

The Moderation Role of the Audit Committee Quality on the Effect of the Ownership Structure on Intellectual Capital Disclosures

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Abstract

Intellectual capital is an intangible asset which is able to increase company's value. Intellectual capital inherent to skill, knowledge and experience that can create competitive advantage for company. The purposes of this study are to analyze the effect of ownership structure (managerial ownership, institutional ownership, government ownership, foreign ownership with the quality of audit committee as moderating variable on intellectual capital. The population of this study is financial companies listed in Indonesia Stock Exchange from 2013 until 2015. Samples are selected using purposive sampling method, and obtained 165 units as observations. Data was collected by documentation, and the analysis data is moderated regression analysis. The study found that managerial ownership has negative effect on intellectual capital disclosure. Government ownership and foreign ownership has positive effect on intellectual capital disclosure, and institutional ownership has not been proven to effect on intellectual capital disclosure. Then, the study also found that the quality of audit committee has significant effect as a moderating variable on the influence of institutional ownership, but it has not been proven to have a moderating effect on the influence of managerial ownership, government ownership and foreign ownership intellectual capital disclosure. The recommendation for further study is to use another technique such as questionnaires that is directly given to company for discovering the level of company's intellectual capital disclosure. For the company, the limitation of managerial ownership can be used as a control to the company disclosure practice, and improve the role of audit committee to maximize disclosure practice in the company.

Keywords: audit committee; foreign ownership; government ownership; institutional ownership; intellectual capital disclosure; managerial ownership

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INTRODUCTION

The role of intangible assets including intellectual capital is very important in creating the value of a company. The aspect of financial capital as a support for business improvement is no longer can be reliable so it affects investment decision of the fund owners to invest. Therefore, the role of intellectual capital becomes very important for companies to survive in difficult economic conditions. Knowledge-based business is characterized by widespread and rapid dissemination of information and data (Rahadian, 2011). Competitive advantage of a company is not only

assessed by the ownership of intangible assets but rather the innovations, information systems, and resource management which are owned by the company. Hence, companies should focus on the importance of knowledge assets. One of the approaches used to assess and measure knowledge assets is with intellectual capital that has been the focus of attention in various fields, both management, information technology, sociology, and accounting (Petty & Guthrie, 2000).

Intellectual capital is proven to be able to give a competitive advantage for the company. Nevertheless, it is still less of concern for the business actors. This is evidenced by the low level of intellectual capital reporting in the annual report listed on the Indonesia Stock Exchange. Survey conducted in the study of Priyanti & Wahyudin (2015) which examines intellectual capital disclosure in the banking sector finds that the disclosure of intellectual capital in banking is still relatively low at under 30%. Thus, the disclosure of intellectual capital in public companies listed on the BEI is still low.

In this knowledge-based economy era, dissatisfaction with traditional financial reporting including the inability of such reporting provides information for the company's stakeholders is increasing (Beattie & Smith, 2010; Bozzolan, Favotto, & Ricceri, 2003). In line with Bozzolan et al.(2003) and Soon Yau, Sin Chun, & Balaraman (2009) state that traditional financial reporting does not disclose specifically the information about intellectual capital in which intellectual capital is a representation of the total firm value. Traditional financial reporting only provides information about tangible assets on the balance sheet, but information about intellectual capital is not included in the balance sheet because intellectual capital cannot be measured. Therefore, information about intellectual capital is often added in non-financial reports or supplementary reports in addition to financial statements, but the disclosure is not so specific and broad. Companies begin to meet the demand of stakeholders who ask companies to complete their traditional financial statements with non-financial reports including information on intellectual capital (Abeysekera & Guthrie, 2005).

Price Waterhouse Cooper in 2014 conducts a survey to know the professional views of investment in maximizing the effectiveness of corporate reporting. The result of survey shows that 87% of investment professionals agrees that the annual report will be more valuable and beneficial to investors when expanding corporate information disclosure, not only financial information but also information related to corporate and environmental governance, human capital and other indicators that drive firm value in the future. From the result of survey makes it clearer that investors want a wider information disclosure about the company, including in disclosure of intellectual capital not specifically disclosed in the regular financial statements.

Intellectual capital is part of intangible assets. PSAK No. 19 (revised 2014) states that entities often issue resources and create liabilities in the acquisition, development or improvement of intangible resources, such as science and technology, design and implementation of new systems or processes, licenses, intellectual property rights, knowledge on market and trademarks. Human capital, internal capital, and external capital owned by the company create knowledge, technique, firm value, and some other intangible assets of the company.

So far, the disclosure of intellectual capital in the company's annual report is still voluntary. Li, Pike, & Haniffa (2008) states the company can decide on the type and amount of intellectual capital information to be published. The statement further clarifies that intellectual capital disclosure is still voluntary. Mention (2011) states that with the exception of some items such as copyrights, patents and trademarks, most elements of intellectual capital such as innovation, employee knowledge, customer loyalty, information systems, and R & D rarely appear in the company's annual report, thus naturally becoming a hidden value.

Research on the linkage of ownership structure and intellectual capital disclosure has been done by several researchers, among others Firer & Mitchell Williams (2003), Nikolaj Bukh, Nielsen, Gormsen, & Mouritsen (2005); Bukhet al (2005); Purnomosidhi (2005); Ahmed Haji (2015); Ahmed Haji & Mohd Ghazali (2013); Eddine, Abdullah; Hamid, & Hossain (2015); Hayati & Putra (2015); Maaloul & Zéghal (2015); Nuryaman (2015); Utama & Khafid (2015);

Saleh, Zulkifli, & Muhamad(2010); Falikhatun(2011); Maaloul & Zéghal (2015); and Aisyah & Sudarno (2014). The studies obtain varied results. Haji and Ghazali (2013) find that the size of the board of commissioners, independent directors, the number of board of directors meetings, and government ownership positively affect the extent of intellectual capital disclosure, institutional ownership negatively affects the extent of intellectual capital disclosure, while family ownership and institutional ownership have no effect on intellectual capital disclosure. Aisyah & Sudarno (2014) find that there is a significant influence between foreign ownership, government ownership, and R & D on the extent of intellectual capital disclosure, while managerial ownership and institutional ownership have no significant effect on the extent of intellectual capital disclosure.

Utama & Khafid (2015) examine ownership structure, profitability, intellectual capital level, and leverage to the intellectual capital disclosure extent. The result of the research shows that institutional ownership, managerial ownership and intellectual capital level negatively affect on the disclosure of intellectual capital. Li et al. (2008) state that corporate governance variable is the factor that most can affect the disclosure of intellectual capital in a company. Through their research that examines the factors of corporate governance structure that is the composition of board members, ownership structure, the size of the audit committee, and the frequency of audit committee meetings find that all variables of corporate governance structure significantly influence the disclosure of the corporate intellectual capital. From some of the research above, there are inconsistent results of the influence between the ownership structure and the extent of intellectual capital disclosure.

This study aims to examine the effects of ownership structures (managerial ownership, institutional ownership, government ownership and foreign ownership) on the extent of intellectual capital disclosure. In addition, this study also examines the role of moderation of audit committee quality in ownership structure regulator on intellectual capital disclosure.

This research is based on agency theory and signalling theory. As an agent that accepts the delegation of authority and responsibility for running a company, management is the party who best knows all the information of the company. Based on agency theory, the delegation of authority often leads to conflict of interest and information asymmetry between management and owners. The company's owner demands a disclosure of corporate information to management. This will encourage management to disclose broader corporate information including disclosure of intellectual capital information in order to gain trust from owners and incentives for good corporate performance. Signalling theory states that full and complete information disclosure including corporate intangible asset information in the form of intellectual property will provide a positive signal to interested parties such as owners of companies, investors, employees, the public, etc. on the availability of information for decision-making (Spence, 1978). This positive signal will get a positive response so as to increase the value of the company. Based on that, these stakeholders demand the existence of information transparency by the company by providing comprehensive information about financial and non-financial information.

Higher managerial ownership results in lower agent-principal conflicts because managers will improve their performance to generate many incentives. Therefore, shareholders outside managers do not need to improve monitoring on manager performance. Companies with high managerial ownership, public accountability tends to be low because outside interest in the company tends to be low. (Ahmed Haji & Mohd Ghazali, 2013; Anam Ousama, Fatima, & Rashid Hafiz-Majdi, 2012; Mohd Ghazali, 2007) also found the same in their research on firms listed on the Malaysian stock exchange. In their research find that managerial ownership negatively affects on the extent of intellectual capital disclosure.

Utama & Khafid (2015) conduct research on banking companies listed on the Indonesia Stock Exchange, and find the same thing that managerial ownership negatively affects the intellectual capital disclosure extent, this is because the company manager has known more information about the company including intellectual capital information, so it does not depend on the information disclosed in the annual report. High shareholding by management will make

management tend to make the level of intellectual capital disclosure in the company is low, because the company does not have an intensive relationship with external parties, and managerial party as the majority shareholder of the company has obtained more information than the information contained in the annual report. Based on this thought, then hypothesis 1 is stated as follows:

H₁: managerial ownership has a negative effect on intellectual capital disclosure.

Institutional owner plays a significant role in corporate governance and disclosure practices, as they tend to use it as a tool to monitor agents (Ahmed Haji & Mohd Ghazali, 2013; Ho, Chau, & Cheung, 2012; Li et al., 2008). Supervision done by institutional investors aims to control managers to act on behalf of the company and to prevent opportunistic behavior of managers who want to enrich themselves. Based on agency theory, institutional investors as principals delegate their authority to manage companies to agents use annual reports to monitor management performance. Institutional investors need relevant and complex information for decision-making. In terms of signal theory, companies will disclose more corporate information to provide a positive signal to markets and investors, as well as provide more understanding to institutional investors so that good management performance will be highlighted by investors.

Companies with large institutional ownerships tend to get higher supervision from the investors (Aisyah & Sudarno, 2014; Utama & Khafid, 2015). High institutional ownership will encourage companies to make more disclosure because with outside supervision, management is encouraged in more transparent information disclosure that will reduce opportunistic behavior. Based on this thinking, hypothesis 2 is stated as follows

H₂: institutional ownership has a positive effect on intellectual capital disclosure.

Government ownership is the ownership of shares by the government. The management or agent is responsible for greater transparency and disclosure of corporate information to the government. Mohd Ghazali (2007) states that government ownership is politically more sensitive because the activities of companies with the largest share of government property get a lot of common attention. Investments made by the government in a company have a goal for the welfare of society at large, so the company must have high public accountability. Ahmed Haji & Mohd Ghazali(2013) find the same thing that high government ownership positively affects on the disclosure of corporate intellectual capital listed on the Malaysian Stock Exchange. Aisyah & Sudarno (2014) find the same thing that government ownership has a positive effect on the extent of intellectual capital disclosure. Based on this thought, then hypothesis 3 is stated as follows:

H₃: government ownership has a positive effect on intellectual capital disclosure.

Currently, foreign investment is growing rapidly. Many local companies which shares are owned by foreign parties. Utama & Khafid (2015) state that foreign ownership can be an effective monitor for managers in emerging markets. Aisyah & Sudarno (2014) find that high foreign ownership has a positive effect on the extent of intellectual capital disclosure. Based on that thought, hypothesis 4 is stated as follows:

H₄: foreign ownership has a positive effect on intellectual capital disclosure.

The existence of an audit committee within the company also has a strategic role in monitoring the management of the company. Intellectual capital disclosure as an important part of the financial reporting quality is generally influenced by the role of the audit committee in performing the monitoring function. Merawati, Badera, & Suardikha (2013) prove that qualified audit committees will be more effective in providing oversight on the company's financial

reporting process. Audit committees that are qualified, understand and have extensive experience in corporate governance and accounting competencies are assessed to be able to suppress the opportunistic attitude of management in corporate management processes and corporate information disclosure practices. Companies that have a qualified audit committee will be able to pursue extensive and qualified information reporting (Cahya, 2013; Ho et al., 2012; Eddine et al., 2015).

The role of monitoring conducted through the establishment of ownership structure (managerial ownership, institutional ownership, government ownership, and foreign ownership) supported by the quality of the audit committee is predicted to give a better monitoring impact. The existence of an audit committee is predicted to strengthen the influence of ownership structure on intellectual capital disclosure. Based on that thought, the hypotheses 5, 6, 7, and 8 are expressed as follows:

H₅: The quality of the audit committee moderates the effect of managerial ownership on intellectual capital disclosure.

H₆: The quality of the audit committee moderates the effect of institutional ownership on intellectual capital disclosure.

H₇: The quality of the audit committee moderates the effect of government ownership on intellectual capital disclosure.

H₈: The quality of the audit committee moderates the effect of foreign ownership on intellectual capital disclosure.

METHOD

This research was a quantitative research that used secondary data from annual report which has been officially published by Indonesia Stock Exchange on its web page www.idx.co.id and official website of financial company in 2013-2015. The population of this study was financial companies listed on the Indonesia Stock Exchange (IDX) during the year 2013-2015. Sampling technique was done by purposive sampling namely sampling technique by using sample with criteria as follows:

1. Companies listed on the Indonesia Stock Exchange and did not do delisting during the sampling year ie 2013 - 2015.
2. Companies that published annual report in a row and complete during the sampling year that was 2013-2015.
3. Having data related to the variables in the study.
4. The fiscal year of the company ended on 31 December

Based on the criteria, it was obtained sample a number of 55 financial companies with observation year 2013-2015 so that the number of analysis units was 165 units of analysis.

The dependent variable in this study was the extent of intellectual capital disclosure. Intellectual capital was a corporate intangible asset that was not included in the financial statements, usually in the form of corporate culture, knowledge, technology, employees, loyalty, patents and so forth. This variable was measured using the Intellectual Capital Disclosure Index (ICDIndex). This study used ICD Index developed by Haji and Ghazali (2013) to measure the extent of intellectual capital disclosure containing 40 items of intellectual capital with nine (9) items were internal capital item, seventeen (17) items were external capital items, and fourteen (14) items were human capital items. To measure the extent of intellectual capital disclosure, a dichotomous approach was used, where zero (0) for items disclosed in the financial statements, and one (1) was given for items disclosed in the financial statements.

The independent variable of this study was the ownership structure consisting of managerial ownership, institutional ownership, government ownership, and foreign ownership. The moderating variable of this study was the quality of the audit committee. The measurement of audit committee quality used Audit Committee Index with several criteria consisting of:(1) assessing the

responsibilities which have been undertaken by the audit committee such as evaluating internal controls, participating in recommending auditors, reviewing financial statements, evaluating corporate compliance with laws and regulations and preparing audit committee reports; (2) the number of meetings held by the audit committee for a year; (3) attendance level of members for a year; (4) evaluating the scope, accuracy, cost effectiveness and independence of external auditors; (5) the size of the audit committee; (6) accounting background; (7) the average age of audit committee members.

The operational definition of the research variables and the methods of measurement were presented in Table 1.

Table 1. Summary of Research Variables

No	Variables	Operational Definition	Measurement
1	Disclosure of intellectual capital (ICD)	Disclosure of intellectual capital items consisting of internal structure, external structure and human capital	Index number of answers yes divided by number of question items multiplied by 100%
2	Managerial Ownership	Ownership of shares by managers or directors within a company	Percentage of total shares owned by managers / directors to total shares
3	Institutional Ownership	Ownership of shares by institutions outside the company	Percentage of total shares owned by the institution against total shares
4	Government Ownership	Share ownership by the government within a company	Percentage of total shares owned by the government to total shares
5	Foreign Ownership	Ownership of shares by foreign investors in a company	Percentage of total shares owned by foreign investors to total shares
6	Audit committee quality	The performance of an audit committee within a company	Index number of answers yes divided by number of question items multiplied by 100%

Data collection technique used was documentation technique. The data analysis technique used was moderated regression analysis. Before conducting testing with moderated regression analysis, this study conducted the classical assumption tests consisting of: normality test (kolmogorof-smirnov test), multicollinearity test (compared VIF value), autocorrelation test (run test), and heteroscedasticity test (Glejser test). Hypothesis testing was done with moderated regression analysis by looking at the significance of each coefficient in the regression equation as follows:

$$ICD = \alpha + \beta_1 Manown + \beta_2 Instown + \beta_3 Govown + \beta_4 Forown + \beta_5 [Manown - ACQ] + \beta_6 [Instown - ACQ] + \beta_7 [Govown - ACQ] + \beta_8 [Forown - ACQ] + e$$

Explanation:

ICD : Intellectual Capital Disclosure Govown : Government Ownership
 Manown : Managerial Ownership Forown : Foreign Ownership
 Instown : Institutional Ownership ACQ : Audit Committee Quality

RESULTS AND DISCUSSIONS

Descriptive statistical analysis was conducted in this study to present the data profile of each research variable through the presentation of minimum value, maximum value, mean value, and standard deviation. The results of descriptive statistical analysis were presented in Table 2.

Table 2. The Result of Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Capital Disc.	165	.0000	62.5000	32.748000	12.7746000
Managerial Ownership	165	.0000	28.2300	1.018898	3.7436390
Institutional Ownership	165	.0000	99.9900	37.405448	30.7902186
Government Ownership	165	.0000	80.0000	7.340303	20.6230170
Foreign Ownership	165	.0000	99.0000	27.120531	30.5692703
Audit Committee Q.	165	.4242	.9394	.718274	.1131969

Source: Secondary data processed, 2017

Based on Table 2, it was known that the Intellectual Capital Disclosure variable had the highest value of 62.5 and the lowest value of 0. The lowest value was owned by PT. Onix Capital Tbk in 2015 equal to 0, and the highest value of 62.5 was owned by PT. Bank Rakyat Indonesia Tbk. The average intellectual capital disclosure was 32.748 and standard deviation equal to 12.775.

Managerial Ownership variable had the lowest value of 0 and the highest value of 28.23%. The lowest value of managerial ownership was owned by most of the companies listed as samples in this study, as many as 50% of the sample companies had no managerial ownership, this could be due to not all companies had a share ownership program for management. The highest value was owned by PT. Bank Capital Tbk amounted to 28.23%. Managerial ownership had an average of 1.02% and a standard deviation of 3.74%.

Institutional ownership variable had the lowest value of 0 and the highest value of 99.99%. The lowest value of institutional ownership variable was owned by 23 or 14% of the financial companies being sampled in this study. The highest value was owned by PT Bank J-Trust which was 99.99%. The average value and standard deviation of institutional ownership were 37.405% and 30.790%.

The government ownership variable had the lowest value of 0 and the highest value of 80%. The lowest value of government ownership was owned by most sample companies as much as 80% of the sample companies had the lowest value on government ownership, while the highest value was owned by PT Bank East Java, which was 80%. The average and standard deviation of government ownership amounted to 7.340% and 20.623%.

Foreign ownership variable had the lowest value of 0 and the highest value of 99.99%. The lowest value was owned by 60 or 36% of companies which became sample in this research, while the highest value was owned by PT Bank J-Trust which was 99.99%. The average value and standard of foreign ownership deviation were 27.120% and 30.569%, respectively.

Audit committee quality variable had the lowest value of 0.42 and the highest value of 0.94. The lowest values were owned by PT Pasific Strategic Financial Tbk and PT Asuransi Harta Aman Pratama Tbk equal to 0.42. While the highest value was owned by PT Bank Negara Indonesia Tbk and Bank Tabungan Pensiunan Nasional Tbk amounted to 94. The average value and standard deviation of audit committee quality variable were 0.718 and 0.113, respectively.

This study conducted the classical assumption test to produce the best, Linear, Unbiased Estimator regression equation. The classical assumption tests were normality, autocorrelation, multicollinearity, and heteroscedasticity tests. Based on the normality test obtained Kolmogorov Smirnov value of 0.461 with asymp.sig (2- Tailed) value of 0.984. The Asymp.Sig (2-tailed) value was greater than 0.05 so it has met the assumption of normality.

This research used run test to perform autocorrelation test. The autocorrelation test aimed to test whether in the regression model there was a correlation between the intruders in period t with the intruder error in period t-1 (previous). The result of run test showed that test value obtained was -0.01049 with probability equal to 0.314, more than 0.05. A probability number greater than 0.05 indicated that residuals were random and there was no autocorrelation between residual values. This research data did not occur autocorrelation problem either positive or negative so that have fulfilled autocorrelation assumption.

The test results showed that none independent variable had a tolerance value less than 0.10, which meant there was no correlation between independent variables. The test results also showed a VIF score of no more than 10. Based on the results of this test could be concluded that there was no symptoms of multicollinearity in the regression model prepared in this study.

A good regression model was a model that did not occur heteroscedasticity. If the variance of the residual one observation to another observation remained, then it was called homocedasticity but if it was different then it was called heteroscedasticity. To detect the presence of heteroscedasticity used glejser test. The result of glejser test showed that none of the independent variables which statistically had a significant effect on the absolute value of intellectual capital disclosure variable. This could be seen in probability significance was above the number of 0.05. So, it could be concluded that the regression model did not contain any heteroscedasticity.

Table 3. The Result of Hypothesis Testing

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	29.960	3.810		7.863	.000
Manown	-.323	.140	-.314	-2.316	.022
Instown	.065	.050	.157	1.308	.193
Govown	.362	.059	.585	6.180	.000
Forown	.162	.046	.387	3.537	.001
Mod_Manown_ACQ	1.134	1.685	.098	.673	.502
Mod_Instown_ACQ	3.024	1.139	.202	2.655	.009
Mod_Govown_ACQ	-.605	1.541	-.036	-.393	.695
Mod_Forown_ACQ	-2.087	1.274	-.121	-1.637	.104

Source: Secondary data processed 2017

Explanation:

Manown : Managerial Ownership Govown : Government Ownership
 Instown : Institutional Ownership Forown : Foreign Ownership
 Mod_Manown_ACQ : Moderation of Managerial Ownership_Audit Committee Quality
 Mod_Instown_ACQ : Moderation of Institutional Ownership_Audit Committee Quality
 Mod_Govown_ACQ : Moderation of Government Ownership_Audit Committee Quality
 Mod_Forown_ACQ : Moderation Foreign Ownership_Audit Committee Quality

Based on Table 3, then the results of the research hypothesis testing decision were presented briefly in Table 4.

Table 4. Summary of Testing Decisions

No.	Hypothesis	Sig	Decisions
1.	Managerial ownership had a negative effect on intellectual capital disclosure	0.022	Accepted
2.	Institutional ownership had a positive effect on intellectual capital disclosure	0.193	Rejected
3.	Government ownership had a positive effect on intellectual capital disclosure	0.000	Accepted
4.	Foreign ownership had a positive effect on intellectual capital disclosure	0.001	Accepted
5.	The quality of the audit committee moderated the effect of managerial ownership on intellectual capital disclosure	0.502	Rejected

No.	Hypothesis	Sig	Decisions
6.	The quality of the audit committee moderated the effect of institutional ownership on intellectual capital disclosure	0.009	Accepted
7.	The quality of the audit committee moderated the effect of government ownership on intellectual capital disclosure	0.695	Rejected
8.	The quality of the audit committee moderated the effect of foreign ownership on intellectual capital disclosure	0.104	Rejected

This study examined the effect of managerial ownership, institutional ownership, government ownership and foreign ownership on intellectual capital disclosure. In addition, this study also examined the presence of moderating variable in strengthening or weakening the effect of independent variables on the dependent variable. The moderating variable in this study was the quality of audit committee, in which in this testing has been tested for its influence in moderating the effect of managerial ownership, institutional ownership, government ownership and foreign ownership variables to the extent of intellectual capital disclosure. The variable that had a significant negative effect was managerial ownership, and those with significant positive effect were government ownership and foreign ownership, while the institutional ownership variable proved had no effect on intellectual capital disclosure.

Managerial ownership in this study was proxied by the number of shares owned by management ranks divided by the number of shares outstanding. The test results showed that the variable of managerial ownership statistically showed significant result at $\alpha = 0.05$ that was equal to 0.022. Differences in interests between the owners of the company and the management of the company often led to conflict between the two. In addition, management had a direct interaction with the company so that management had more information about the company than the owner of the company who got the information through the reports presented by the management. Based on the agency theory proposed by Jensen & Meckling (1976) high managerial ownership could reduce conflicts between company owners and management. The existence of share ownership by the management ranks within a company would encourage the unification of interests between owners and management so that managers would act as expected. Other than that, agency theory also stated that the result of high managerial ownership would reduce conflicts of interest as managers would receive more incentives to maximize their performance. Therefore, the owner of the company did not require additional monitoring for manager behavior. Companies run by owner usually had stronger relationships, so it might not be necessary to provide many incentives to provide more disclosure as owners could obtain information through informal channels (Vale, Branco, & Ribeiro, 2016).

The negative effect of managerial ownership on the extent of intellectual capital disclosure in this study was in line with the research conducted by Cahya (2013), Ahmed Haji (2015), and Utama & Khafid (2015) which stated that high managerial ownership negatively affected on the extent of company's intellectual capital disclosure. The results of this study were in line with the framework that has been suggested that high managerial ownership in the company would negatively affect on the extent of intellectual capital disclosure. The logic which put forward in the framework was based on agency theory which stated that to reduce conflicts of interest could be by increasing managerial ownership.

Institutional ownership was the ownership of shares by the institution both government institutions, private institutions, domestic and foreign. Strict supervision by shareholders of the institution aimed to make managers act in accordance with the company's goal that was increasing firm value. The result of the research showed that the amount of institutional ownership had no significant effect on intellectual capital disclosure extent. This was presumably because the demand for information by institutional investors varied according to their needs. This was evidenced by the sample of financial companies which had low institutional ownership there was

24 units of analysis, but they had a very high level of intellectual capital disclosure.

As example, PT. Bank Centrral Asia Tbk had an institutional ownership of 1.76 in 2013, 0 in 2014, and 1.76 in 2015, but had an ICD (Intellectual Capital Disclosure) score which was above average, respectively 52.5 in 2013, 47.5 in 2014 and 55 in 2015. As for PT. Bank Rakyat Indonesia Tbk was categorized low on its institutional ownership, which was 7.55 in 2013, 15.14 in 2014 and 8.43 in 2015 but had high ICD scores of 50 in 2013, 62.5 in 2014, and 62.5 in 2015. The results of this study are in line with the study conducted by Ahmed Haji & Mohd Ghazali (2013) and Aisyah & Sudarno (2014) which found that institutional ownership had no effect on the extent of corporate intellectual capital disclosure.

Government ownership was the number of shares owned by the government in the company. The test results showed that there was a positive influence of government ownership on the extent of intellectual capital disclosure. With the existence of large shareholding by a government in a company, the government was entitled to participate in corporate management such as the selection of directors and decision-making. In addition, with the existence of government ownership, the government could control various policies taken or implemented by management to be in accordance with the interests of the government, in order to survive, the company must be able to adjust to the government's objectives. The result of this study was in line with the study conducted by Ahmed Haji & Mohd Ghazali (2013); Aisyah & Sudarno (2014); Firer & Williams(2005); Ghazali (2007); and Soon Yau et al. (2009) which stated that government ownership had a positive effect on intellectual capital disclosure

Currently, there were a lot of foreign investors who invested in companies in Indonesia. Foreign ownership was a shareholding by foreign investors. The result of the research proved that foreign ownership positively affected on the disclosure of intellectual capital. The presence of shareholding by foreign investors was considered to be an effective monitor for management in developing markets, as foreign investors often had high standards of corporate governance implementation. Although, it was recognized that foreign ownership in a company often caused asymmetric information resulting in conflict between owners and management, such asymmetric information could be due to differences in culture, languages, and geographical circumstances. The results of this study were in line with the results of the studies conducted by Aisyah & Sudarno (2014); and Saleh et al. (2010) which found that the higher the foreign ownership in a company, the higher the level of corporate information disclosure, including the information of intellectual capital.

The moderating role of audit committee quality which was tested on the effect of managerial ownership, institutional ownership, government ownership, and foreign ownership on intellectual capital disclosure obtained varied results. The quality of audit committee proved to moderate the effect of institutional ownership on intellectual capital disclosure. Variable of Mod_Instown_ACQ which was the interaction variable between institutional ownership and audit committee quality statistically had a significant effect on intellectual capital disclosure with sig number of 0.009 (smaller than 0.05). However, the quality of audit committee was not proven to be able to moderate the effect of managerial ownership, government ownership, and foreign ownership on intellectual capital disclosure.

The quality of audit committee was proved as a moderating variable, because with the effective performance and role of the audit committee in overseeing corporate financial reporting practices, it would make corporate annual report more qualified, more relevant and contained the information required by shareholders. Audit committees were said to have good quality if the audit committee fulfilled its duties and responsibilities as an audit committee in accordance with prevailing laws and regulations. A qualified audit committee was deemed to have been able to provide supervision on the corporate financial reporting, so that the institutional owners got benefit from better control of the audit committee on the quality of corporate reporting.

On the other hand, the quality of the audit committee was not proven to be able to moderate the effect of managerial ownership, government ownership, and foreign ownership on intellectual

capital disclosure. The unsuccessful of the audit committee quality in moderating the effect of managerial ownership, government ownership, and foreign ownership on intellectual capital disclosure was presumed due to the extent of such ownerships in a company had simply given the company an encouragement to disclose a wider range of corporate information including about the intellectual capital owned by the company. Companies with high government ownership and foreign ownership would continue to do corporate transparency regardless of good or bad quality of the audit committee existing in the company. Ahmed Haji & Mohd Ghazali (2013) argued that whit the presence of government ownership in the company there would be very tight control or monitoring for managers. The control or monitoring to ensure that managers acted in accordance with corporate objectives, through corporate governance and reports made by management, the government could monitor the management of the company. Utama & Khafid (2015) stated that the presence of foreign ownership in a company could be an effective monitor for managers in developing markets, as foreign ownership required high standards of corporate governance, regardless of good or bad quality of the audit committee.

CONCLUSIONS

Based on the results and discussion about effect testing between variables, it can be concluded several things as follows

1. managerial ownership has a significant negative effect on the disclosure of intellectual capital. This means that each level increase in managerial ownership is followed by a decrease in intellectual capital disclosure.
2. institutional ownership has no significant effect on intellectual capital disclosure.
3. government ownership has a significant positive effect on intellectual capital disclosure. This means government ownership can serve as an effective monitor for managers and be a great pressure to act according to corporate goals.
4. foreign ownership has a significant positive effect on intellectual capital disclosure. It means that the greater foreign ownership in the company will be accompanied by the increase of intellectual capital disclosure in the company.
5. the quality of the audit committee is not proven to moderate the effect of managerial ownership on the extent of intellectual capital disclosure.
6. the quality of the audit committees proved to have a significant effect in moderating the effect of institutional ownership on the extent of intellectual capital disclosure.
7. the quality of the audit committee is not proven to moderate the effect of government ownership on the extent of intellectual capital disclosure.
8. the quality of the audit committee is not proven to moderate the effect of foreign ownership on the extent of intellectual capital disclosure.

Based on the results and discussion in advance, then the proposed suggestion is as follows:

1. The results of the research show that managerial ownership negatively affects on intellectual capital disclosure. The higher managerial ownership in a company will be the lower the extent of intellectual capital disclosure. Therefore, to be able to control the company in terms of information disclosure practices can be by limiting the ownership of shares by the management, so as to suppress the opportunistic attitude of management. In addition, it can also increase ownership by the government and foreign shareholding so that there is a strong control on the company, including in terms of information disclosure practices.
2. The results of the study show that the quality of the audit committee is proven can be a moderator on the effect of institutional ownership on the extent of corporate intellectual capital disclosure. It can be one way owners of companies or stakeholders to maximize the practice of corporate disclosure is to improve the role and function of existing audit committees in the company so as to help owners and stakeholders to supervise and monitor the management of companies by companies and companies running in accordance with corporate goals .

3. Measurement of research intellectual capital disclosure uses index developed by Hajj and Ghazali (2013) conducted in Malaysia with the consideration that the economic condition of the country has many similarities with Indonesia. This has been commonly done in research. However, it is still interesting to develop a new index that is more adapted to real conditions in Indonesia that are better able to identify items of intellectual capital owned by companies in Indonesia, especially the items of intellectual capital disclosure in financial companies.

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