

Do Intellectual Capital and Environmental, Social, and Governance (ESG) on Financial Performance?

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ABSTRAK

Mayoritas masyarakat Indonesia bergantung pada pertanian sebagai sektor penting. PSAK 69 mengenai agrikultur harus didukung oleh perusahaan yang bergerak di bidang ini karena mereka pasti memiliki aturan untuk menyusun Laporan Keuangan. Penelitian ini bertujuan untuk mengetahui pengaruh Intellectual Capital dan ESG terhadap Kinerja Keuangan (Sektor Pertanian Periode 2019-2021). Dalam konteks IC, variabel dependen yang dibahas dalam penelitian ini disimbolkan dengan VAIC dalam tiga cara: *value added capital efficient* (VACA), *human capital efficient* (VAHU), dan *structural capital efficient* (STVA). Selain itu, ada variabel dependen tambahan, yaitu ESG. Kinerja keuangan, yang diwakili dengan Return on Asset (ROA), adalah variabel independen dari penelitian ini. Studi ini adalah kuantitatif. Laporan Tahunan Bursa Efek Indonesia adalah sumber data sekunder time series yang digunakan dalam penelitian ini. Studi ini akan mengambil 36 sampel, dengan 12 perusahaan dipilih untuk menjadi sampel selama tiga tahun. Penelitian ini menggunakan metode eksplanatori. Studi ini menggunakan analisis deskriptif dan regresi linear berganda untuk menganalisis data. Hanya VAHU yang mempengaruhi ROA, sedangkan variabel lainnya tidak. Secara bersamaan, VACA, VAHU, STVA, dan ESG memberikan pengaruh sebesar 60.97% terhadap ROA, dan variabel lain yang tidak diteliti dalam penelitian ini memberikan pengaruh sebesar 39.03%.

Kata kunci : intellectual capital; environmental, social, dan governance (ESG); return on asset (ROA)

ABSTRACT

The majority of Indonesians depend on agriculture as an important sector. PSAK 69 regarding agriculture must be supported by companies engaged in this field because they must have rules for preparing Financial Statements. This study aims to determine the effect of Intellectual Capital and ESG on Financial Performance (Agriculture Sector 2019-2021 Period). In the context of IC, the dependent variable discussed in this study is symbolized by VAIC in three ways: Value Added Capital Efficient (VACA), Human Capital Efficient (VAHU), and Structural Capital Efficient (STVA). In addition, there is an additional dependent variable, ESG. Financial performance, represented by Return on Asset (ROA), is the independent variable of this study. This study is quantitative. The Indonesia Stock Exchange Annual Report is the source of secondary time series data used in this study. The study will take 36 samples, with 12 companies selected to be sampled for three years. This study uses the explanatory method. This study uses descriptive analysis and multiple linear regression to analyze the data. Only VAHU affects ROA, while the other variables do not. Together, VACA, VAHU, STVA, and ESG have an influence of 60.97% on ROA, and other variables not examined in this study have an influence of 39.03%.

Keywords : Intellectual Capital; Environmental, Social, dan Governance (ESG); Return on Asset (ROA)

INTRODUCTION

A country with a large agricultural potential is Indonesia. According to the 2022 Agriculture Sector GDP Analysis Report (Pusat Data dan Sistem Informasi Pertanian, 2022), (BPS, 2020), which covers the years 2018–2021, the agricultural sector is at the top of the list. This encourages businesses involved in forestry, agriculture, and fishing to abide by the rules published by the Indonesian Institute of Accountants (IAI) PSAK 69 on Agriculture (PSAK 19, 2000), which went into effect on January 1, 2018, on September 16, 2015. The agricultural, plantation, and fishing industries offer many possibilities for absorbing labor. This is a factor that contributes to the ability of intellectual capital (VAIC), which is supported in three ways: the Value Added Capital Coefficient (VACA), The Human Capital Coefficient (VAHU), and The Structural Capital Coefficient (STVA). When PSAK No. 19 (updated 2000), which dealt with intangible assets, first appeared, Indonesian intellectual capital started to grow. In a roundabout way, this encourages businesses to provide detailed IC

disclosures, which will enhance their own brand value. An entity's financial performance can improve even further with the help of IC's ability to foster market competition. Plantation firms were chosen as the study's focus because it is hypothesized that managing natural resources requires significant financial investment from plantation companies, who must thus take their stewardship seriously.

As the primary player in organizational life, HR has a very synergistic key position in achieving institutional goals, which is why Yuniarsih (2021) argues that HR performance in organizations must be controlled professionally. This necessitates the use of personnel development initiatives including training, recruitment, monitoring, and others. Based on this, researchers hypothesize that the more sufficient the money possessed by the firm, the more it will aid in managing the company's existing resources, including IC, which cannot function independently without sufficient finances or financing (Arifulsyah & Suci, 2020). According to Rahmah & Teuku (2019), IC is typically defined as the gap between a company's market value and the book value of its assets or financial capital. In addition to IC, variables regarding ESG are thought to be important and support the Company's financial performance. ESG has 3 (three) factors that can be described broadly, namely environmental, social and governance. Whitelock (2015) explains that ESG describes three main areas, namely environment, social, and governance to measure the company's capacity to survive (sustainability).

METHODS

Quantitative research is the kind that will be used. A sort of research known as quantitative research generates results that may be quantified (measured) by statistical methods or other means. Data that is numerical and has undergone statistical analysis is referred to as quantitative data. Using panel data regression analysis and descriptive statistical analysis, the author revised the data using Eviews 9. The mean, standard deviation, maximum, and lowest of study variables are analyzed using descriptive statistics. The relationship between the independent and dependent variables is examined using panel data regression analysis.

All businesses in the agricultural sector between 2019 and 2021 make up the population. Annual reports that have been published and reprocessed are the type of secondary data that is used. The study's findings are based on data analysis methods. The information gathered will be prepared for analysis. Descriptive analysis and multiple linear regression analysis are the data analysis methods used in this study. Prior to conducting multiple linear regression analysis, a Classical Assumption test is necessary to determine the validity of the data. The best method for estimating panel data regression is determined by one of three tests. In order to determine whether to employ the common effect or fixed effect method, the fixed effect significance test (Chow test) is first used. Second, the Hausman test is used to distinguish between random and fixed effects. Third, the choice between common effect and random effect is made using the Lagrange Multiplier (LM) test.

RESULTS

Common effect describes the test results that have been run to identify the best panel data regression model. According to McClave (2012), this study is normally distributed using more than 30 data points and has met all of its criteria. Additionally, there are no heteroscedasticity issues, multicollinearity issues between free variables in the regression model, or autocorrelation issues. The study's model is as follows:

$$Y = 9.149726 + 0.695722X_1 + 0.961008X_2 + 0.793297X_3 + 57.96242X_4$$

Table 1
Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.149726	7.126568	1.283890	0.2087
VACA_X1_	0.695722	0.485954	1.431662	0.1622
VAHU_X2_	0.961008	0.171596	5.600408	0.0000
STVA_X3_	0.793297	0.744768	1.065160	0.2950
ESG_X4_	57.96242	69.03964	0.839553	0.4076
R-squared	0.609730	Mean dependent var		2.148286
Adjusted R-squared	0.559372	S.D. dependent var		14.13982
S.E. of regression	9.385981	Akaike info criterion		7.444558
Sum squared resid	2730.996	Schwarz criterion		7.664491
Log likelihood	-129.0020	Hannan-Quinn criter.		7.521320
F-statistic	12.10804	Durbin-Watson stat		2.011090
Prob(F-statistic)	0.000005			

source: proseeded data

The dependent variable raised in this study supports the theory that one of the most valuable assets is human. VAHU which is the only partial variable that has an influence with ROA while other variables do not have a significant influence. Nurhayati (2017) explains that the most valuable asset in the company is Human Resources (HR), especially Intellectual Capital. In the company, cash estimates, fixed assets, tangible and intangible assets are actually controlled by humans. Without humans, the company's resources will not be able to generate profits or increase their own value. It is humans who can manage a company and humans who create that added value. Beyond humans are passive assets money can do nothing without human policy intervention.

There are more and more attempts to quantify and disclose the value of intellectual capital in the financial statements as the measurement of human capital's worth becomes increasingly important and as businesses increasingly rely on it. One estimate states that an organization's intangible intellectual capital—the employees' innovation, productivity, and services—can account for up to 75% of its source of value. The secret to raising the value of intellectual capital is effective HRM. Building intellectual capital is becoming increasingly popular at the moment in order to outperform other businesses. As a result, businesses work to draw in, train, and keep knowledge workers. Employees that contribute to the business through knowledge work rather than manual labor are known as knowledge workers (Kaswan, 2012). This research might respond that humans have a substantial impact on financial performance, namely ROA, in the current technological period where they are rumored to be replaced by sophisticated systems. It is anticipated that when more knowledgeable and experienced employees are hired by a company, the financial performance of the organization would improve and financial reports will be of higher quality.

CONCLUSION

The conclusion in this study is that partially VACA has no significant effect on ROA, VAHU has a significant effect on ROA, STVA has no significant effect on ROA, and ESG has no significant effect on ROA. But simultaneously shows that together they have an influence of 60.73% and the remaining 39.27% is influenced by other factors not examined in this study.

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