03/2016 concerning the Implementation of Good Corporate Governance for Commercial Banks, it is explained that an independent commissioner chairs the committees under him, such as the audit committee, the remuneration and nomination committee, and the risk monitoring committee. This statement shows that the independent commissioners do not interact directly with management so that they have not been able to carry out intensive supervision. This study does not confirm agency theory because independent commissioners have not been able to represent shareholders so that they cannot align the interests of management and shareholders. Therefore, management tends not to report comprehensive information in the bank's annual report and intellectual capital information is also not disseminated. These results support the research of Indrayati et al., (2021), Putri & Pratama (2020), Saha & Kabra (2020) which show that there is no influence from independent commissioners on intellectual capital disclosure.

The Effect of Ownership Concentration on Intellectual Capital Disclosure

The results of testing the third hypothesis (H3) show that there is no effect of ownership concentration on intellectual capital disclosure, meaning that the third hypothesis is rejected. This means that both high and low ownership concentration levels have not been able to make management make extensive and voluntary disclosures. It can be seen that in the banking sector, share ownership is relatively concentrated in certain structures. So that the controlling shareholder's voting power and blockholders tend to be strong, as a result, management does not need to make full disclosures because the controlling shareholder has a way to access bank information other than what is stated in the annual report. However, the results show that the banking sector has a high intellectual capital disclosure. It can be concluded that the high level of disclosure is caused by bank policies to achieve competitive advantage, not as a step to reduce information asymmetry. So the concentration of ownership is not an influence on the level of

intellectual capital disclosure. These results support the research Ferreira et al., (2012), Saha & Kabra (2020), and Widiatmoko & Indarti (2018) which show that there is no effect of concentration of ownership on intellectual capital disclosure.

The Effect of Leverage on Intellectual Capital Disclosure

The results of testing the fourth hypothesis (H4) indicate that there is an effect of Leverage on intellectual capital disclosure, meaning that the fourth hypothesis is accepted. This means that the high level of leverage will have an impact on increasing information asymmetry as well. The results of the study prove that most of the banking sector has a high level of leverage. This is due to the existence of third party deposits that are included in the debt account. This fund is managed again by the Bank as part of the company's assets. So to maintain the trust of third parties, creditors, and shareholders, management needs to carry out intellectual capital disclosure. Thus, information asymmetry will be reduced and intellectual capital information will be widely disclosed in the annual report as part of management's responsibility regarding the use of bank loans. The results of this study are in line with the research of Bohalima et al., (2021), Rajabalizadeh & Oradi (2021), and Septiana & Subowo (2020) which show that there is a significant effect of the level of leverage on intellectual capital disclosure.

The Effect of Firm Size on Intellectual Capital Disclosure

The results of testing the fifth hypothesis (H5) indicate that there is an effect of firm size on intellectual capital disclosure, meaning that the fifth hypothesis is accepted. This means that the larger the scale of a bank, the more diverse its operational activities, giving rise to a high level of information asymmetry. A large bank reflects that third party trust in the bank is very high. Therefore, in order to maintain customer loyalty and reduce the information asymmetry that occurs, the management will disclose complete bank information in its annual report including intellectual capital disclosure information. The results of this study support the research of Kamath (2017), Rahma et al., (2021), Septiana & Subowo (2020) which show that there is a significant effect of firm size on intellectual capital disclosure.

CONCLUSIONS

The purpose of this study was to determine the effect board of commissioner size, independent commissioner, ownership concentration, leverage, and firm size on intellectual capital disclosure in the banking sector listed on Indonesia Stock Exchange in 2017-2020. Based on the results of statistical tests and discussions that have been carried out, it can be concluded that board of commissioners size, independent commissioners and ownership concentration have no effect on intellectual capital disclosure. This shows that the corporate governance component cannot influence management's decision to disclose intellectual capital so that management is more concerned with its own interests and overrides the interests of shareholders. Likewise, the number of dispersed shareholders also does not affect the extent of intellectual capital disclosure by the company. Leverage and firm size have a significant positive effect on intellectual capital disclosure. This shows that companies that are large in scale or have a high level of leverage tend to disclose more information voluntary disclosure of intellectual capital. The limitation of this study is that the use of variables to represent the role of the board of commissioners has not been fulfilled so that the effectiveness of the role of the board of commissioners is still not seen. The recommend adding other variables such as the frequency of board of commissioners meetings and the educational background of the board of commissioners. Another limitation is that during the research period, this study only used 4 years of observation with 148 samples. As a result, data processing is not optimal due to the lack of

variation in research data. Future research is expected to be able to add research periods and research samples to facilitate the processing of research data.

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