Abstract — This study aims to examine the impact of intellectual capital information disclosure and the application of Good Corporate Governance to the performance of companies in ASEAN countries. This study used a sample of 102 firm-year from 6 ASEAN countries: Indonesia, Malaysia, Philippines, Singapore, and Thailand. The test result proves that intellectual capital disclosure in ASEAN able to improve company performance. In addition, this study also proves that the implementation of GCG has a positive impact on the performance of the company's operations in ASEAN. This research also proves that leverage variable has no impact to company performance. Meanwhile, company size has a positive impact on company performance.

Index Terms — firm performance, intellectual capital disclosure, good corporate governance.

I. INTRODUCTION

Financial information was assessed as failing in describing the extent of intangible asset value, generating increased information asymmetry between the company and the user, and creating inefficiencies in resource allocation processes in the capital markets [20], [4] [6]. Accounting failure acknowledges the company's intangibles fully affirms the claim that traditional financial statements have lost their relevance as a decision-making instrument [23].

Given the changing nature of knowledge-based economy with the application of knowledge management, the success of the company will depend on its ability to create transformation and capitalize on that knowledge [26]. One way to overcome this condition is by managing the resources of intellectual capital to achieve higher performance. Chen et al. [11] argue that investors will give higher value to firms with higher intellectual resources than companies with low intellectual resources.

The disclosure of intellectual capital is valuable information to investors as it can help reduce uncertainty about future prospects and facilitate more accurate company valuation [9]. Some studies [20], [22] state the importance of disclosure of non-financial information and investment activities in intangible assets. Cahiibano et al. [10] argue that the costs associated with the radical process of accounting system change to make companies with intensive intellectual capital more value relevant are not affordable. Cahiibano et al. [10] suggests that a relatively possible approach by a corporation to accomplish that is by making a voluntary disclosure of intellectual capital information.

In addition to information on intellectual capital, the issue of governance is a fundamental problem in the company. These problems include internal monitoring of poor or nonexistent agency problems [2] moral hazards from managers and at least incentives to control the company due to unclear ownership [14]. Meanwhile, the problem of external governance relates to the absence of constructive pressure from the capital market to discipline the inefficient level of manager behavior through share price signals mechanism [25].

Bankruptcy at Enron and WorldCom has raised awareness of the good economic benefits of Corporate Governance, so many countries are making new laws and regulations as mandatory requirements for Corporate Governance. The Sarbanex-Oxley Act approved by the United States Congress in 2002 has required to improve corporate governance. The Sarbanex-Oxley Act requires that companies be required to disclose all material off-balance sheets and all issues related to "unconsolidated entities". In addition, several previous studies have suggested that the quality of law enforcement in a country and investor protection will affect the efficiency of capital markets and access to foreign capital [17], [18], [25]. In addition companies with better corporate governance practices have been found to have lower capital costs [24], [21], [3] lower lending rates [31]; higher values, lower profitability, and risk ([12]; [7] and [8]).

This study aims to examine the impact of intellectual capital information disclosure and the application of Good Corporate Governance to the value of companies in ASEAN countries. Previous studies have shown that IC disclosure affects the firm's value ([11]; [27]; [15]) However, the results of these studies are only conducted in one country so that cannot be seen differences in corporate behavior in disclosing IC information in different countries with different characteristics. The election of the five ASEAN countries is linked to the ASEAN Leaders' decision to turn ASEAN into a stable, prosperous and highly competitive region with just economic development, and reduce poverty and socio-economic inequality (ASEAN Vision 2020). With the integrated conditions of the ASEAN region, the information becomes more open and the competition between companies becomes more stringent. It underlies the sample selection of companies in ASEAN countries. Several studies have shown that the implementation of corporate governance varies from country to country. These studies essentially indicate the existence of different legal systems protecting inter-state investors [19]. Differences in the legal
system will subsequently affect the ownership structure, the development of the capital market, and the economy of a country [19].

If corporate governance is a significant factor in MEA conditions, corporate governance is not only able to explain the performance differences between ASEAN countries in the MEA era, but also in the performance differences between firms within a particular country. Research on the variation of corporate governance implementation at the company level is still very little done. Research on the impact of corporate governance on performance in ASEAN countries is very interesting to be done in this era of MEA. It is hoped that the results of this study will enrich the literature on intellectual capital and the application of GCG and its impact on corporate value as long as the researcher's knowledge has not been examined by comparing the conditions among ASEAN countries.

II. HYPOTHESIS DEVELOPMENT

Agency theory provides a framework for linking voluntary disclosure behaviors with corporate governance, in which the control mechanisms are designed to reduce agency problems arising from the separation between ownership and management [30]. This argument can be used in the context of intellectual capital disclosure, where management can determine disclosure levels and thereby reduce investor uncertainty related to the impact of intellectual capital on firm value. High disclosure of intellectual capital is expected to provide more intensive supervision for a company in order to reduce the opportunistic behavior of managers and information asymmetry.

Information about intellectual capital is important information for stakeholders in the decision-making process [6]. In the context of agency theory, an increased level of information disclosure will reduce the uncertainty faced by investors and will lower the cost of corporate capital [14]. Therefore, managers will conduct intellectual capital disclosure in order to increase the value of the company through the provision of more comprehensive information for investors so as to reduce the volatility of stock prices [6].

Companies have both tangible and intangible resources. These resources are managed to produce good company performance. Company resources both tangible and intangible are presented in the company's financial statements. All of the company's assets presented in the financial statements reflect the value of the firm called book value. But in general, the market (investor) gives a value higher than the book value which is called market value.

The value of corporate IC is not presented in the company's financial statements and cannot be measured in monetary units. Even there is no standard method to calculate the IC value of a company. However, previous studies have shown that ICs have an effect on the performance of firms [11], [15], [27]. IC values used in previous studies vary, but generally the test results are the same, namely that the IC affect the performance. The results of Botosan [5] showed that disclosure rate was negatively related to the cost of capital. This means that the higher level of disclosure made by the company the lower the cost of capital. The low cost of capital will cause the value of the company getting bigger. Based on Botosan research, the level of disclosure made by the company is including information about the IC. Thus, the first hypothesis proposed in this study is level of information disclosure of IC have positive effect to company performance.

Corporate governance is one of the mechanisms aimed at minimizing agency conflicts by aligning relationships among stakeholders to determine the direction and control of company performance. How a company owner can monitor and control the decisions and actions of top managers will influence the implementation of corporate strategy. Effective corporate governance will align the interests of managers and owners so as to generate competitive advantage for the company.

Improved CG reflects good oversight function. In the agency theory described that one of the control mechanisms that can be done is to apply a good CG. Because the company gets good control, it is expected to lower the cost of outside supervision by investors and also reduce the information asymmetry. This decrease in information asymmetry will reduce the likelihood of bias on investor appraisal of company performance so as to improve investor's ability in providing penkeia to the company.

The influence of CG implementation on company performance has been done, among others, by Klapper and Love [16] who found evidence that the CG index is positively correlated with operational performance and market valuation. Positive correlation between CG index and company operational performance, proves that CG plays a role in value creation process. Implementation of good corporate governance is expected to be able to better ensure the management of the company and is expected to impact on increasing the value of the company. Thus, the second hypothesis proposed in this study is the implementation of GCG has a positive effect on company performance.

III. RESEARCH DESIGN

The study population is the go-public companies whose shares are listed in each Exchange in ASEAN. The sample used is publicly listed companies listed on the Securities Exchange in ASEAN containing data on intellectual capital disclosure in its annual report period 2014-2016. The unit of research analysis is the company.

Sampling in the period 2014 to 2016 is based on considerations to test the hypothesis with the latest data and because of the consideration that in this period of macroeconomic conditions are relatively stable so it is expected not to affect the test results. The method of selecting the company sampled in this study is purposive sampling with the following criteria:

1. Listed on the stock exchanges in the Asean countries as the object of research.
2. Included in companies that are in CLSA CG Watch.
3. There is data completeness for the period 2014 through 2016.

Data used in this research include first, data the company's annual report, obtained from the stock exchange website of each country. 2. The corporate governance index data, obtained from Credit Lyonnaise Securities Asia
(CLSA) reporting the ranking of corporate governance from companies in 11 Asian countries. Stock price data obtained from the state stock exchange web site concerned.

ROA measures the company's ability to generate profits by utilizing the company's total assets. ROA provides an overview of how management uses its assets to generate profits. Ang et al. [1] and Wang [29] use ROA as a measure of profitability for relevant operating performance. Increased ROA indicates an efficient asset for profit.

\[ ROA = \frac{Net\ Income}{Total\ Asset} \]

The greater the value of ROA indicates that the company has a good performance. This can happen because the greater the value of income compared to the assets owned show the ability of the company the better to generate profits.

To measure intellectual capital disclosure, we will use the index of intellectual capital disclosure (ICDI). This index will be created by the content analysis method of intelligence capital disclosure items in the company's annual report. The items used to measure the level of intellectual capital disclosure are items taken from research by [13] and [28]. The size of the disclosure is divided into 3 categories: human capital disclosure (HCIDI) consisting of 22 initial items, structural capital disclosure (STCDI) consisting of 18 initial items, and disclosure of relational capital (RCDI) consisting of 21 initial items. So, there will be 61 initial items to be analyzed.

To create an index of intellectual capital disclosure, each item will be given a score of 1 if a company discloses the item. This score will then be weighted by the number of items expressed in each category. This score will then be summed with all scores obtained in each category so that the index is obtained for each category. The index of intellectual capital disclosure is the total index of the three index categories.

GCG variables will be measured by Corporate Governance Index (CG) obtained by indexing based on ASEAN Scorecard or if data is not available then content analysis will be done on the company's annual report on the criteria given by CLSA or CG rating agency in ASEAN. Surveys will be conducted on five issues, namely: A. Shareholder rights are given a weight of 25%; B. The same treatment for shareholders who are weighted 15%; C. Stakeholder role given 15% weight; D. Disclosure and transparency are weighted 25%; E. The roles and responsibilities of Commissioners are weighted 25%.

This study uses two control variables, namely the size of the company (size) and the ratio of debt to equity (lev). Size is calculated by using the logarithmic proxy of the company's total assets. This variable is included to control the likelihood of an influence of firm size on intellectual capital holdings.

The second control variable in this research is Leverage which is the ratio between total company liabilities to total equity. This variable is calculated by using the formula: total debt / total equity. This variable is included to control the use of funds from debt that will affect the performance of the company.

\[ ROAi = b0 + b1\ ICIDI + b2\ GCCGi + b3\ SIZE + b4\ LEV + ei \]

where:
ROA: is a measure of company value calculated by the formula of ROA.
ICDI: Intellectual Capital disclosure index is calculated by [21].
GCC: index of GCG implementation.
LEV: Leverage, is the proportion of debt compared to the firm's equity.
SIZE: company size calculated from total asset logarithm.

IV. RESULT

In this study, the sample used is manufacturing sector issuers from 2014 to 2016. From the data of 34 issuers manufacturing companies from 2014 to 2016, showed the average value of CG Score card the highest originated from Thailand. In 2014 the average value of CG Scorecard Thailand is 69.01%, in 2015 its average value is 72.24% and in 2015 the average CG Scorecard value is 74.18%. From this research data, the researcher sees the level of awareness of emiten or manufacturing companies in Thailand lebuih high compared to other ASEAN countries, where in CS Scorecard disclosure, emiten in Thailand is more transparent in its Annual Report. But the weakness found by researchers is still a lot of companies in Thailand using the local language. While the lowest average level of the six ASEAN countries in the penilien CG Scorecard comes from the State of Vietnam. In addition to the low number of issuers who reported CG Scorecardnya, found still incomplete each issuer in expressing CG Scorecard each issuer.

The average (mean) ROA as a control variable from 2014 to 2016 is 0.1365. The maximum ROA value is 1.104 by the SCCC issuer in 2014, while the minimum Size is -0.1060 by the SCS issuer 2015. The standard deviation is 0.1733. In general, it can be concluded that the sample of this study has a good financial performance figures.

In table 1 shows an adjusted R-square value of 0.126. This means that 12.6% variation in abnormal amount of Discretionary Production can be explained significantly by variations of intellectual disclosure variables, CG scorecard, Leverage, Size and Lev. While the reduction results (100% - 13%) = 87% abnormal amount of discretionary Production can be explained by other variables.

The confidence level used is 95%, \( \alpha = 5\% \), df1 (number of variables-1) = 6 and df2 (n-3) or 102-6 = 96. The significance result of the above data is 0.003 <0.05 then it can be stated that the variables ICDI, CG Scorecard, Leverage, and Size together affect the performance of the company.

| TABLE 1: SUMMARY MODEL
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|---|----------|------------------|-------------------------|--------------|
| 1     | 0.251\* | 0.163 | 0.126 | 0.63327118078 | 1.683 |

a. Predictors: (Constant), LEV, ICDI, GCC, SIZE
b. Dependent Variable: ROA

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TABLE II: GOODNESS OF FIT TEST

ANOVA

| Model | Sum of Squares | df | Mean Square | F   | Sig.  |
|-------|----------------|----|-------------|-----|-------|
| Regression | 2.749 | 4  | 0.687 | 1.714 | 0.003 |
| 1 Residual | 40.900 | 102 | 0.401 | | |
| Total | 43.649 | 106 | | | |

a. Dependent Variable: ROA.
b. Predictors: (Constant), LEV, ICDI, GCG, SIZE.

TABLE III: REGRESSION RESULT

Coefficients

| Model | Unstandardized Coefficients | Standardized Coefficients | t   | Sig.  |
|-------|------------------------------|---------------------------|-----|-------|
| (Constant) | -1.274 | 0.861 | -1.479 | 0.142 |
| ICDI | 0.547 | 0.325 | 0.165 | 2.681 | 0.006 |
| GCG | 0.018 | 0.010 | 0.168 | 3.721 | 0.008 |
| SIZE | 0.006 | 0.016 | 0.037 | 0.375 | 0.714 |
| LEV | 0.037 | 0.154 | 0.024 | 0.240 | 0.811 |

a. Dependent Variable: ROA.

ICDI variable gives coefficient value of 0.547 with significance equal to 0.006, it means ICDI variable have positive effect to company performance as measured by ROA (H1 accepted). Thus, this study proves that companies that perform high intellectual capital disclosure in their financial statements have a high financial performance. The issue of IC is an important thing that determines the company's performance. In addition, the measured quality of IC disclosure can contribute to the company's operating performance. This can be a reference for investors who will invest to consider intellectual capital disclosures in determining their investment options. Intellectual capital disclosure proved to have a positive impact on the company's performance. The IC's kinking activity is enough to give an idea of the future prospects of the company.

Based on Table 3, it is seen that the regression coefficient of GCG-free variable influence on ROA as a dependent variable is positive sign of 0.018 which has a meaning that the better score of GCG composite indicator will increase ROA. The significance value of t is 0.008 from the regression result of the effect of this GCG free variable then $1$ which states that GCG has a significant positive effect on ROA, accepted. This finding is consistent with the results of [25] research. The implementation of GCG, the decision-making process will take place better so that it will produce optimal decision, can improve efficiency and create a healthier work culture. The results of this study also support the results of previous research has been done as [26] study that proves empirically that the implementation of GCG will affect the company's performance positively. Based on the results of the above analysis, it can be concluded that corporate governance has an impact on improving the performance of the company's operations.

The leverage variable has no negative and significant effect on ROA. This indicates that the higher the leverage level of a company, the higher the risk level faced by the company, which means the higher the uncertainty factor of the company, thus negatively affect the return. In addition, firms with high leverage levels, but without compensating for good monitoring activities of creditors, strong control over financial cash flow, and less disciplining of managers will be responded negatively by the market, which may ultimately worsen the company's performance (ROA).

Size variable has a significant positive effect on ROA. The results of this study indicate that company size also determine the level of ability of the company in managing its assets so that the greater the company, the more able to control the internal conditions and the more able to generate profits.

V. CONCLUSION

This research uses samples from 6 ASEAN countries 5 ASEAN countries namely Indonesia, Malaysia, Philippines, Singapore and Thailand. The test results prove that intellectual capital disclosure and implementation of GCG in 5 ASEAN countries can improve the company's operating performance. This research also proves that leverage variable has no impact to company performance. Meanwhile, company size has a positive impact on company performance.

This study has a limitation that data from financial statements in some countries do not use English. Therefore, the implication of this research result can be used as a foundation in investment decision making, as well as framework in making the rules related to IC disclosure and GCG implementation.

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