THE EFFECT OF COMPANY SIZE, SYSTEMATIC RISK AND INDEPENDENT COMMISSIONERS ON DISCLOSURE OF INTELLECTUAL CAPITAL

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ABSTRACT
The purpose this study is to determine the effect of company size, systematic risk and independent commissioners on intellectual capital disclosure in banking companies listed on the Indonesia Stock Exchange. The dependent variable is disclosure of intellectual capital, while the independent variable is company size, systematic risk and independent commissioners. This research was conducted on banking companies listed on the Indonesia Stock Exchange (IDX) by accessing secondary data on annual reports for the 2015-2018 period. The results of the sample selection were 35 banking companies. The sample method used in this study is to use no-probability sample method with the sample technique chosen is purposive sample. The analysis used in this research is panel data regression analysis. The partial evaluation hypothesis testing results show that firm size and systematic risk have a significant positive effect on intellectual capital disclosure, while independent commissioners do not have a significant negative effect on intellectual capital disclosure.

Keywords: Company Size, Systematic Risk, Independent Commissioner, Intellectual Capital Disclosure

1. INTRODUCTION
Public companies are required to make annual reports that have been audited by an independent public accounting office as very important information for investors on the basis of consideration of investment decisions. In the current era of globalization, business people realize that business competition lies no only in ownership of tangibility assets, but rather in creation, information system, organizational management, and organizational resources they own (Marcelia and Purnomo 2016).

In Indonesia, intellectual capital developed after emergence of “Financial Accounting Standard Statement (PSAK) No. 19 (revision 2010) “concerning intangible asset, intellectual capital also a process of
providing true information that concerns about the presentation at the company's annual report. One who fall into the category of knowledge-based industri (knowledge based industry) is the industry of banking.

The disclosure of intellectual capital featured in news sites online in December 2012 about PT. Bank Panin, Tbk was demanded to pay severance pay to two employees of Bank Panin who were laid off. The same case also happened to Bank Rakyat Indonesia (Persero) Tbk in March 2013, which was demanded to settle its obligations to retirees, namely severance pay, tenure awards, and compensation money. This case indicates that there is a lack of comprehensive disclosure of information regarding company activities and operations.

Company size is one the factors that affect intellectual capital disclosure. This is indicated by the size of a company on total assets, sales, average sales and average assets. The bigger the company size, higher level of intellectual capital disclosure in annual report, and the bigger the company, the greater the funds for the management and maintenance of intellectual capital so that it continues to be optimal and the intellectual capital performance is higher, Ashari, PMS, and Putra (2016).

The next factor that affects intellectual capital disclosure is systematic risk that cannot be diversified. Systematic risk has the potential to increase or decrease the company's performance and share price, because systematic risk is uncontrollable. In addition, there are other actors who can influence intellectual capital disclosure, namely independent commissioners. An independent commissioner is a member of the board of commissioners who is not affiliated with the board of directors, other members of the board of commissioners and controlling shareholder, and is free from business or other relationships that may affect his or her ability to act independently or act solely for the benefit independent commissioner company “(Law No. 40 of 2007 concerning Limited Liability Companies)”.

An independent commissioner an independent and neutral party in the company, which is expected to bridge the information asymmetry that occurs between the owner and the manager. “If the supervision has carried out effectively, then the management of the company will be carried out properly, and management will disclose all available information, including information about intellectual capital, White (2007)”.

White research (2007) “concluded that an independent commissioner influential the intellectual capital disclosure”. This is in line with the basic theory, because the existence of independent commissioners supports the principle of responsibility to disclose intellectual capital in implementing corporate governance, which requires responsibility to stakeholders. Nughroho (2017) “states that independent commissioners have no effect on intellectual capital disclosure because the roles and functions of the independent commissioners are not optimal”. Where the existence of independent commissioners who
should support the responsibility to disclose intellectual capital and the implementation of corporate governance, has even caused disruption of functions and duties. It is also possible for a company to have high management ownership so that it will focus more on the interests of the owners rather than optimizing disclosure of intellectual capital.

2. LITERATURE REVIEW

2.1 Agency Theory
Agency theory aims to improve ability individuals (both principals and agents) in evaluating the company environment where a decision must be made (The Belief Revision role). In addition, financial theory also aims to evaluate results decisions that have been taken to facilitate the calculation of results between principals and agents. In accordance with the agreement in the work contract (The Performance Evaluation role). Agency theory asserts that disclosure can reduce agency costs in the relationship between shareholders as providers of funds and management as operational decision makers, Jensen and Meckling (1976). The agency costs arise due to agency conflicts caused by differences in the management function (manager) and the company's ownership and control functions (the principal) which results in moral hazard, Jensen and Meckling (1976).

2.2 Signal Theory
Signaling theory is basically concerned with the decrease in information asymmetry between the two parties, Spence (2002). Signaling theory is also concerned with dealing with problems arising from information asymmetry in social settings. This shows that information asymmetry can be reduced if those who have the information can send signals to related parties. A signal can be an observable action, or an observable structure, which is used to show the hidden characteristics (or qualities) of the signaler. Signal delivery is usually based on the assumption that it should be profitable for the signaler (for example showing a higher quality of the product compared to its competitors), An (2011).

2.3 Intellectual Capital Disclosure
Intellectual capital referring to the capitals of non-physical or intangible capital (intangible assets) or invisible (invisible) associated with knowledge and human experience and the technology used. There are 3 main elements of intellectual capital according to Sawarjuwono (2003) in Istanti (2009), namely Human Capital (human capital), Structural Capital or Organizational Capital (organizational capital), and Relational Capital or Customer Capital (customer capital).

2.4 Company Size
“Company size describes size a company as measured by the total assets owned by the company”, Sujoko and Soebiantoro in Pusanti (2013). Total assets are a relatively more stable measure compared to other company measurements, Muksodah, Oemar, Andini, (2015).

2.5 Systematic Risk
Systematic risk or market risk is a risk that is always there and cannot be eliminated by diversifying because it will affect all operating companies. Systematic risk is related to macro factors that occur outside the operating company. These factors are economic growth, deposit interest rates, inflation rates, foreign

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exchange rates, government policies in the economic sector and others.

2.6 Independent Commissioner

Independent commissioner is a membr board of commissionrs who is not affiliation with the board of directors, other members of the board of commissioners and control shareholder, and free business relationships and other rlationships that may affect his ability to act independently, the independent board of commissioners is to ensure that the company's trials run well participate in decision making and ensure that management decisions are in line with the interests of the owners, so the presence of independent commissioners can affect the level of broader skill disclosure, Hanniffa (2005).

2.7 Research Hypothesis

Theoretical basis that analyzes effect of company size, systematic risk and independent commissioners on intellectual capital disclosure, the hypothesis can be explained as follows:

2.7.1 The Effect of Company Size on Intellectual Capital Disclosure

Company size describes size a company as measured by knowing the total assets owned by the company. And the higher the demand for information disclosure compared to smaller companies.

H₁ : Company size has a positive effect on Intellectual Capital Disclosure.

2.7.2 The Effect of Systematic Risk on Intellectual Capital Disclosure

By informing the market and shareholders of intellectual capital in the company, management hopes to reduce the risk associated with the company by reducing uncertainty about “hidden value” and its potential.

H₂ : Systematic risk has a positive effect on Intellectual Capital Disclosure.

2.7.3 Effect of Independent Commissioners on Intellectual Capital Disclosure

If the supervision has been carried out effectively, then the management of the company will be carried out properly, and management will disclose all available information, including information about intellectual capital, White (2007).

H₃ : Independent Commissioner has a positive effect Intellectual Capital Disclosure.

3. RESEARCH METHOD

3.1 Data Collection Techniques

This research uses a quantitative approach. According to Sugiono (2017: 8) “quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research on certain sample populations, data collection using research instruments, data analysis is quantitative / statistical, with the aim of testing predetermined hypotheses”.

3.2 Operational Definitions of Variables

The dependent variable is intellectual capital disclosure and the independent variables are company size, systematic risk and independent commissioners.

3.3 Sample Collection Techniques

The population taken was all banking companies for the 2015-2018 period with 35 companies, th criteria were:

1. Banking sub-sector companies listed on the ISE during the 2015-2018 period.
2. During 2015-2018 period, company published complete financial reports in rupiah currency.

3. Have data regarding company size, systematic risk, and an independent board of commissioners during the 2015-2018 observation period.

3.4 Data Analysis Techniques

Method in this study using a panel data regression which is a combination of data cross section (data on several companies) and data time series (data collected over one year), where the cross section the same measured at different times. “So in other words, panel data is data from several companies (samples) that were observed over a certain period of time”, Eksandy (2018: 23).

4 RESULT AND DISCUSSION

4.1 RESULT

Descriptive analysis use to be able to see an overview of the distribution of the data to be studied (Eksandy, 2018: 66). The data distribution can be seen through the mean, median, max value, min value and standard deviation. Based on the output of Eviews 9.0.

|                | ICD   | SIZE  | BETA  | KI     |
|----------------|-------|-------|-------|--------|
| Mean           | 1.331764 | 17.52659 | 0.809493 | 0.588929 |
| Median         | 1.361000 | 17.23800 | 0.632000 | 0.600000 |
| Maximum        | 1.500000 | 20.98300 | 13.75100 | 0.750000 |
| Minimum        | 1.056000 | 10.16600 | -4.527000 | 0.400000 |
| Std. Dev.      | 0.109929 | 1.824081 | 2.007808 | 0.092486 |
| Skewness       | 0.611132 | 0.256228 | 2.004362 | 0.034319 |
| Kurtosis       | 2.424528 | 3.544421 | 15.28025 | 1.849749 |
| Jarque-Bera    | 10.64639 | 3.260866 | 973.4342 | 7.745436 |
| Probability    | 0.004877 | 0.195845 | 0.000000 | 0.020802 |
| Sum            | 186.4470 | 2453.723 | 113.3290 | 82.45000 |
| Sum Sq. Dev.   | 1.679717 | 462.4910 | 560.3498 | 1.188971 |

Source: processed data, Eviews 9 output

Base on the table above, the sample (N) used 140 data consisting of 35 companies with an observation period of 4 years, namely the 2015-2018 period. Intellectual capital disclosure (ICD) has a minimum value of 1.05600, the maximum value of 1.500000. The average value is 1.331764 and the standard deviation is 0.109929. Among the results of the average derived from the cumulative index score of intellectual capital disclosures by 48 of 63 score. Company Size has a minimum value of 10.16600, a max value 20.98300 with an average value of 17.52659 and a standard deviation of 0.109929. Systmatic Risk (BETA) has a minimum value of -4.527000, a max value of 13.75100, an average value of 0.809493 and a standard deviation

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The fixed effects model assumes that the differences between individuals can be accommodated from differences in the intercept. Learn more about the results of the approach Fixed Effect s Model as follows:

Table 3. Fixed Effect Model

| Variable     | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------|-------------|------------|-------------|-------|
| C            | 1.160       | 0.084      | 13.73       | 0.000 |
| SIZE         | 0.011       | 0.004      | 2.390       | 0.0187|
| BETA         | 0.008       | 0.001      | 6.086       | 0.000 |
| KI           | 0.051       | 0.058      | 0.874       | 0.3841|

Effects Specification

Cross-section fixed (dummy variables)

- R-squared: 0.951
- Adjusted R-squared: 0.933
- S.D. dependent var: 0.109929
- Akaike info criterion: -4.064336
- Schwarz criterion: -3.265890
- Hannan-Quinn criterion: -3.739872
- Durbin-Watson stat: 1.733416

Source: processed data, Eviews 9 output

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In this model, panel data estimates will be selected where the residuals may be interrelated over time and between individuals. Learn more about the results of the approach Random Effect Model as follows:

**Table 4. Random Effect Model**

| Effects Test | Statistic | d.f. | Prob. |
|--------------|-----------|------|-------|
| Cross-section F | 34.15     | 34,10 | 0.0000 |
| Cross-section Chi-square | 352.3 | 19811 | 0.0000 |

*Source: processed data, Eviews 9 output*

**Model Selection Model Estimation**

The Chow test is a test to determine the Fixed Effect or Common Effect model that is more appropriate to use in estimating panel data.

**Table 5. Uji Chow**

| Lagrange Multiplier Tests for Random Effects |
|---------------------------------------------|
| Null hypotheses: No effects |
| Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives |
| Test Hypothesis |
| Cross-section time | Both |
| Breusch-Pagan | 156.96 | 0.90 | 0.0271 | 157.8699 |
| (0.0000) | (0.3) | (427) | (0.0000) |

*Source: processed data, Eviews 9 output*

Based on Table 4.1.5 above, the cross-section probability value F is 0.0000 < 0.05 and the chi-square cross section is 0.0000 < 0.05. Therefore, the regression model is better to use the Fixed Effect Model than the Common Effect Model.

**Table 6. Uji Hausman**

| Dependent Variable: Hausman |
|-------------------------------|
| Method: Panel EGLS (Cross-section random effects) |
| Date: 09/29/19 | Time: 14:41 |
| Sample: 2015 2018 |
| Periods included: 4 |
| Cross-sections included: 35 |
| Total panel (balanced) observations: 140 |

Swamy and Arora estimator of component variances

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C | 1.069828 | 0.077002 | 13.71 | 0.00 |
| SIZE | 0.016946 | 0.004034 | 4.20 | 0.00 |
| BETA | 0.008612 | 0.001412 | 6.09 | 0.00 |
| KI | 0.071391 | 0.055417 | 1.29 | 0.19 |

**Effects Specification**

| Dependent Variable: ICD |
|----------------------------|
| Method: Panel EGLS (Cross-section random effects) |
| Date: 09/29/19 | Time: 14:41 |
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| KI | 0.071391 | 0.055417 | 1.29 | 0.19 |

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The probability value of random cross-section is 0.0718 > 0.05. Therefore, it is better if the regression model uses the Random Effect Model than the Fixed Effects Model.

The cross-section probability value of Breusch-pagan is 0.0000 <0.05. Therefore, it is better if the regression model uses the Random Effect Model than the Common Effects Model.

The Adjusted R-Squared value of 0.292287 shows that 29.22% of the independent variables in this study can explain Intellectual Capital Disclosure, while the remaining 70.78% is explained by other factors not examined in this study. This means that the level of the relationship between the variables of Company Size, Systematic Risk and Independent Commissioners on Intellectual Capital Disclosure is low/weak.

Based on the results shown in the table above shows that the value of the F-statistic of 20.13578, while the value of the F-table with a probability level of 0.05, df (k-1) = 3 and df 2 (nk) = 136 of 2.67. Thus the F-statistic value is 20.13578 > 2.61 F-table value and Prob (F-statistic) value is 0.00000 <0.05, so it can be said that Company Size, Systematic Risk and Independent Commissioner jointly influence Intellectual Capital Disclosure.

The results of the t-table are calculated with the level of α = 5%, df (nk) = 136, then the t-table value is 1.97756.

5. CONCLUSION

1. Based on the results of the t-statistic test obtained with a positive value of (4.201048) > t Table (1.97756) and the value of Prob. (0.0000) <0.05 indicates that firm size (X1) has a significant positive effect on Intellectual Capital Disclosure (Y), meaning that if firm size increases, intellectual capital disclosure will increase.

2. Based on the results of the t-statistic test obtained with a positive value of (6.098774) > t Table (1.97756) and the Prob value. (0.0000) <0.05 indicates that Systematic Risk (X2) has a significant positive effect on Intellectual Capital Disclosure (Y), which means that if Systematic Risk increases, Intellectual Capital Disclosure will increase.

3. Based on the results of the t-statistic test obtained with a negative value of (-1.288254) < t Table (1.97756) and the Prob value. (0.1998) > 0.05 indicates that the Independent Commissioner (X3) does not have a significant negative effect on Intellectual Capital Disclosure (Y), which means that the rise and fall of Independent Commissioners does not have a significant effect on the rise and fall of Intellectual Capital Disclosure. This indicates that the number of independent commissioners does not affect the company in disclosing its intellectual capital.
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