



Auditor Type as Moderating of the Determinants of Intellectual Capital Disclosure

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ABSTRACT

This research intends to examine the effect of an independent board of commissioners, firm size, and leverage on intellectual capital disclosure and to test the auditor type as moderator. The measurement of intellectual capital disclosure uses content analysis. The research population is consumer good industry manufacturing companies listed on the Indonesia Stock Exchange 2016-2018. The research sample was taken using the purposive sampling technique with 105 units of analysis. The research data collection method uses the documentation method. The data were analyzed using descriptive statistical analysis techniques and inferential analysis. Hypothesis testing uses moderated regression analysis. The results showed that firm size has a positive effect and leverage has a negative effect on intellectual capital disclosure. Auditor type moderates the effect of leverage on intellectual capital disclosure. The independent board of commissioners does not affect intellectual capital disclosure. Auditor type does not moderate the effect of the independent board of commissioners and firm size on intellectual capital disclosure. The conclusion of this study shows that the disclosure of intellectual capital will be higher in large firms and auditor type will increase the disclosure of intellectual capital in firms with high leverage.

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INTRODUCTION

The era of globalization causes Science and Technology (IPTEK) to develop rapidly. It is undeniable that this development demands a change in the company's mindset. One of which is starting to develop intangible assets in order to compete and follow the development of science and technology. Corporate tangible assets such as machinery, buildings, equipment, and others began to turn into intangible assets in the form of knowledge capital, skills, and individual competencies of the company (Rachmi & Ardiyanto, 2014). The change made companies start disclosing intangible assets or intellectual capital in corporate annual reports which were previously not disclosed in traditional accounting reports. Intellectual capital disclosure in Indonesia began to be known when the emergence of PSAK No. 19 of 2010 concerning intangible assets and the issuance of the Decree of the Chairman of Bapepam LK Number: Kep-431/BL/2012 concerning Submission of Public Company Annual Reports.

Quoted from Issetiabudi (2018), World Intel-

lectual Property Organization (WIPO), found that the real value of intangible assets reached US\$ 5.9 trillion in 2014, or an increase of 75% compared to 2000. This indicates that the value obtained by the company is strongly influenced by intellectual capital and has experienced a rapid increase. However, in fact, intellectual capital disclosure is still low. This is based on the research conducted by Bhatia & Agarwal (2015), intellectual capital disclosure has an average of 24% in IPO Bombay Stock Exchange company. Baldini & Liberatore (2016), Italia intellectual capital disclosure is 37.9% on the Italia All-Share Index company. Hartrianto & Sjarief (2016), the average intellectual capital disclosure is 11.45% in consumer goods companies in Indonesia. Hasan et al. (2017) got an average disclosure of 25.4% for companies on the Dhaka Stock Exchange.

Intellectual capital disclosure is said to be high if the average is 60%-79.9%. Based on the previous research, the average intellectual capital disclosure has not reached 40%, so it can be concluded that the level of intellectual capital disclosure is still relatively low. Various factors, both internal and external factors of the company can affect the disclosure made. Research on various factors that affect intellectual capital disclosure has been widely carried out and has varied research results.

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Intellectual capital disclosure is positively influenced by an independent board of commissioners in the research of Bhatia & Agarwal (2015), Mehrotra et al. (2017), and Dey & Faruq (2019). Tulung et al. (2018) and Suwari et al. (2016) stated that intellectual capital disclosure is negatively affected by an independent board of commissioners. Isnalita & Romadhon (2013), Rezki (2018), and Rahman et al. (2019) stated that intellectual capital disclosure is not influenced by an independent board of commissioners.

Previous research which states that intellectual capital disclosure is positively influenced by firm size is Mehrotra et al. (2017), Sugandi & Handoyo (2018), and Rezki (2018). Research that has a negative effect was conducted by Nurdin et al. (2019). Research conducted by Kamath (2017) as well as Dey & Faruq (2019) state that intellectual capital disclosure is not affected by firm size.

Research conducted by Utama & Khafid (2015), as well as Rahman et al. (2019), state that intellectual capital disclosure is positively influenced by leverage. However, research conducted by Susanto et al. (2019) and Barokah & Fachrurrozie (2019), state that intellectual capital disclosure is negatively affected by leverage. Meanwhile, research conducted by Dey & Faruq (2019) and Kamath (2017), state that intellectual capital disclosure is not affected by leverage.

The inconsistency of these results makes the researchers interested in presenting moderators, which is auditor type. Wahyudin (2015) stated that if a review of the results of previous studies shows a research gap with a tendency for inconsistent results and a fluctuating coefficient of effect, it can present a moderating variable to detect the role of these variables. Auditor type is the company's external auditor who examines corporate financial statements and annual reports. Information disclosed, such as intellectual capital disclosure, must first be checked by the auditor to prevent fraud in the disclosure of information and suggest relevant information. The information that has been checked and the use of Big Four affiliated auditors can be a good signal for the company if it is sent to the market because it will increase investor trust. As a result, companies are more motivated to disclose intellectual capital. Rahim et al. (2011), stated that many studies have shown that Big Four affiliated KAPs provide relatively better quality audit results than non-Big Four KAPs.

The independent board of commissioners serves as the principal's representative to supervise and advise the company to disclose intellectual capital so that the principal's needs are met. The auditor can suggest appropriate and relevant information, both the same as the independent board of commissioners or different, according to the auditor's assessment so that intellectual capital disclosure becomes wider. Large companies tend to be more supervised by the community and the government (Ousama et al., 2012), so it is reasonable for companies to disclose more intellectual capital. The presence of auditors can help examine and sort out relevant and appropriate information so that the disclosure of corporate intellectual capital increases and has high

quality. Soebyakto et al. (2015), stated that companies with high leverage are obliged to meet the needs of creditors. This makes the company will try to disclose intellectual capital. The presence of auditors can help companies to suggest and select relevant intellectual capital information for creditors.

This study aims to determine the average level of intellectual capital disclosure in consumer good industry (CGI) companies on the Indonesia Stock Exchange (IDX) in 2016-2018 and to determine the result of the dependent variables which are directly influenced by the independent variables. In addition, this study also aims to understand the results of the dependent variables which are influenced by the independent variables which have been moderated by the moderators whether it is strengthening or weakening. Auditor type as a moderator is expected to strengthen the effect of the independent board of commissioners, firm size, and leverage so as to increase the disclosure of the corporate intellectual capital.

The theoretical basis for this research is agency and signaling theory. Agency theory explains the relationship between principals and agents. The agent who knows corporate information while the principal cannot supervise the agent's activities causes information asymmetry to occur. Generally, the principal will ask the agent to disclose information and the agent will do so to increase the principal's trust (Khafid & Alifia, 2018). Signal theory explains that the company will send a signal to the market in the form of disclosing information that is considered good and relevant to investors in the hope that the company will get appropriate reciprocal. One of the information that is used as a signal is intellectual capital disclosure.

Agency theory explains that information gaps often occur between principals and agents (Jensen & Meckling, 1976). The principal certainly wants information related to the company, one of which is intellectual capital information. The relevance of financial statements can be increased by intellectual capital and increase investor trust (Widiatmoko & Indarti, 2017). For this reason, the principal can appoint an independent board of commissioners as his representative to suggest intellectual capital disclosure to the company's management. Dey & Faruq (2019) stated that an independent board of commissioners increases regulatory monitoring which leads to better disclosure. This indicates that the independent board of commissioners can improve the quality of disclosure. In addition, the independent board of commissioners is responsible for implementing good corporate governance (Rezki, 2018) so that the company's performance becomes better. Mehrotra et al. (2017) and Tulung et al. (2018) stated that intellectual capital disclosure is positively influenced by an independent board of commissioners.

H₁: Intellectual capital disclosure is positively influenced by an independent board of commissioners

Agency theory explains the existence of information asymmetry between agents and principals which causes an increase in agency costs (Jensen & Meckling,

1976). This is due to the control of large companies costs more than small companies. Therefore, large companies can voluntarily disclose more complete information, especially intellectual capital disclosures to reduce agency costs (Ousama et al., 2012). Companies that do so will increase firm value and are seen as more trusted and transparent. In addition, large companies tend to disclose more because there are good sources of intellectual capital and access to technology to reduce information costs (Sugandi & Handojo, 2018). On the other hand, small companies may have limited information, not as much as large companies so they need additional costs. Moreover, small companies generally face a situation of intense competition so they must pay attention to competitive disadvantage so as not to jeopardize their position (Sari & Arisanti, 2018). Aprisa (2016) and Rahman et al. (2019) stated that intellectual capital disclosure is positively influenced by firm size.

H₂: Intellectual capital disclosure is positively influenced by firm size

Agency theory explains that if most of the company's wealth comes from creditors, it causes a high level of dependence on debt, resulting in high agency costs due to the transfer of wealth from creditors to company management (Jensen & Meckling, 1976). Debt is indeed necessary, but if in large quantities, it can cause worries from creditors regarding debt repayment; and to overcome this, creditors ask the company to disclose more information other than financial information. One of them is intellectual capital disclosure. Therefore, intellectual capital disclosure is mostly done by companies with high leverage because of the demands of creditors. Soebyakto et al. (2015) stated that management will try to disclose more information to creditors in accordance with the company's leverage level. In addition, companies with high leverage try to disclose information to creditors so that they know the companies are in good condition (Rahman et al., 2019). Bidaki & Hejazi (2014), and Widiatmoko & Indarti (2017) stated that intellectual capital disclosure is positively influenced by leverage.

H₃: Leverage has a positive effect on intellectual capital disclosure

The existence of an independent board of commissioners is expected to be able to represent investors to channel their opinions to company management so that company decisions can benefit investors. Dey & Faruq (2019), stated that an independent board of commissioners would add regulatory controls to make better disclosures. The signal theory states that companies will try to send good signals to the market in order to get appropriate reciprocal. The information disclosed by the company, which has been supervised by the independent board of commissioners has not fully become a good signal before being examined by external auditors. The goal is to ensure that there is no fraud in the information disclosed.

To achieve this, the company will choose auditors with high credibility. Rahim et al. (2011), stated that

Big Four affiliated auditors produce better quality audit results than non-Big Four auditors. Based on this statement, companies generally prefer Big Four auditors to conduct audits. Auditors will check whether the information to be disclosed is in accordance with the circumstances or not and is relevant or not. If appropriate, the information will be disclosed, but if it is not appropriate, the auditors will suggest more relevant information to be disclosed. Aprisa (2016) stated that Big Four affiliated auditors will try to maintain their reputation and be careful in their work. One of which is by recommending their clients to disclose more intellectual capital information. Intellectual capital information from an independent board of commissioners that has been examined by auditors as well as the use of Big Four affiliated auditors will certainly be a good signal for companies that increase investor trust so that independent commissioners are motivated to disclose intellectual capital.

H₄: Auditor type moderates the effect of independent commissioners on intellectual capital disclosure

Sugandi & Handojo (2018) stated that large companies have more information to disclose as well as good technology mastery to reduce the cost of disclosing information. Based on this, intellectual capital disclosure is mostly done by large companies. The signal theory states that companies will try to send good signals to the market in order to get an appropriate reciprocal (Spence, 1973). The amount of information owned by large companies if used as a signal is not fully a good signal. This is because the information is not all relevant and appropriate to be disclosed. Therefore, companies need help from external auditors.

The company will definitely choose an auditor with high credibility. Big Four affiliated auditors have relatively better quality auditor results compared to non-Big Four auditors (Rahim et al., 2011). The auditor will examine whether the information to be disclosed is relevant or not and the auditor may request to increase the disclosure of information, especially intellectual capital if it does not meet the auditor's criteria. Aprisa (2016) stated that Big Four affiliate auditors would try to maintain their reputation and be careful in their work, one of which is by recommending their clients to disclose more intellectual capital information. Due to the better quality of audit results, the information disclosed by the company and the use of Big Four affiliated auditors can be used as good signals if sent to the market and can increase investor trust. Based on this, it is expected that more intellectual capital disclosure will be disclosed by large companies that become clients of the Big Four affiliate auditors.

H₅: Auditor type moderates the effect of firm size on intellectual capital disclosure

Rahman et al. (2019) stated that more disclosure is done by companies with high leverage with the aim of telling creditors that the companies are in good condition. Companies with high leverage that do not make disclosures can be caused by the company's ignorance regarding the importance of disclosing information and

ignorance of sorting out good information to be used as signals. For this reason, companies can make disclosures by using advice from auditors that have been selected by the companies. Rahim et al. (2011) stated that the auditors of the Big Four affiliates have relatively better quality audit results than the auditors of the non-Big Four. The quality of the result which is better, then the disclosures will be more qualified and relevant so that based on signal theory, it can be a good signal if sent to the market. Sending a good signal certainly makes the company be more trusted by creditors because the information is examined by auditors who have good quality audit results. In addition, to maintain their reputation, the auditors of Big Four affiliates will not take any disgraceful actions that can harm their reputation and advise companies to be more detailed in presenting company reports. (Aprisa, 2016).

H₆: Auditor type moderates the effect of leverage on intellectual capital disclosure

RESEARCH METHODS

This study was a type of quantitative research. The research population was CGI companies listed on the IDX in 2016-2018. Purposive sampling was used as a sampling technique and a sample of 37 companies was obtained. The sample selection criteria are presented in Table 1.

Intellectual capital disclosure was used as the dependent variable, with the independent board of commissioners, firm size, and leverage as independent variables, and the moderator was auditor type. The explanation of the operational definition of variables is described in Table 2.

The data was collected through the documentation method, with secondary data, which were sourced from corporate annual reports. The analytical methods used were descriptive statistical analysis, classical assumption test, and moderated regression. The research hypothesis is accepted if the significance value is less than equal to 0.05 ($\alpha \leq 0.05$). The data values of the independent and moderating variables were converted into standardized scores (Zscore). Moderation regression used the difference between the absolute value of the Zscore value. Testing the direct effect was carried out by regressing the Zscore value of the independent variable to the dependent variable, while the moderating effect was carried out by regressing the difference in the Zscore of the independent variable and the Zscore of the moderating variable on the dependent variable. The moderating regression equation is presented in equation 1.

$$ICD = a + \beta_1 INDP + \beta_2 SIZE + \beta_3 LEV + \beta_4 | INDP - AUD | + \beta_5 | SIZE - AUD | + \beta_6 | LEV - AUD | + e \dots(1)$$

RESULTS AND DISCUSSIONS

The ICD has a minimum value of 0.22, a maximum of 0.58, an average of 0.4041, and a standard deviation of 0.08674, which means that intellectual capital disclosure in this sector is in the moderate category.

Table 1. Sample Selection Criteria

No	Criteria	Beyond Criteria	Included Criteria
	CGI companies listed on the IDX in 2016-2018		57
1.	CGI companies listed on IDX consecutively during 2016-2018.	(16)	41
2.	CGI companies that published complete annual reports for 2016-2018.	(4)	37
3.	CGI companies that have a closing date other than December 31.	(0)	37
	Number of analysis units (3 x 37)		111
	Outlier Data	(6)	105
	The final number of the analysis units		105

Source: Processed secondary data, 2020

ry. INDP has a minimum value of 0.25, a maximum of 0.75, an average of 0.3967, and a standard deviation of 0.08672, which means that there are still companies that have not complied with FSA regulations regarding the minimum number of independent commissioners of 30%. SIZE has a minimum value of 25.66, a maximum of 32.20, an average of 28.6067, and a standard deviation of 1.56752, which means that the sample companies have almost the same number of assets with not too far different. LEV has a minimum value of 0.08, a maximum of 0.92, an average of 0.4012, and a standard deviation of 0.18756, which means that there are sample companies that are highly dependent on debt, and some are not dependent on debt. AUD has a frequency distribution value of 0.60 for the non-Big Four categories and 0.40 for the Big Four category, which means that 60% of the sample companies use non-Big Four auditors.

The result of the normality test using the Kolmogorov-Smirnov shows a significance value of 0.183, greater than 0.05 so that the residual data are normally distributed. The autocorrelation test using the Run Test shows that there is no autocorrelation with a significance value greater than 0.05, which is 0.377. The multicollinearity test shows that all variables have a tolerance value > 0.01 and a VIF value < 10, so the regression model does not experience multicollinearity. The heteroscedasticity test uses the Glejser test and all variables have a significance value > 0.05 so that this research model is free from heteroscedasticity. The results of the moderating regression equation are presented in equation 2. Meanwhile, the results of hypothesis testing are presented in Table 3.

$$ICD = 0.374 + 0.006 ZscoreINDP + 0.024 ZscoreSIZE - 0.019 ZscoreLEV - 0.012 | ZscoreINDP - ZscoreAUD | + 0.013 | ZscoreSIZE - ZscoreAUD | + 0.022 | ZscoreLEV - ZscoreAUD | + e \dots(2)$$

Table 2. Definition of Research Variables

Variables	Code	Definition	Measurement
Intellectual capital disclosure	ICD	Intellectual capital disclosure is measured using 36 disclosure items (Ulum, 2017).	$ICD\ Index = \frac{\sum Score\ of\ Disclosure}{Cumulative\ Score\ (64)}$ (Ulum, 2017)
Independent board of commissioners	INDP	Percentage of the independent board of commissioners compared to the total number of the company's board of commissioners (Hartrianto & Sjarief, 2016).	$INDP = \frac{\sum Independent\ Board\ of\ Commissioners}{\sum Company\ Board\ of\ Commissioners}$ (Hartrianto & Sjarief, 2017)
Firm Size	SIZE	Total company assets over one year (Rezki, 2018).	$SIZE = Ln(Total\ Asset)$ (Rezki, 2018)
Leverage	LEV	Comparison of total debt owned by the company with total assets (Dey & Faruq, 2019).	$DAR = \frac{Total\ Debt}{Total\ Asset}$ (Dey & Faruq, 2019)
Auditor Type	AUD	External auditor used by the company (Dey & Faruq, 2019).	1 = if the auditor is Big Four or affiliated 0 = if the auditor is non-Big Four or not affiliated (Dey & Faruq, 2019)

Source: Processed secondary data, 2020

Intellectual Capital Disclosure Influenced By Independent Board of Commissioners

The research result shows that intellectual capital disclosure is not influenced by the independent board of commissioners. The independent board of commissioners acts as a representative of investors to monitor and channel aspirations to the company. The ineffectiveness of the independent board of commissioners indicates that there are problems with the independent board of commissioners. Based on the result of research data, shows that 51% of the companies only present an independent commissioner of 30% in accordance with the FSA regulation. This indicates that companies tend to present the independent board of commissioners only to comply with the FSA regulation without paying attention to the performance of the appointed independent board of commissioners so that their roles and functions are not optimal. In addition, it could be due to the mechanism for selecting the independent board of com-

missioners, there is still a gap to appoint a board of independent commissioners who have a kinship with the board of directors (Rezki, 2018). This finding is in line with the research conducted by Isnalita & Romadhon (2013), Rezki (2018), and Rahman et al. (2019).

Intellectual Capital Disclosure is Influenced By Firm Size

The research result proves that intellectual capital disclosure is positively influenced by firm size. Large companies generally conduct more operational activities and this reflects the information they have, one of which is intellectual capital information. The existence of the effect of firm size indicates that the company has the awareness to disclose intellectual capital based on motivation, demands, and other reasons. Ousama et al. (2012) stated that large companies disclose more intellectual capital since companies have more sources of information and have more business activities and can

Table 3. Hypothesis Testing Results

Hypothesis	Statements	β	Sig	Results
H ₁	Intellectual capital disclosure is positively influenced by the independent board of commissioners	0.006	0.474	Rejected
H ₂	Intellectual capital disclosure is positively influenced by firm size	0.024	0.005	Accepted
H ₃	Intellectual capital disclosure is positively influenced by leverage	-0.019	0.021	Rejected
H ₄	Auditor type moderates the effect of independent commissioners on intellectual capital disclosure	-0.012	0.194	Rejected
H ₅	Auditor type moderates the effect of firm size on intellectual capital disclosure	0.013	0.349	Rejected
H ₆	Auditor type moderates the effect of leverage on intellectual capital disclosure	0.022	0.025	Accepted

Source: Processed secondary data, 2020

be used to make disclosures. Large companies tend to have high agency costs as investors always monitor the company's performance. In addition, based on the research data, it is shown that large companies that are known by the general public, conduct intellectual capital disclosures which are quite high, which is 50%. These companies include Kimia Farma, Kalbe Farma, and Kino Indonesia. This indicates that the company is motivated to maintain its good name and the trust of investors since the product and the company is widely known to the public. The result is in line with research by Rahman et al. (2019), Aprisa (2016), and Sugandi & Handojo (2018).

Intellectual Capital Disclosures is Influenced by Leverage

The research result shows that intellectual capital disclosure is negatively affected by leverage. Companies with high leverage generally get demands from creditors to provide information other than financial information to predict the condition of the company in the future. This is done since lending funds is very risky, especially for companies with high leverage. However, the negative effect of leverage indicates that the company is not motivated to make disclosures. This happens because companies with high leverage have gained the trust of creditors to repay loans because they have good relationships, have good prospects in the future, and creditors who do not mind other aspects other than finance so that the company's desire to disclose intellectual capital decreases. Companies with high leverage and low disclosure of intellectual capital include Tri Banyan Tirta, Langgeng Makmur Industri, and Prasadha Aneka Niaga. This finding is in line with Susanto et al. (2019) and Barokah & Fachrurrozie (2019).

The Effect of the Independent Board of Commissioners on Intellectual Capital Disclosure Moderated by Auditor Type

The research result shows that auditor type does not moderate the effect of the independent board of commissioners on intellectual capital disclosure. Dey & Faruq (2019), stated that the independent board of commissioners would increase regulatory control to make disclosure better, thereby increasing intellectual capital disclosure. The auditor is tasked with examining the disclosure information and can suggest making a wider disclosure of intellectual capital so as to increase investor trust and motivate companies to disclose intellectual capital. The ineffectiveness of the independent board of commissioners, when moderated by auditor type, indicates constraints from the auditors. Based on the research result, as many as 60% of the sample companies use non-Big Four auditors while Rahim et al. (2011) stated that the auditors of the Big Four affiliates have relatively better quality audit results than the auditors of the non-Big Four. Based on this, it is indicated that companies that use non-Big Four auditors, auditors do not really recommend the board of commissioners to increase intellectual capital disclosure or only focus on

financial independent statements so that it has the impact of not increasing the disclosure of the company's intellectual capital disclosed by the independent board of commissioners because it does not get strengthening support from the auditor.

The Effect of Firm Size on Intellectual Capital Disclosure Moderated by Auditor Type

The research result proves that auditor type does not moderate the effect of firm size on intellectual capital disclosure. Sugandi & Handojo (2018), stated that large companies have more and more varied information to disclose and are supported by good mastery of technology to reduce the cost of information disclosure. This means that large companies will disclose more intellectual capital, but not all of the information is relevant and appropriate. For this reason, the auditor will examine whether the intellectual capital disclosure information is relevant and appropriate. The ineffectiveness of firm size, when moderated by auditor type, indicates constraints from the auditor. Based on the research result, as much as 60% of the sample which is large companies use non-Big Four auditors while Rahim et al. (2011) investor stated that the auditors of the Big Four affiliates have relatively better quality audit results than the auditors of the non-Big Four. Based on this, it is indicated that large companies that use non-Big Four auditors do not emphasize many companies to increase intellectual capital disclosure because they are considered to have been trusted by investors and only focus on financial statements so that the companies do not increase intellectual capital disclosure. The absence of advice from the auditor regarding the intellectual capital disclosure and encouragement from investors makes the companies feel that it is sufficient to disclose information so that there is no need to do so.

The Effect of Leverage on Intellectual Capital Disclosure Moderated by Auditor Type

The research result shows that auditor type moderates the effect of leverage on intellectual capital disclosure. Rahman et al. (2019) stated that companies with high leverage make disclosures such as intellectual capital with the aim of convincing creditors that they are in good condition. Therefore, companies with high leverage would disclose more intellectual capital to meet the needs of creditors. Before being disclosed, the information must have been examined by the auditors so that there is no fraud in intellectual capital information and is relevant for the creditors. The existence of the effect of leverage, when moderated by auditor type, indicates the auditors recommend companies with high leverage to increase intellectual capital disclosure. Based on this, the auditors advise the companies to increase the disclosure of intellectual capital in order to gain the trust of creditors. Intellectual capital information of companies with high leverage that have been examined and suggested by the auditors can increase creditor trust and the use of auditors can be a good signal to convince creditors regarding the company's condition. Because of this good

signal, companies are motivated to increase intellectual capital disclosure information.

CONCLUSIONS

Intellectual capital disclosure is proven to be done more by large companies than small companies. However, the disclosure of intellectual capital will decrease in companies with high leverage. The negative effect of leverage on intellectual capital disclosure will be weakened when moderated by auditor type, which means that the auditor can increase the disclosure of intellectual capital in companies with high leverage. This can be an option for investors to optimize disclosure by increasing auditor type or the quality of audit results. This study measures intellectual capital disclosure using a content analysis four-way numerical system by giving a score of 0-3 on the disclosure item. Further research can use other content analyses to assess corporate disclosures from a quantitative and qualitative perspective, such as a six-point scale content analysis.

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