The effect of green intellectual capital, conservatism, earning management, to future stock return and its implications on stock return

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ABSTRACT

This study aims to analyze the effect of Green Intellectual Capital, Conservatism, and Real Earning Management on Future Stock Returns and their Implications on Stock Returns on Mining companies listed on the Indonesia Stock Exchange Period 2014 - 2019. This type of research is quantitative research in which this research is done by explaining the results of data from the calculation of numbers that are calculated and analyzed. The analysis used in this research is regression analysis, where regression analysis estimates the magnitude of the coefficients resulting from a linear equation involving one independent variable to be used as a predictor of the value of the dependent variable. The results of this study indicate that Intellectual capital has a significant effect on future stock returns, Conservatism has a significant effect on future stock returns, earning management has a significant effect on future stock returns, Implications future stock return on stock returns. These findings indicate that in sample companies, future stock returns on stock returns have no implication.

1. INTRODUCTION

The era of the industrial revolution 4.0 to 5.0 and digitalization now have made the mining industry in the capital market an important factor that supports the economy in the country. The capital market facilitates the meeting of two interested parties, namely the companies that have funds (investors) and those that need funds. Investors need information to assess the ability and performance of a company before making an investment decision (Sugiyanto & Candra, 2020). Company performance can be measured in terms of financial and non-financial. In this study, the measure of company performance used is future stock returns. Stock return that shareholders are motivated to invest their capital is intended get a return (return) in accordance with the invested capital.

According to Beylin (2017), an effort to maximize stock return is the main goal of a company. This is because a high return in a company reflects the ability of the company to generate profits. The intended benefit is the profit that the company can use to develop...
the company’s performance in the future. In addition, this profit can determine the size of the dividend paid to investors. Therefore, the return is considered to attract investors to invest (Beylin, 2016). Future stock returns can be interpreted as an expectation of stock returns according to the investment made. High returns will have an impact on investors, which in turn will make investors interested in investing their funds in the capital market. If seen from the high rate of return that the company will give to investors, and it will show that their performance. That indicates to be good, besides that with high rates of return can have a positive effect on the shares that investors have invested in the capital market.

There were several cases of accounting scandals. They were cases of violations by several auditors, and the lack of disclosure of intellectual capital. Sugiyanto & Sumantri (2019) technological innovation now brings up a new view in the business world that the prosperity of a company will depend on creating transformation and capitalization of knowledge, called intellectual capital. External parties or public accounting firms that are independent third parties must also check the quality of financial statements. Outside parties must have an attitude of independence will produce good audit quality, but if the opposite thing that might happen is a case of manipulation. Information about company performance can be influenced by factors such as conservatism (Sugiyanto, 2018). Conservatism makes earnings more predictable so that earnings become more quality, and will further increase stock returns. This contradicts with Sloan (1996) which shows that there is no relationship between conservatism and stock returns.

Scott (2015), stated that earnings management is a management arrangement with the presentation of earnings, aimed to maximize market value through the selection of accounting policies. Mulford and Comiskey (2010) stated that in order to avoid being wrongly predicted by the market, earning management steps were taken to fit the expected trend. The point is earnings management is done to convey what should be information in the company about long-term profit trends.

Stock returns is able to predict the company’s performance in the future with high returns that can produce profits, where profits are able to develop the company’s performance in the future. It is also able to determine the size of the distribution of dividends paid to investors. Based on the background, in the study taking the theme of conservatism, intellectual capital and earnings management on future stock returns has implications for stock returns.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Jensen and Meckling (1976) mentioned that agency theory explains agency problems that arise when the company owner (principal) gives authority to the management (agent). The owner and company are tasked with managing the resources owned by the owner, carrying out operational activities, and making strategic decisions in an effort to develop the company. Delegation of this task occurs due to limited resources, the owner is increasingly difficult to control all operational activities, and the manager is responsible for all his efforts in managing the company and informing the owner or shareholders.

Signaling theory according to Ross (1977), the importance of information released by companies on investment decisions outside parties. Information is an important element for investors and business people because the information essentially presents information, notes or pictures both for past, present and future conditions (Goodfrey et al., 2016). Information published as an announcement will signal investors in making investment decisions. If the announcement contains a positive value. If the signal is positive, the market reacts, thereby increasing share prices, which in turn affects the company’s performance. Furthermore, an increase in the value of shares reflects an increase in company performance, in this case stock returns, equity returns and earnings per share will increase.

Future Stock Return

Sugiyanto (2018), stated that the greater the risk management entrepreneur, so it was said that future return has a positive relationship with risk. But high returns do not always have to be accompanied by risky investments. This can happen in a rational market. Shares (stocks) is an ownership in a company. shareholders who are entitled to the company’s income and are responsible for the risk of the portion of the company that represents each share there are two types of shares namely ordinary shares and preferred shares. Ordinary shareholders have the right to choose in making decisions, such as whether or not to join another company, and
receive dividends determined by management. Preferred shareholders usually do not have the rights, but receive minimum dividends. So, it can be concluded that future stock return is the expected stock return through time as current market information.

**Green Intellectual Capital**

According to Stewart (1997) in Ulum (2018) is a concept of capital that refers to intangible capital associated with human knowledge and experience as well as the technology used. However, according to Bontis et al. (2000) stated that researchers generally divide intellectual capital into three components, namely: Green Human Capital (GHC), Green Structural Capital (GSC), and Green Capital Employed (GCE). (1). Green Human Capital is the company’s collective ability to produce the best solutions based on the mastery of knowledge and technology from its human resources. Green Human capital is a combination of genetic inheritance, education, experience, and attitude about life and business. This human capital will later support structural capital and employed capital (Ulum, 2018).

Green Structural Capital Structural capital is the ability of a company to meet the company’s routine processes and structures related to employee efforts to produce performance. According to Bontis, et.al. (2000), structural capital encompasses all non-human storehouses of knowledge in the organization. This includes databases, organizational charts, process manuals, strategies, routines and everything that makes a company’s value greater than its material value in (Ulum, 2018).

Green Capital Employed This element is a component of intellectual capital that provides real value to the company. Relational capital can arise from various parts outside the corporate environment in enhancing business cooperation that can provide benefits for both parties, so as to improve the performance and value of the company.

**Conservatism**

Traditionally, accounting conservatism has been defined as “anticipate no profit, but anticipate all losses” (Bliss, 1924 in Watts, 2003). Anticipating no profit means not recognizing profits before there is a valid claim verification of income that generates profits. This means conservatism in the extreme form because it is not allowed to recognize profit, but to admit any loss even though it has not been realized. Therefore, the profit will only be recognized when it has been realized and until there is a valid claim against the profit. Watts (2003) stated conservatism as asymmetry in the needs of verification of profits and losses. This means that there is a difference in the need to recognize the advantages and disadvantages. The greater the difference in the degree of verification needed to recognize profit compared to loss, the greater the conservatism. Member of the IASB Board, in 2018 the International Accounting Standards Board (IASB) revised the conceptual framework and rejected the concepts of conservatism and prudence on the grounds that these concepts were not in accordance with neutrality, one aspect from faithful representation. Caution (prudence).

**Earning Management**

Earning management is every action taken by management to understand earning management, including First Understanding earnings management as the opportunistic behavior of managers to maximize their utility in dealing with compensation, debt, and political cost contracts. Second, looking at earning management from the perspective of efficient contracting, it indicates that earning management gives managers a flexibility to protect themselves and the company in anticipating unexpected events for the benefit of those involved in the contract. The concept of accruals consists of discretionary accruals and non-discretionary accruals. Discretionary accrual is the recognition of accrual earnings or expenses that are free, unregulated. It is a choice of management policy, while non-discretionary accruals are recognition of accrual earnings that are reasonable, unaffected by management policies, and subject to a standard or accounting principle generally accepted, and if the standard the violation will affect the quality of financial statements (Sugiyanto, et al, 2018).

**Stock Return**

The importance of measuring company performance can be explained by agency theory. According to agency theory, the principal as the owner of the company and the agent as the management of the company are very dependent on the performance of the company. Jensen and Meckling, (1976) Management as an agent aims to provide wealth to the principal or owner of the company. In this connection, the principal demands the return...
of investments entrusted to be managed by management. Acheampong et al. (2017) states that returns show financial rewards obtained because of investing. The nature of the return depends on the form of investment. For example, companies that invest in fixed assets and business operations expect returns in the form of profits before interest and taxes and in the form of increases in cash flow. Investors who buy common stocks expect returns in the form of dividend payments and capital gains (if the stock price increases), while investors who buy corporate bonds expect interest payments. Then, returns are associated with shares owned by investors.

Research Hypothesis Based on the description, the alternative hypothesis is as follows:

H1: Green Intellectual capital affects the future stock return.
H2: Conservatism influences Future Stock Return.
H3: Earnings management affect future stock returns.
H4: Green Intellectual Capital, Conservatism, and Earning management simultaneously influence the future stock return.
H5: Stock returns affect future stock returns.

3. RESEARCH METHOD
The population used in this study is a mining company that is listed and publishes its annual report on the Indonesia Stock Exchange (IDX) for the period 2014-2019. While the sampling in this study uses a purposive sampling method, namely sampling is limited to certain criteria or considerations that can provide the desired information in accordance with selected criteria. Operationalization of Research Variables This study uses 5 variables, namely 1 dependent variable and 4 independent variables. 1. Dependent Variable Future Stock Return This study calculates future stock returns using calculate the total return by calculating in calculating return t + 1 (one year in the future). Future stock returns are calculated using the following formula.

$$FSR_{t+1} = P_{t+1} - P_t + D_{t+1}$$

Variabel Independen
Green Intellectual Capital
Formulation and calculation phases $VAIC^{TM}$ is to calculate the value added or value added (VA) is the difference between sales (OUT) and input (IN). The formula for calculating VA is as follows (Pulic, 1998): This formulation is the number of coefficients mentioned earlier. The result is a new and unique indicator, the $VAIC^{TM}$, which is as follows:

$$VAIC^{TM} = VACA + VAHU + STVA$$

Description:
- $VAIC^{TM}$: Value Added Green Intellectual Coefficient
- VACA: Green Capital employed efficiency
- VAHU: Green Human Capital Coefficient
- STVA: Green Structural Capital Coefficient

Conservatism
Accrual-based Conservatism (CONACC). Conservatism based on accruals is calculated by adding up net income before the company’s extraordinary items in year t, with depreciation expense and subtracting operating cash flow and divided by average total assets (Febrianti, F. D. 2017). as follows:

$$\text{Accrual} = \text{Net Profit} + \text{Prepreciation Cost} - \text{Operating Cashlow} \over \text{Average of Total Asset}$$

Earning Management
Earning management is an action taken intentionally the financial reporting process
aimed at the external company with the aim of generating personal benefits for some parties, in this case the company. Earning management is proxied by discretionary accruals (discretion worka accrual). Earning management measurements using discretionary accruals (discretionary accruals) formula produced by the Kaznik model (1999) regression model as follows:

\[ TAC = \beta_0 + \beta_1 (\Delta REV_{it} - \Delta REC_{it}) + \beta_2 PPE_{it} + \beta_3\cdot CFO_{it} + \epsilon \]

**Stock Return**
Return is the overall return of an investment in a certain period, consisting of capital gain (loss) and yield. Capital gain (loss) is the difference from the current investment price relative to the price of the previous period. Calculate stock returns using total return. This study calculates total returns by adding up capital gains (losses) and stock yield dividends.

\[ RS = P(t) - P(t-1) + D(t) / P(t-1) \]

The Analysis and Hypothesis Test Design is formulated as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + Z + \varepsilon \]

**Model Regression Panel**
In making panel data regression, we can combine three approaches, namely the common effect approach, the fixed effect approach and the random effect approach.

Model analysis Common Effect (Pooling Least Square), Fixed Effect Approach, Random Effect Approach

Random Effect (random effect)

\[ \beta_0 = \beta_0 + u_i, \quad i = 1, \ldots, nb. \]

The model equation used

\[ Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + u_i + \epsilon_{it} \]

Y_{it} = dependent Variable observation to - i

**Model Regression test**

**Chow Test**
In making panel data regression, we can combine three approaches, namely the common effect approach, the fixed effect approach and the random effect approach.

Chow = \( N - 1 / NT - N \cdot K \)

**Classic Assumption Test**
Classical assumption testing is important for fulfilling the BLUE (best linear unbiased estimator) requirements, ie there is no Heteroscedasticity, there is no multicollinearity, and there is no autocorrelation. Heterocedacity Test, multicollinearity Test, Autocorrelation Test, Normality test, and Hypothesis test.

**Table 1**

|                    | Future Stock Return | Green Intellectual Capital | Conservatism | Earning Management |
|--------------------|---------------------|---------------------------|--------------|-------------------|
| Mean               | 0.020013            | 6.338549                  | -0.201914    | 0.112118          |
| Median             | 0.009800            | 6.186600                  | -0.117800    | 0.084700          |
| Maximum            | 0.192200            | 11.68520                  | 0.058700     | 0.638200          |
| Minimum            | 0.001100            | 1.198600                  | -0.976200    | -0.029000         |
| Std. Dev.          | 0.032504            | 2.588138                  | 0.223034     | 0.109226          |
| Skewness           | 3.664928            | 0.038703                  | -1.634637    | 2.262963          |
| Kurtosis           | 17.41646            | 2.352435                  | 4.993251     | 10.79782          |
| Jarque-Bera        | 915.4637            | 1.488662                  | 51.31420     | 284.5150          |
| Probability        | 0.000000            | 0.475052                  | 0.000000     | 0.000000          |
| Sum                | 1.681100            | 532.4381                  | -16.96080    | 9.417900          |
| Sum Sq. Dev.       | 0.087693            | 555.9720                  | 4.128762     | 0.990209          |

Observations 84 84 84 84

Source: Output data processed Eviews 10.0 (2019)
4. DATA ANALYSIS AND DISCUSSION
Discussion and Research Results 1
Overview of Research Objects Researchers took samples, namely, mining companies listed on the Indonesia Stock Exchange in 2014-2019. Of the 39 companies representing mining companies, there were 14 companies that conducted IPOs in the 2014-2019 periods so that the data needed in the study was incomplete, and there were companies that reported negative earnings that did not match the sample criteria. So that the research sample of 14 mining companies totaling 84 samples. 2. Description of Research Samples In this study, the sample was selected using the purposive sampling method using predetermined criteria. Samples were selected of mining companies listed on the Indonesia Stock Exchange. The sample selection is based on the following criteria: Analysis of Research Results Descriptive Data Statistics the following is a general description of the data in Descriptive Statistics using Eviews 10 in table 1. From the descriptive statistics table in table 1, it can be explained that the sample companies are using the pooled data method in which 14 companies during the observation period (6 years) so that the samples used are 84 showing the mean, median, maximum value, minimum value, and standard deviation. The standard deviation of each variable looks smaller than the mean, so the data deviation can be said to be good. It can be explained that from the sample companies using the pooled data method in which 14 companies were multiplied by the study period.

Model Conclusions Based on paired testing of the three panel data in Table 2, it can be concluded that the fixed effect model in panel data regression is used further in estimating the factors that influence future stock returns on Intellectual Capital, Conservatism and Earning management at the Indonesia Effect Exchange during the research observation period.

A regression model will provide reliable results if the model used passes the classic assumption test. Jarque-Bera values are not significant (smaller than 2), hence the data are normally distributed. If the probability is greater than 5%, then the data is normally distributed (Winarno, 2015). The output of the normality regression test is in Figure 1.

The results of the Histogram in Figure 4.1 above show a Jarque-Bera value of 0.745411 <2, and a probability of 0.688868 > 0.05 so that it can be concluded that the residuals are normally distributed which means the classical assumptions about normalcy have been fulfilled.
Multicollinearity Test
Multicollinearity Test aims to test whether there is a correlation between the independent variables (independent) in the regression model.

Autocorrelation Test
This autocorrelation test was performed by comparing the Durbin Watson values. If the Watson Durbin Test value is between 1.54 and 2.46 then there is no autocorrelation (Winarno, 2015). The results of the Durbin Watson Test in the regression analysis with the fixed effect model are 1.972307, between 1.54 and 2.46 so that this regression model does not occur in autocorrelation. This heterokedasticity test aims to test whether in the regression model there is an unequal variance from the residuals of one observation to another.

From Table 4, it indicates that there are changes, where there are independent variables experiencing statistical significance. The changes that occur result from the consistency of error variance which shows that in the initial model there was heterokedasticity. The significance value of 0.061605 > 0.05, which means that the variation of the bound model in the Future Stock Return model can be explained by the independent variables Intellectual capital, Conservatism, Earning Management, so that heterokedasticity problems are not expected.

Equation Regression Model
This research with panel data regression was used to see the effect of the independent variables green intellectual capital, conservatism, and earnings management on future stock returns implying the stock returns, using Eviews 10.0 software, the following output model is used.

Based on the regression results above, we obtain the following linear regression equation: $Y = -3.343320 + -0.085883 IC + 1.816193 Conservatism + -3.118954 Earning Management + e$ From the above equation can be explained as follows:

### The Discussion of Research Results

#### The Green Intellectual Capital on Future Stock Return
The test results with panel data regression analysis with the common effect model show that the t-count for the independent variable Intellectual Capital is -0.085883, while the t-table value with the degree of freedom (df) = 5%, df = n - k = 84 - 4 = 80, the t table value is 1.97253. Thus, t-count> t-table is -0.085883 <1.97253. Then, it can be seen from the probability value that is equal to 0.0455 which is smaller than 0.05, this shows that H0 is rejected and H1 is accepted (where H1 shows a partially significant effect and H0 is not there is a partial effect), the test results show that there is a significant effect of Intellectual Capital on Future Stock Return. Green Intellectual capital has a significant effect on future stock returns, after getting a result of 0.0045 smaller than the required level of 05%, then in the regression equation that intellectual capital has a significant effect on future stock returns. This shows that intellectual capital has a strong contribution to increase the company’s future stock return. The results of this regression are the same as the results of the 2018 Bontis and

**Table 3**

|             | Green Intellectual _C | Conservatism | Earning_M |
|-------------|-----------------------|--------------|-----------|
| Green Intellectual _C | 1.000000 | 0.105377 | 0.075093 |
| Conservatism    | 0.105377 | 1.000000 | -0.032963 |
| Earning_M       | 0.075093 | -0.032963 | 1.000000 |

Source: Output data processed Eviews 10.0 (2019)

**Table 4**

|                     | F-statistic | Prob. F (3,80) | 0.0616 |
|---------------------|-------------|----------------|--------|
| Obs*R-squared       | 7.328153    | Prob. Ch i- Square (3) | 0.0621 |
| Scaled explained SS | 12.98317    | Prob. Chi- Square (3) | 0.0047 |

Test Equation:
Dependent Variable: ARESID
Source: Data processed, (2019)
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Ulum research stating that Physical Capital intellectual capital has a significant effect on future stock returns.

**The Effect of Conservatism on Future Stock Return.**

The test results with panel data regression analysis with the common effect model show that the t-count for the independent variable Conservatism is 1.816193, while the t table value with degrees of freedom (df) = 5%, df = n - k = 84 - 4 = 80 , obtained the t table value is 1.97253. So that t-count > t-table is 1.816193 <1.97253, then it can be seen from the probability value that is equal to 0.0004 which is smaller than 0.05, this shows that H1 is accepted and H0 is rejected (where H1 shows a partially significant effect and H0 is not there is a partial effect), the test results show that there is a significant effect of Earning Management on Future Stock Return. Earning management has a significant effect on future stock returns to get 0.0024 results smaller than 0.5%, the results of the regression equation that earning management is very burdensome Agent or management in managing corporate profits that provide added value to obtain earning management. The results of the study were strengthened by the theory agency Jensen and Makling (1976).

**Effect of Earning Management on Future Stock Return.**

The test results with panel data regression analysis with the common effect model show that the t-count for the independent variable Earning Management is -3.118954, while the t table value with degrees of freedom (df) = 5%, df = n - k = 84 - 4 = 80 , obtained the t table value is 1.97253. Thus, that t-count > t-table is -3.118954 <1.97253. Then, it can be seen from the probability value that is equal to 0.0004 which is smaller than 0.05, This shows that H1 is accepted and H0 is rejected (where H1 shows a partially significant effect and H0 is not there is a partial effect), the test results show that there is a significant effect of Earning Management on Future Stock Return. Earning management has a significant effect on future stock returns to get 0.0024 results smaller than 0.5%, the results of the regression equation that earning management is very burdensome Agent or management in managing corporate profits that provide added value to obtain earning management. The results of the study were strengthened by the theory agency Jensen and Makling (1976).

**Table 5**

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| Green Intellectual _C | -0.085883 | 0.042270 | -2.031752 | 0.0045 |
| Conservatism | 1.816193 | 0.489396 | 3.711091 | 0.0004 |
| Earning_M | -3.118954 | 0.996575 | -3.129673 | 0.0024 |
| C | -3.343320 | 0.325186 | -10.28126 | 0.0000 |
| R-squared | 0.260255 | Mean dependent var | -4.604099 |
| Adjusted R-squared | 0.232514 | S.D. dependent var | 1.127824 |
| S.E. of regression | 0.988044 | Akaike info criterion | 2.860269 |
| Sum squared resid | 78.09849 | Schwarz criterion | 2.976022 |
| Log likelihood | -116.1313 | Hannan-Quinn criter. | 2.906801 |
| F-statistic | 9.381787 | Durbin-Watson stat | 1.428485 |
| Prob(F-statistic) | 0.000022 | |

Source: Output data processed Eviews 10.0 (2019)

The Effect of Green Intellectual Capital, Conservatism, Earning Management on Future Stock Return Simultaneously (Test F)

The F test is used to determine whether the independent variables jointly affect the dependent variable or to find out whether the regression model can be used to predict the dependent variable or not. If the calculated F value > F table then H0 is rejected and it can be concluded that the independent variable simultaneously affects the dependent variable. If the value of F count < F table, then H0 is accepted and it can be concluded that there is no independent variable that affects the dependent variable. Simultaneous hypothesis testing using the F test with the hypothesis: H0 = There is no significant influence between the variables of Intellectual Capital, Conservatism, Earning Management on Future Stock Return Simultaneously. H1 = There is a significant
influence between the variables of Intellectual Capital, Conservatism, Earning Management on Future Stock Return Simultaneously Based on the results of the Eviews of the common effect model shown in table 4.13, the calculated F value is 9.381787 while the F table is with a significance level of 5% and df1 (k - 1) = 4 - 1 = 3 and df2 (n - k) = 84 - 4 = 80, obtained F table of 2.42. Thus, F count > F table (9.381787 > 2.42) then also seen from the probability value (prob) of the model above which is equal to 0.000022 which is smaller than the significance level of 0.05, so H0 is rejected. This means that the variables of Intellectual Capital, Conservatism, and Earning Management on Future Stock Return together (simultaneously) have a significant effect on Future Stock Return. Thus, the regression model can be used to predict the dependent variable. Simultaneous results Intellectual capital, conservatism, earnings management simultaneously affect future stock returns. These findings indicate that in the sample companies, intellectual capital, conservatism, earnings management simultaneously contributed a strong significance value of 0.0003 or the remaining 3% was influenced by other factors.

**Future Stock Return has Implications to Stock Return**

Research with panel data regression is used to see the implications of the dependent variable future stock return that impart stock returns. To see the magnitude of the influence of the company’s future stock return variables partially on stock returns, the t test is used. If the value of t count > t table, then reject H0 and it can be concluded that the future stock return (Y) variable gives an indication of the stock return (Z) significantly on the dependent variable. If the t value < t table, then H0 is accepted and it can be concluded that the independent variable does not affect it. The results, if the probability is less than 0.05, the result is significant, meaning that there is an influence from the Y variable, which has implications for Z individually on the dependent variable. The following is the output of the results presented in table 4.14 of the Least Squares Panel model used. Implications of future stock returns on stock returns. These findings indicate that in sample companies, future stock returns on stock returns have implications, according to Agency theory, which emphasizes accounting earnings, and accuracy in determining stock returns. Based on the test results and statistical analysis and interpretation of the test results, it can be generalized that the mining sector companies did not have implications for stock returns.

5. **CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATION**

Conclusion the test results and discussion as presented in the previous section, several conclusions can be drawn: Intellectual capital has a significant effect on future stock returns. Conservatism has a significant effect on future stock returns. These results are consistent with the theory of information asymmetry, which states that future stock returns are productive companies. Earning management has a significant effect on future stock returns after getting the results of the regression equation, which shows that earning management has a positive and significant effect on future stock returns. Simultaneous results Intellectual capital, conservatism, earnings management simultaneously affect future stock returns. in accordance with the Signaling theory which explains that companies can maintain productivity with the company’s competitive advantage by implementing strategies to create value added. Implications of future stock returns on stock returns. The results of future stock returns on stock returns have implications for it according to Agency theory.

Implication the hypothesis testing and conclusions above, some of the implications of this study are: Based on the findings that prove the value of the highest and most significant efficient is the added value of human capital (VAHU) which affects Future Stock Return. Therefore, VAHU needs to be improved in the future to increase the competitiveness of Future Stock Return. Based on the hypothesis test, which finds that intellectual capital is a significant variable in improving company performance, companies need to continue to pay attention to VACA, VAHU, and STVA as indicators that form intellectual capital to increase Future Stock Return the Mining Company. This study finds and emphasizes the importance of the role of shareholders in supporting company commitments and activities. Shareholder support is very important so that the company is able to survive in any condition and increase Future Stock Return. to attract investors. The VAIC method according to Pulic (1998) is suitable for conducting research with statistical analysis. Based on the results of hypothesis testing,
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Conservatism and earning management have an effect on future stock returns. The results of hypothesis testing that the future stock return on stock returns have no implications. This is in accordance with the Agency theory which emphasizes accounting profit and accuracy in determining stock returns.

Suggestion and limitation the improve similar research, it can be used as a reference for further researchers as references will come, including: The next researcher is expected that the company that is the subject of this study can pay attention to the factors of debt level, earnings management. so that financial managers can increase profits so that future stock returns increase. Emphasis on operational costs or cost efficiency, especially employee costs, has a very large effect on company profits, good capital will help the company to increase its sustainability activities. Investors should continue to pay attention to Future Stock Return and stock returns in order to be careful in investing their capital. Further research, can add dependent variable indicators with Market to book value ratios of equity (M/B), Growth in revenues (GR) and Employee productivity (EP). The method of analysis can be also done through the Partial Least Square (PLS) method as done by Ulum’s research (2018). For further research, other service sector companies can be used, apart from mining companies as research samples. Further research, conservatism variable can be used as a moderating variable to determine whether it can strengthen or weaken it. Subsequent research includes the variable earning management, as an intervening variable whether it can clarify the existence of company profits will clarify stock returns.

Limitations the given wide scope of this research, the authors limit the problem to: Intellectual Capital (IC) which is proxied by Value Added Intellectual Coefficient (VAIC) which consists of the number of building elements, namely: Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), Structural Capital Value Added (STVA) (Pulic, 2000 in Ulum, 2018). Limited conservatism based on accruals is calculated by adding up net income before extraordinary items, calculating the accrual-based earnings used (Febrianti, F. D. (2017). Earning Management is proxied by discretionary accruals generated from the model developed by Jones (1991). Stock return calculates the total return by adding the capital gain (loss) and dividend yield according and Future stock return is the overall return from current investment at the price of the past period using research (Wanto, 2016).

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