

## Intellectual Capital Disclosure and Type of Ownership on Evaluation of a Company's Financial Performance After IPO

Dyah Arini Rudhiningtyas<sup>1</sup>, Yuli Soesetio<sup>2</sup>, and Chois Nuril Faizza<sup>3</sup>

<sup>1</sup> Jurusan Akuntansi, Fakultas Ekonomi, Universitas Islam Malang

Jl. M.T. Haryono No.193, Dinoyo, Lowokwaru, Malang, East Java, Indonesia

<sup>2,3</sup> Jurusan Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Negeri Malang

Jl. Semarang No.5, Sumber Sari, Lowokwaru, Malang, East Java, Indonesia

### Info Artikel

#### Keywords:

Financial Performance,  
Intellectual Capital Disclosure,  
and Type of ownership

#### Kata Kunci:

Jenis kepemilikan, Kinerja keuangan, dan engungkapan modal intellectual

ISSN (print): 2598-7763

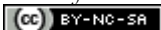
ISSN (online): 2598-7771

✉ Corresponding Author:

Yuli Soesetio:

Tel./Fax. 081333004448

E-mail: [yuli.soesetio.fe@um.ac.id](mailto:yuli.soesetio.fe@um.ac.id)



### Abstract

This study aims to determine the effect of Intellectual Capital Disclosure (ICD) and the type of ownership on financial performance after the IPO in short and medium period. This study uses a quantitative approach and multiple regression analysis. Data was obtained from prospectuses and financial statements of companies that conducted IPOs on Indonesia Stock Exchange for the period 2000-2015. The population in this study was all companies that conducted initial public offerings from 2000 to 2015, as many as 316 companies and 234 companies were selected as samples using purposive sampling methods. The results showed that Intellectual Capital Disclosure had a significant positive effect on short-term (1-year) and medium-term (3-year) financial performance post-IPO, however, type of ownership has no effect on short or medium-term financial performance post-IPO. These results show that the degree of intellectual capital disclosure can control the company's performance for the better.

Citation: Rudhiningtyas, D.A., Soesetio, Y., and Faizza, N., (2022). Intellectual Capital Disclosure and Type of Ownership on Evaluation of a Company's Financial Performance After IPO. AFRE Accounting and Financial Review. 5(1): 72-82

### Abstraks

Tujuan dari penelitian ini adalah untuk mengetahui pengaruh Intellectual capital Disclosure (ICD) dan jenis kepemilikan terhadap kinerja keuangan pasca IPO kurun waktu pendek dan menengah. Studi ini menggunakan pendekatan kuantitatif dan analisis regresi berganda. Data diperoleh dari prospektus dan laporan keuangan perusahaan yang melakukan IPO di Bursa Efek Indonesia periode 2000-2015. Populasi dalam penelitian ini adalah seluruh perusahaan yang melakukan Initial Public Offering periode 2000-2015, sebanyak 316 perusahaan dan 234 perusahaan dipilih sebagai sampel dengan menggunakan metode purposive sampling. Hasil penelitian menunjukkan bahwa Intellectual capital Disclosure berpengaruh signifikan positif terhadap kinerja keuangan jangka pendek (1 tahun) dan jangka menengah (3 tahun) pasca IPO, namun jenis kepemilikan tidak berpengaruh terhadap kinerja keuangan jangka pendek maupun jangka menengah pasca IPO. Hasil ini menunjukkan derajat pengungkapan intellectual capital mampu mengontrol kinerja perusahaan menjadi lebih baik..

JEL Classification: G30; G32; M14.

DOI: <https://doi.org/10.26905/afr.v5i1.7528>

## 1. Introduction

Technological developments, science, and intense competition require companies to change their business patterns. In order to survive, com-

panies are rapidly changing from labor-based businesses to knowledge-based businesses, with key characteristics of science (Lina & Margaretha, 2007; Wijayani, 2017). The mindset that initially

emphasized on conventional capital began to shift on knowledge capital.

The current business paradigm has changed from the industrial era to the era of knowledge-based economics (Lina & Margaretha, 2007). Under these conditions, to be able to win and dominate the market is largely determined by intangible assets inherent in each human resource. The transformation from the industrial era to the era of knowledge-based economics requires existing organizations to change in the organization's internal activity settings as well as enhance cooperation to transform knowledge at profitable business values (Sagiyeva et al., 2018). Knowledge-based economics makes it clear that the economy relies more on good knowledge, information, and innovation (Rohimah, 2021).

The development of the business paradigm is based on Resource Based View Theory by Wernerfelt (1984) where the resources and capabilities owned by the company are the basis or principal of competitiveness capabilities that are able to create a competitive advantage for the company. From the point of view of resource advantage theory, it is explained that the resources owned by the company can be utilized to provide a competitive advantage that results in more optimal financial performance (Xie et al., 2019).

Subaida et al. (2018); Fristiani et al. (2020) argue that Intellectual capital is a valuable and skilled resource in the field of science, both *tacit* knowledge (difficult to imitate) and explicit knowledge (easily imitated). Intellectual capital is a resource derived from transferable knowledge, experience, and staff competencies, ranging from an organization's ability to innovate and manage change, from its infrastructure from the relationship between stakeholders and partners to creating a company's competitive advantage (Bhatia & Agarwal, 2015).

Intellectual capital becomes one of the non-financial information needed by prospective investors and those who have existed during investment valuation and decision making (Widarjo et al., 2019). This helps provide information on the quality and prospects of the company in the future. Thus, the role of intellectual capital disclosure provides an overview of the organization's ability to dig, present, and manage information on the use of assets owned effectively (Octavio & Soesetio, 2019; Subaida et al., 2018). However, intellectual capital disclosure in Indonesia is still voluntary so there are no standards

governing the categories and items of intellectual capital that must be disclosed by the company (Heryana et al., 2020). The higher the level of intellectual capital disclosure, the higher the level of management prudence in carrying out its operational activities. This triggers an increasingly high level of monitoring by external parties about the company's performance and management, thus spurring management to always try their best to improve the company's performance. Companies with high intellectual capital intensity tend to be more effective and efficient in carrying out their operational activities, so that it will produce better performance compared to other companies (Widarjo et al., 2019).

Information about intellectual capital is very important to disclose, because by disclosing intellectual capital owned by the company, the company can show its ability to deal with existing business competition at this time and in the future. In addition, by disclosing intellectual capital owned by the company, the company can increase the trust of users of financial statements to the company (Redhita & Mayangsari, 2016).

In an effort to reduce asymmetric information, investors expect selected companies to disclose the broadest information about the company, including information about intellectual capital (Indah & Handayani, 2017). One way used to measure intellectual capital disclosure is to use the Intellectual capital Index by Singh & Van Der Zahn (2008), in which there are 81 intellectual capital items that can be disclosed by companies divided into 6 categories, employees as many as 28 items, customers as many as 14 items, information technology as many as 6 items, processes as many as 9 items, research and development as many as 9 items, and strategic statement of 15 items. Intellectual capital index is generally used to measure how much disclosure is made by a company regarding the intellectual capital it owns.

In addition to intellectual capital disclosure, monitoring activities against the company can be done by looking at company ownership, such as managerial ownership, foreign ownership, and ownership concentration. Managerial ownership is ownership by management of company shares or in other words the manager is also a shareholder of the company (Afriani et al., 2020). Managerial ownership gives managers the opportunity to have the same position as shareholders, so that managers will try to align their interests as owners and also as shareholders.

Foreign ownership of the company shows the percentage of ownership of the company's shares by foreign parties both individuals and groups or foreign business entities (Putri & Herawaty, 2019). The involvement of the majority of shareholders by foreign parties is better able to help companies when experiencing difficult conditions by utilizing a wider market and financial network (Asiedu & Esfahani, 2001). In addition, companies that have foreign shareholders tend to provide more disclosure compared to companies that do not have foreign shareholders (Muttakin et al., 2015). According to Hermiyetti & Erlinda (2016) foreign companies get better training in accounting than overseas holding companies, then the company may have more efficient information systems to meet the internal needs and needs of the holding company and the possibility of greater demand on foreign-based companies from customers, suppliers and the public.

Then for the ownership concentration is an instrument used by parties involved in agency conflict in achieving the settlement or alignment process so that the parties get optimal utility. According to Agency Theory by Jensen & Meckling (1976) the ownership concentration will increase the ability of shareholders to monitor management. But this decreases the quality of monitoring that only relies on a limited number of parties so that there is the potential for fraud and neglect of minority interests and leads to a decrease in the company's performance (I. Iwasaki & Mizobata, 2019).

This research aims to determine the influence of intellectual capital disclosure and type of ownership on the company's financial performance after an IPO, both short-term and medium-term. The IPO process provides benefits to the company's performance, but in the long run the benefits become reduced, even many companies even experience a decrease in financial performance (Guntoro & Harahap, 2008). Therefore, the study focused only on the short-term and medium-term performance of companies after the IPO. The results of this research are expected to be used by stakeholders as a consideration in making investment decisions.

## **2. Hypothesis Development**

Resource based theory discusses how a company can achieve competitive advantage by developing and analyzing its resources (Hold-

ford, 2018; Sunardi, 2017). Resource based theory emphasizes the utilization of resources owned by companies in the form of knowledge and other intangible assets to create a competitive advantage (Gibbert, 2006; Panda & Reddy, 2016). When a company has a competitive advantage, it shows that it is able to compete and create a high profit in a competition (Barney, 2018). When the company has a competitive advantage, then the company will be easier to win the market and create profits.

### **Resource Advantage Theory**

Resource advantage theory has the view that corporate resources are utilized to provide a competitive advantage that results in superior financial performance (Hunt & Morgan, 1995; Xie et al., 2019). Resource advantage theory refers to a company's resource-based view (Barney, 1991; Xie et al., 2019), and demonstrates that resources are tangible and intangible entities available to companies that enable them to produce efficiently and/or effectively (Egwuonwu et al., 2020). Resources that are valuable, limited, and difficult to imitate by competitors in the form of intangible resources so as to maintain sustainable competitive advantages (Barney, 1991; Danso et al., 2019).

### **Agency Theory**

According to agency theory, managers act on behalf of shareholders (Jensen & Meckling, 1976; Vitolla et al., 2019). The manager as an agent will act in accordance with the wishes of the shareholders as principals. However, agency relationships can cause two problems, information asymmetry and conflicts of interest (Chipeta & Deressa, 2016). Agency problems arise when there is an information asymmetry and differences in interest between principal and agent. Management can easily act in a different way to the interests of shareholders (Donnelly & Mulcahy, 2008). Management aims to maximize the company's current value, while shareholders are interested in the long-term value of the company (Nani & Vinahapsari, 2020). To reduce information asymmetry and differences in interests, shareholders as principals must monitor to ensure managers act in accordance with the wishes and provisions of shareholders to maximize the company's performance (Iwasaki & Mizobata, 2019; Iwasaki et al., 2020; Salehi et al., 2020; and Huang, 2020).

### **The effect of Intellectual Capital Disclosure on Financial Performance**

Intellectual capital refers to all intangible resources that contribute to a company's value creation process (Smriti & Das, 2018). This is contrary to financial and physical capital, which refers to the real resources of the company's value creation process (Beattie & Smith, 2013). The Company has disclosed information relating to intellectual capital in its annual report, corporate social responsibility (CSR) report, intellectual capital statement and environmental report.

Intellectual capital disclosure is very important for investors and prospective investors to assess the company's future performance and quality. By disclosing the intellectual capital owned by the company, the company can convince stakeholders about the policies they make. Therefore, the more items of intellectual capital disclosed by the company, the higher the company's performance. Smriti & Das (2018) use return on asset as a measure of a company's performance to capture the impact of intellectual capital. They found that Intellectual Capital (IC) positively affects a company's performance. Gilani & Geraily (2017); Muttakin et al. (2015) found a significant relationship between ICD and good company performance. On the other hand, Taliyang et al. (2011) found no significant relationship between ICD and company performance. Based on the explanation above, it can be formulated the following hypothesis:

H<sub>1</sub>: Intellectual capital disclosure positively affects short and medium-term financial performance after an IPO.

### **The Effect of Managerial Ownership on Financial Performance**

Managerial ownership shows the percentage of ownership of company shares by the management. In a company with managerial ownership, the manager will act as the owner and manager of the company as well as a shareholder. The manager will strive to align his interests as an owner and also as a shareholder so that it will get optimal profits (I. Iwasaki & Mizobata, 2019).

In a company without managerial ownership, it is possible for managers to act in accordance with vested interests and ignore the interests of shareholders. While the ownership of the company by the manager will make the process of alignment between the interests of the manager and the interests of the owner (Syafruddin, 2006). Thus, managers will strive to

improve the company's performance so that managers will earn higher returns. Managerial ownership can help the unification of interests between shareholders and management. The more the proportion of managerial shareholdings, the better the company's performance (Gunawan & Wijaya, 2020; Hermiyetti & Erlinda, 2016; Nilayanti & Suaryana, 2019). Based on this explanation, it can be formulated the following hypothesis:

H<sub>2</sub>: Managerial holdings have a positive effect on short and medium-term financial performance after an IPO.

### **The Effect of Foreign Ownership on Financial Performance**

Foreign ownership indicates the percentage of shares of a company owned by foreign investors, whether individuals, groups, or foreign business entities. The higher the ownership of the company's shares by foreign investors, it will be followed by an increase in the company's performance (Priyanto & Qibthiyyah, 2020). This is due to managerial efficiency, technical skills, and technological circumstances possessed by foreign parties (Hermiyetti & Erlinda, 2016). However, too large a percentage of foreign ownership led to a decrease in monitoring by shareholders of management.

In general, foreign investors have received better accounting training from the holding company so that they can conduct more active supervision of the company (Hadi & Sabeni, 2002). Therefore, foreign investors will have quite a lot of experience and knowledge that can be used as a benchmark in assessing the company's performance. Foreign ownership can monitor and control management policies because they have good skills and experience in finance and business. (Dewata et al., 2018). Supervision that is carried out actively makes managers will continue to work better to improve the company's performance. In addition to the benefits of monitoring, foreign ownership facilitates the transfer of technology to domestic companies, encourages technological innovation and a professional workforce (Nofal, 2020). Companies with foreign ownership perform better than other domestic companies without foreign ownership (Yavaş & Erdogan, 2016). Based on this explanation, it can be formulated the following hypothesis:

H<sub>3</sub>: Foreign ownership positively affects short and medium-term financial performance after an IPO.

### Effect of Ownership Concentration on Financial Performance

The ownership concentration indicates the number of outstanding shares held by the company's shareholders. Share ownership is called concentrated when there is an individual or group that owns the shares of the company with a dominant amount (Shahrier et al., 2020). The ownership concentration creates majority shareholders and minority shareholders. According to (Syafuruddin, 2006) the concentration of ownership is a key factor in producing optimal organizational performance.

In the agency's point of view, low disclosure of information on financial statements arises from differences of interest between owners and management (Shahrier et al., 2020). Ownership concentration can be a management disciplinary mechanism that can be used to improve the effectiveness of supervision (Gaur et al., 2015; Nuryaman, 2009). Monitoring of management aims to prevent unilateral decision making by management which will later have an impact on the decline in the company's performance (I. Iwasaki & Mizobata, 2019). Concentration of ownership is an instrument used by parties involved in agency conflict in achieving the settlement or alignment process so that the parties will get optimal benefits. Based on this explanation, it can be formulated the following hypothesis:

H<sub>4</sub>: Ownership concentration positively affects short and medium-term financial performance after an IPO.

### 3. Data and Methods

This study aims to examine the impact of intellectual capital disclosure and ownership on the financial performance of companies in the short (1 year) and medium (3 years) after the IPO. Fulfillment a complete and accurate data and analysis 3 years after the IPO to test the impact of the availability of medium-term IPO proceeds, this study used the period 2000-2015. The use of long periods of time as an effort to generalize research results, so that it is more accurate and useful for companies and stakeholders.

This type of research is quantitative. The data source used is secondary data in the form of prospectuses and financial statements of companies that conduct initial public offerings (IPOs) on

the Indonesia Stock Exchange for the period 2000-2015.

The population in this study is all companies that conducted Initial Public Offering (IPO) on the Indonesia Stock Exchange in the period 2000-2015, as many as 316 companies. The sample selection process of 234 companies uses purposive sampling methods with criteria, companies that publish prospectuses and financial statements that can be accessed.

Next, hypothesis testing will be analyzed using multiple linear regressions. Multiple regression analysis is conducted to see the influence of variables of intellectual capital disclosure (ICD), managerial ownership (MO), foreign ownership (FO) and ownership concentration (OC) on company performance measured using return on equity (ROE) ratios. The empirical model is used as follows:

$$\begin{aligned} ROEt1_i &= \alpha + \beta_1 ICD_i + \beta_2 MO_i + \beta_3 FO_i + \beta_4 OC_i + e \\ ROEt3_i &= \alpha + \beta_1 ICD_i + \beta_2 MO_i + \beta_3 FO_i + \beta_4 OC_i + e \end{aligned}$$

Where: ROEt1 = return on equity 1 year after IPO (short term); ROEt3 = return on equity 3 years after IPO (medium term); ICD = intellectual capital disclosure; MO = managerial ownership; FO = foreign ownership; OC = ownership concentration

## 4. Result

### Descriptive Analysis

Descriptive analysis is a statistical analysis method that aims to provide a description covers number of observation, mean, standard deviation, minimum and maximum value of the research subject based on variable data that has been obtained.

Table 1. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROEt1	234	1.405	1.639	0.004	12.96
ROEt3	234	1.671	2.512	-0.294	17.78
ICD	234	0.420	0.051	0.284	0.556
MO	234	0.069	0.169	0.000	0.849
FO	234	0.067	0.184	0.000	0.882
OC	234	0.119	0.185	0.000	0.830

Based on the results of an analysis of 234 observations showed the average return on equity one year after the IPO was 140.52%. The value indicates that the company is able to generate a

return to shareholders of 140.52% on the capital that has been invested for one year. The lowest return on equity rate one year after the IPO (ROEt+1) is 0.44%. The highest level of return on equity one year after the IPO (ROEt +1) is 1296,05%.

The average return on equity three years after the IPO was 167.11%. The value indicates that the company is able to generate a return to shareholders of 167.11% on the capital that has been invested for three years. The lowest return on equity three years after the IPO (ROEt +3) is -29.36%. While the highest return on equity three years after the IPO (ROEt +3) is 1777,71%.

The average intellectual capital disclosure company that conducted an IPO from 2000 to 2015 was 42% or there were as many as 31 items disclosed by the company out of a total of 81 intellectual capital disclosure items. The most dominant categories of intellectual capital disclosed are employees and processes, while the customer categories, information technology, R&D, and strategic statements are relatively underexpressed.

The average managerial ownership in companies that conducted initial public offerings (IPOs) in 2000-2015 was 6.87%. The highest number of managerial holdings is 84.87%, which means that 84.87% of shares are owned by managers. The average foreign ownership in companies that conducted initial public offerings (IPOs) in 2000-2015 was 6.66%. The highest foreign ownership rate is 88.20% which means that 88.20% of shares are owned by foreign shareholders. The average ownership concentration in companies that conducted initial public offerings (IPOs) in 2000-2015 was 11.93%. The largest ownership concentration is 82.98% consisting of the number of shareholdings of the company by shareholders with a total of 5%-25%.

### Regression Analysis Results

The results of regression analysis from model 1 in table 2, showed that intellectual capital disclosure (ICD) had a positive effect on short-term financial performance as measured by Return On Equity (ROE) one year after the IPO with a significance value of 0.006 less than  $\alpha$  0.1. The variable coefficient of intellectual capital disclosure of 6.842 indicates that an increase in intellectual capital disclosure by 1 will be followed by an increase in ROE one year after the IPO of 6,842 times. While the ownership type variables as measured by managerial ownership, foreign

ownership, and ownership concentration had no effect on roe one year after the IPO. This can be seen from a value of significance greater than  $\alpha$  0.1.

The results of regression analysis of model 2 in table 2, showed that the intellectual capital disclosure (ICD) variable also positively affected financial performance projected with Return On Equity (ROE) three years after the IPO which can be seen from a significance value of 0.064 smaller than  $\alpha$  0.1. The variable coefficient of intellectual capital disclosure of 6,054 indicates that the increase in intellectual capital disclosure by 1 This will be followed by an increase in ROE one year after the IPO of 6,054 times. While the variable type of ownership projected by managerial ownership, foreign ownership, and ownership concentration had no effect on roe one year after the IPO.

Table 2. Regression Results

Variables	Model 1 ROEt1	Model 2 ROEt3
ICD	6.842*** (2.086)	6.054* (3.114)
MO	0.0332 (0.648)	-0.297 (0.727)
FO	-0.336 (0.580)	0.186 (1.408)
OC	-0.0173 (0.589)	0.0347 (0.771)
Constant	-1.447 (0.887)	-0.868 (1.344)
Observations	234	234
R-squared	0.047	0.016

Note: \*\*\* significant at 0,01, \* significant at 0,10

## 5. Discussion

### The Effect of intellectual Capital Disclosure on Short and Medium-Term Financial Performance After an IPO

Intellectual capital disclosure affects financial performance as measured by return on equity, both short-term and medium-term after an IPO. The results of this study are in accordance with research conducted by Hermawan & Mardiyanti (2016) which states that intellectual capital measured using value added intellectual coefficient (VAIC) has a positive and significant effect on a company's financial performance as measured by return on equity. Another study conducted by Ozkan et al. (2016) stated that intellectual capital measured using value added

intellectual coefficient has a positive influence on the financial performance of companies, especially banks as measured using return on assets ratios. Research by Vitolla et al. (2019) which examined the influence of the quality of intellectual capital disclosure in integrated reporting also stated that there is a positive relationship between intellectual capital disclosure and the company's financial performance. The results show that the quality of intellectual capital disclosure in integrated reports is one form of monitoring and an important way to improve the company's performance.

These results support stakeholder theory by Freeman (1984) and agency theory by Jensen & Meckling (1976). Stakeholder theory emphasizes the disclosure of information about the company to external parties. In stakeholder theory it is explained that all stakeholders have the same rights to obtain information about the company's activities (Sirojudin & Nazaruddin, 2014). The effective and efficient utilization of intellectual capital and disclosure will contribute significantly to the achievement of competitive advantage and be able to improve the company's performance (Hermawan & Mardiyanti, 2016). Thus, the disclosure of complete and thorough information including intangible assets in the form of intellectual capital by the company is able to increase the trust and monitoring of external parties to management decisions so as to force management to always take policies that lead to improved company performance in accordance with the expectations of the owner.

Intellectual capital disclosure in Indonesia until now is still voluntary, so there are no specific standards or patterns governing what categories or items should be disclosed by the company (Heryana et al., 2020). Voluntary disclosure is disclosure of information beyond what is required because it is considered relevant to the needs of the report user. Vitolla et al. (2019) found that the quality of intellectual capital disclosure in integrated reports is still relatively low. The higher the intensity of intellectual capital owned by the company, the more efficient and effective the company is in carrying out its operational activities (Widarjo et al., 2019).

In the point of view of agency theory, the more items of intellectual capital disclosed by the company, the less information asymmetry between managers and shareholders (Indah & Handayani, 2017). This is due to the impact of intel-

lectual capital disclosure behavior in the complete financial statements and useful to align the interests of managers (agents) and shareholders (principals) (Vitolla et al., 2019). With the same goals and interests between managers and shareholders monitored through full, complete and complete disclosure of intellectual capital will further encourage managers to work better to improve the company's performance.

### **The Effect of Ownership Type on Short and Medium-Term Financial Performance After IPO**

The type of ownership projected by managerial ownership, foreign ownership, and ownership concentration has no effect on financial performance measured by return on equity, both short-term and medium-term after the IPO. Epi (2017) argues that the presence or absence of managerial ownership in companies does not make the company better or worse, because the managerial ownership structure is only a form of structural share ownership in the company. In addition, the existence of family control is one of the causes of the lack of monitoring function that should be obtained from the type of ownership. Muntahanah et al. (2021); Sugiarto (2009) explained that the majority of companies in Indonesia are controlled by families.

Anderson & Reeb (2003), mentions that family ownership is ownership owned by the family and / or family members are members of the company's board. A family company is defined as a form of company with ownership and management managed and controlled by the founder or members of his family or a family group that has family ties, either belonging to the main family or its expansion (blood relations or marital ties) (Sugiarto, 2009). According to Anderson & Reeb (2003), in a family company, families can occupy positions of employees, directors, and blockholders.

If the position as a manager in a company is occupied by the family then there will be a possibility that the manager will seek to protect the specific resources that the company has and allow the manager to enjoy the benefits generated for personal gain (Anderson & Reeb, 2003; Monica & Ng, 2018). Companies with family control in it will cause a culture of "doubtism", where if something goes wrong it will appear feelings of dismay or reluctant to reprimand or correct the existing mistakes. So that the benefits of monitoring that

should be utilized in efforts to improve the company's performance do not run effectively.

Monitoring carried out by foreign investors or by majority shareholders will not run effectively with family control within a company. The policies made by management aim to provide optimal benefits for the personal and allow to channel the coffers of the profits to the family (Monica & Ng, 2018). In a company controlled by the family, the company will maintain a family that sits in managerial despite being less competent. This will certainly have an impact on the company's performance in terms of improving the performance and quality of the company itself.

## 6. Conclusion and Suggestions

### Conclusion

The results of this study show that intellectual capital disclosure becomes an effective monitoring mechanism that is able to affect short-term (1 year) and medium-term (3-year) financial performance after the company conducts an Initial Public Offering (IPO). The more disclosure items the higher the level of monitoring of the performance of managers in managing the company thus driving improvements in company performance. In addition, the level of intellectual disclosure of capital is able to replace the control mechanism through monitoring in the form of types of share ownership in the short (1 year) and medium term (3 years) after conducting an Initial Public Offering (IPO).

### Suggestions

Future research can analyze the benefits of intellectual capital disclosure and types of ownership by adding family ownership to financial performance measured using ROA and ROE proxies in the short, medium, and long term. In addition, the use in certain business sectors can be an alternative to get better and comprehensive results.

### References

Afriani, Y., Laba, A. R., & Aswan, A. (2020). The Effect of Managerial Ownership, Financial Performance, Corporate Competition on Stock Prices with Capital Structure as the Intervening Variable in the Coal Mining Companies Listed on the Indonesia Stock Exchange. *Hasanuddin Journal of Business Strategy*, 2(1), 24-33.

- <https://doi.org/10.26487/hjbs.v2i1.307>
- Anderson, R., & Reeb, D. (2003). Founding-Family Ownership and Firm Performance: Evidence from the S&P 500. *The Journal of Finance*, 8(3), 1301-1328.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17, 99-120.
- Barney, J. B. (2018). Why resource-based theory's model of profit appropriation must incorporate a stakeholder perspective. *Strategic Management Journal*, 39(13), 3305-3325.
- Beattie, V., & Smith, S. J. (2013). Value creation and business models: refocusing the intellectual capital debate. *The British Accounting Review*, 45(4), 243-254.
- Bhatia, M., & Agarwal, B. (2015). Intellectual Capital Disclosures in IPO Prospectuses of Indian Companies. *International Journal of Social Sciences and Management*, 2(1), 40-51. <https://doi.org/10.3126/ijssm.v2i1.11685>
- Chipeta, C., & Deressa, C. (2016). The Asymmetric Effects of Financing Deficits and Surpluses on the Pecking Order Theory in Sub-Saharan Africa. *Investment Analysts Journal*, 45(2), 81-94.
- Danso, A., Adomako, S., Amankwah-Amoah, J., Owusu-Agyei, S., & Konadu, R. (2019). Environmental sustainability orientation, competitive strategy and financial performance. *Business Strategy and the Environment*, 28(5), 885-895.
- Dewata, E., Jauhari, H., Sari, Y., & Jumarni, E. (2018). Pengaruh biaya lingkungan, kepemilikan asing dan political cost terhadap kinerja perusahaan pertambangan di Indonesia. *Jurnal AKSI (Akuntansi Dan Sistem Informasi)*, 3(2), 122-132.
- Donnelly, R., & Mulcahy, M. (2008). Board structure, ownership, and voluntary disclosure in Ireland. *Corporate Governance: An International Review*, 16(5), 416-429.
- Egwuonwu, A., Sarpong, D., & Mordi, C. (2020). Cultural intelligence and managerial relational performance: a resource advantage perspective. *Journal of Intellectual Capital, ahead-of-p*(ahead-of-print).
- Epi, Y. (2017). Pengaruh Ukuran Perusahaan, Struktur Kepemilikan Manajerial dan Manajemen Laba Terhadap Kinerja Perusahaan Property dan Real Estate yang Terdaftar pada Bursa Efek Indonesia. *Riset & Jurnal Akuntansi*, 1(1).



- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman.
- Fristiani, N. L., Pangastuti, D. A., & Harmono, H. (2020). Intellectual Capital Dan Kinerja Keuangan Terhadap Nilai Perusahaan: Pada Industri Perbankan. *AFRE (Accounting and Financial Review)*, 3(1), 35–42. <https://doi.org/10.26905/afr.v3i1.4223>
- Gaur, S. S., Bathula, H., & Singh, D. (2015). Ownership concentration, board characteristics and firm performance: a contingency framework. *Management Decision*, 53(5), 911–931.
- Gibbert, M. (2006). Generalizing about uniqueness: an essay on an apparent paradox in the resource-based view. *Journal of Management Inquiry*, 15(2), 124–134.
- Gilani, A., & Geraily, S. M. (2017). Investigating the factors affecting the disclosure of intellectual capital in companies listed on the Tehran stock exchange. *Marketing and Management of Innovations*, 1, 280–288.
- Gunawan, J., & Wijaya, H. (2020). Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, dan Ukuran Perusahaan Terhadap Kinerja Perusahaan Manufaktur. *Jurnal Multiparadigma Akuntansi Tarumanagara*, 2, 1718–1727.
- Guntoro, A., & Harahap, T. N. (2008). Analisis perbedaan kinerja saham jangka pendek dan jangka panjang pada perusahaan initial public offering (IPO) di pasar modal Indonesia. *Jurnal Riset Bisnis Indonesia*, 4(2).
- Hadi, N., & Sabeni, A. (2002). Analisa Faktor-Faktor yang Mempengaruhi Luas Pengungkapan Sukarela dalam Laporan Tahunan Perusahaan Go Publik di Bursa Efek Jakarta. *Jurnal Maksi*, 1, 90–105.
- Hermawan, S., & Mardiyanti, U. I. (2016). Intellectual capital dan Kinerja Keuangan Perusahaan Manufaktur High IC Intensive. *BENEFIT Jurnal Manajemen Dan Bisnis*, 1(1), 70–78.
- Hermiyetti, & Erlinda. (2016). Analisis Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Kepemilikan Asing, dan Komite Audit terhadap Kinerja Keuangan Perusahaan. *Media Riset Akuntansi*, 6(2).
- Heryana, T., Wahyudi, S., & Mawardi, W. (2020). The mediating effect of intellectual capital disclosure between firms characteristics and firm value: empirical evidence from Indonesian company with non-recursive model analysis. *International Journal of Financial Research*, 11(2), 14–25.
- Holdford, D. A. (2018). Resource-based theory of competitive advantage - a framework for pharmacy practice innovation research. *Pharmacy Practice*, 16(3).
- Huang, Q. (2020). Ownership concentration and bank profitability in China. *Economics Letters*, 196. <https://doi.org/10.1016/j.econlet.2020.109525>
- Hunt, S. D., & Morgan, R. M. (1995). The Comparative Advantage Theory of Competition. *Journal of Marketing*, 59(2), 1–15.
- Indah, N., & Handayani, S. (2017). Pengaruh Corporate Governance Terhadap Intellectual Capital Disclosure. *Dipenogoro Journal of Accounting*, 6(3), 1–8.
- Iwasaki, I., & Mizobata, S. (2019). Ownership Concentration and Firm Performance in European Emerging Economies: A Meta-Analysis. *Emerging Markets Finance and Trade*, 1–36.
- Iwasaki, Ichiro, Ma, X., & Mizobata, S. (2020). Corporate ownership and managerial turnover in China and Eastern Europe: A comparative meta-analysis. *Journal of Economics and Business*, 111, 105928. <https://doi.org/10.1016/j.jeconbus.2020.105928>
- Jensen, & Meckling. (1976). Theory of the Firm: Managerial Behavior, Agency Cost, and Ownersip Structure. *Journal of Financial Economics*, 3, 305–360.
- Lina, A., & Margaretha, M. (2007). Manajemen Pengetahuan dan Daya Saing Organisasi: Sebuah Review Era Persaingan Berbasis Pengetahuan. *Jurnal Manajemen Maranatha*, 7(1).
- Monica, & Ng, S. (2018). Struktur Kepemilikan Sebagai Mekanisme Kontrol Idiosyncratic Risk untuk Meningkatkan Nilai Perusahaan. *Dinamika Akuntansi, Keuangan Dan Perbankan*, 7(1), 1–19.
- Muntahanah, S., Kusuma, H., Harjito, D. A., & Arifin, Z. (2021). The effect of family ownership and corporate governance on firm performance: a case study in Indonesia. *Journal of Asian Finance, Economics and Business*, 8(5), 697–706.
- Muttakin, M. B., Khan, A., & Belal, A. R. (2015). Intellectual capital disclosures and corporate

- governance: An empirical examination. *Advances in Accounting*, 31(2), 219–227.
- Nani, D. A., & Vinahapsari, C. A. (2020). Efektivitas penerapan sistem insentif bagi manajer dan karyawan. *Jurnal Bisnis Darmajaya*, 6(1), 44–54.
- Nilayanti, M., & Suaryana, I. G. N. A. (2019). Pengaruh Kepemilikan Manajerial dan Kepemilikan Institusional Terhadap Kinerja Keuangan Perusahaan dengan Kebijakan Dividen Sebagai Pemoderasi. *E-Jurnal Akuntansi Universitas Udayana*, 26(2), 906–936.
- Nofal, M. (2020). The effect of foreign ownership on firm performance: evidences from Indonesia. *3rd Asia Pacific International Conference of Management and Business Science (AICMBS 2019)*, 237–242.
- Nuryaman. (2009). Pengaruh Konsentrasi Kepemilikan, Ukuran Perusahaan, dan Mekanisme Corporate Governance Terhadap Pengungkapan Sukarela. *Jurnal Akuntansi Dan Keuangan Indonesia*, 6(1), 89–116.
- Octavio, D. Q., & Soesetio, Y. (2019). Intellectual capital and bank profitability: Evidence from conventional and Islamic bank in Indonesia. *Jurnal Keuangan Dan Perbankan*, 23(2), 191–205. <https://doi.org/10.26905/jkdp.v23i2.3028>
- Ozkan, N., Cakan, S., & Kayacan, M. (2016). Intellectual capital and Financial Performance: A Study of the Turkish Banking Sector. *Borsa Istanbul Review*. <https://doi.org/10.1016/j.bir.2016.03.001>
- Panda, D., & Reddy, S. (2016). Resource based view of internationalization: evidence from Indian banks. *Journal of Asia Business Studies*, 10(1), 41–60. <https://doi.org/10.1108/JABS-10-2014-0082>
- Priyanto, E. A., & Qibthiyyah, R. M. (2020). Pengaruh Kepemilikan Asing Terhadap Kinerja Perusahaan Manufaktur di Indonesia. *Jurnal Kebijakan Ekonomi*, 15(2).
- Putri, A., & Herawaty, V. (2019). Analisis Faktor-faktor yang Mempengaruhi Pengungkapan Modal Intelektual dengan Komite Audit Sebagai Pemoderasinya. *Seminar Nasional Cendekiawan*, 2.
- Redhita, D., & Mayangsari, S. (2016). Faktor-faktor yang mempengaruhi pengungkapan modal intelektual. *Media Riset Akuntansi, Auditing & Informasi*, 16(2).
- Rohimah. (2021). Knowledge-Based Economy as Human Capital Investment to Drive the Nation's Economic Growth. *Tahdzib Al Akhlak*, 4(1), 29–46.
- Sagiyeva, R., Zhuparova, A., Ruzanov, R., Doszhan, R., & Askerov, A. (2018). Intellectual input of development by knowledge-based economy: problems of measuring in countries with developing markets. *Entrepreneurship and Sustainability Issues*, 6(2), 711–728.
- Salehi, M., Mahmoudabadi, M., Adibian, M. S., & Rezaei Ranjbar, H. (2020). The potential impact of managerial entrenchment on firms' corporate social responsibility activities and financial performance: evidence from Iran. *International Journal of Productivity and Performance Management*, 70(7). <https://doi.org/10.1108/IJPPM-06-2019-0259>
- Shahrier, N. A., Yin Ho, J. S., & Gaur, S. S. (2020). Ownership concentration, board characteristics and firm performance among Shariah-compliant companies. *Journal of Management and Governance*, 24, 365–388.
- Singh, I., & Van Der Zahn, J. L. W. M. (2008). Determinants of intellectual capital disclosure in prospectuses of initial public offerings. *Accounting and Business Research*, 38(5), 409–431. <https://doi.org/10.1080/00014788.2008.9665774>
- Sirojudin, G. A., & Nazaruddin, I. (2014). Pengaruh Modal Intelektual dan Pengungkapannya Terhadap Nilai dan Kinerja Perusahaan. *Jurnal Akuntansi & Investasi*, 15(2), 77–89.
- Smriti, N., & Das, N. (2018). The impact of intellectual capital on firm performance: a study of Indian firms listed in COSPI. *Journal of Intellectual Capital*, 19(5), 935–964.
- Subaida, I., Nurkholis., & Mardiati, E. (2018). Effect of Intellectual capital and Intellectual capital Disclosure on Firm Value. *Jurnal of Applied Management*, 16(1), 125–135.
- Sugiarto. (2009). *Struktur Modal, Struktur Kepemilikan Perusahaan, Permasalahan Keagenan & Informasi Asimetri*. Graha Ilmu.
- Sunardi, N. (2017). Pengaruh Intellectual Capital (iB-VAICTM), FDR dan CAR Terhadap Efisiensi Biaya dan Implikasinya Pada Kinerja Perusahaan Bank Umum Syariah Indonesia Periode 2012 – 2016. *Jurnal SEKURITAS (Saham, Ekonomi, Keuangan, Dan Investasi)*, 1(1), 1–17.

- Syafruddin, M. (2006). Pengaruh Struktur Kepemilikan Perusahaan pada Kinerja: Faktor Ketidakpastian Lingkungan sebagai Pemoderasi. *Jurnal Akuntansi Dan Auditing Indonesia*, 10(1), 85-99.
- Taliyang, S. M., Latif, R. A., & Mustafa, N. H. (2011). The determinants of intellectual capital disclosure among Malaysian listed companies. *International Journal of Management and Marketing Research*, 4(3), 25-33.
- Vitolla, F., Raimo, N., & Rubino, M. (2019). Intellectual capital Disclosure and Firm Performance: An Empirical Analysis Through Integrated Reporting. *Management and Entrepreneurship Embracing Diversity in Organisations*.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.
- Widarjo, W., Rahmawati, Widagdo, A., & Sudaryono, E. (2019). Intellectual capital Disclosure and Post-issue Financial Performance. *Proceedings of the 5th Sebelas Maret International Conference on Business, Economics and Social Sciences*, 289-296.
- Wijayani. (2017). Pengaruh Intellectual capital terhadap Kinerja Keuangan Perusahaan Publik di Indonesia. *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, 2(1), 97-116.
- Xie, X., Huo, J., & Zou, H. (2019). Green process innovation, green product innovation, and corporate financial performance: a content analysis method. *Journal of Business Research*, 101, 697-706.