Global Scientific and Academic Research Journal of Economics, Business and Management
ISSN: 2583-5645 (Online)
Frequency: Monthly
Published By GSAR Publishers
Journal Homepage Link- https://gsarpublishers.com/journals-gsarjebm-home/

THE EFFECT OF SUSTAINABILITY REPORT DISCLOSURE ON FIRM VALUE MODERATED BY INTELLECTUAL CAPITAL IN BANKING COMPANIES ON THE INDONESIA STOCK EXCHANGE

By

Ni Nyoman Santi Dewi[1], I Gede Cahyadi Putra[2], Ni Wayan Rustiarini[3]

University of Mahasaraswati Denpasar[1,2,3]
Kamboja Street No. 11, Dangin Puri Kangin, North Denpasar, Denpasar, 80233, Indonesia

Article History

Received: 11/06/2025
Accepted: 27/06/2025
Published: 29/06/2025

Vol –4 Issue – 6

PP: -104-109

Abstract

Firm value is the investor's perception of the level of management success in managing company resources. At this time measuring the value of the company can not only be done through measuring the financial aspects of the company, non-financial aspects can help companies show the company's commitment to responsibility for the company's operational activities, one of which is by disclosing sustainability reports. This study aims to examine the effect of sustainability report disclosure on firm value with intellectual capital as a moderating variable. The population used in this study is the banking sector listed on the Indonesia Stock Exchange in 2019 - 2023. The method used in sample selection is purposive sampling with a total of 40 companies that meet the criteria.

Based on the results of the MRA test, it is found that the disclosure of sustainability reports has a positive effect on firm value. VACA and VAHU are able to strengthen the relationship between sustainability report disclosure and firm value, while STVA is unable to strengthen the effect of sustainability report disclosure on firm value.

Keywords: *Firm Value, Sustainability Report Disclosure, Value Added Capital Employed (VACA), Value Added Human Capital (VAHU), Structural Capital Value Added (STVA)*

1. Introduction

Firm value is the investor's perception of the level of management success in managing company resources. Firm value summarizes investors' collective assessment of a company's performance, both current performance and future projections (Indrarini, 2019:2). Company value is a benchmark for the work performance that has been achieved because an increase in company value indicates an increase in company performance (Annisa et al., 2023).

In general, stakeholders measure the value of the company based on the level of the company's share price in the market. At this time, measuring the value of the company with non-financial aspects can help companies demonstrate the company's commitment to responsibility for the company's operational activities, one of which is by disclosing sustainability reports. The existence of a company cannot be separated from its environment and society. Companies must balance economic achievement with social and environmental responsibility through Corporate Social Responsibility (CSR) activities (Dewi & Rustiarini, 2024). Sustainability is an important issue for many organizations around the world in today's business environment that faces serious sustainability risks (Carvajal & Nadeem, 2023). While on the other hand, not all companies are willing to publish sustainability reports. Other companies have yet to follow the standards issued by GRI, and companies tend to be inconsistent in making disclosures so as not to add company value (Nyoman et al., n.d.)Initiatives around the world to bring sustainability issues to the forefront have produced good results, namely an increase in awareness and a tendency to publish sustainability reports (Kuzey & Uyar, 2017).

Optimal disclosure of corporate sustainability reports can be assisted by the existence of the company's intellectual capital. Bontis (1998) recognizes the role of intellectual capital as a company's strategic resource that can be used to win the competition. Intellectual capital is a source of knowledge for business people who want to integrate sustainability values in the company's business strategies and practices (Rustiarini et al., 2023)

*Corresponding Author: **Ni Nyoman Santi Dewi.**

The banking sector is one that relies heavily on public trust. Banking companies are pioneering sustainability reporting due to their strategic position in the financial system, indirect influence on environmental and social issues, and commitment to good governance. This reporting is also a tangible manifestation of their responsibility in supporting sustainable development. Article 2 of POJK 51/2017 states that banks as Financial Services Institutions (FSIs) must apply the principles of sustainable finance. As financing providers, banks play an important role in selecting projects that have social and environmental impacts.

2. Literature Review

2.1 Signaling Theory

Signaling theory according to Spence (1973) states that internal parties, namely companies, send signs or signals in the form of data that describe the state of a company that is useful for external parties (investors). Signaling theory has a link to the company's efforts in disclosing sustainability reports to increase company value. This disclosure signals that the company has a commitment to sustainability and risk management, which is expected to increase market confidence and ultimately increase firm value.

2.2 Stakeholder Theory

Stakeholder theory explains that companies must be managed in accordance with the interests of their stakeholders (Karaman et al., 2018). Therefore, it can be said that the existence of a company or organization is greatly influenced by the support provided by stakeholders to the company (Ghozali & Chariri, 2007). Efforts are made to maintain relationships with stakeholders and to maintain the interests of each party, a sustainability report can be published (Hörisch et al., 2020).

2.3 Resource-Based Theory

Resource-based theory states that companies have resources that can make companies have a competitive advantage and are able to direct companies to have good long-term performance (Ulum, 2017). Resource-based theory explains that intellectual capital meets the criteria as a unique resource that is able to create a company's competitive advantage so that it can create value for the company, and can be used to develop and implement strategies so as to improve company performance for the better (Wijayani, 2017).

3. Hypothesis Development

3.1 Sustainability Report Disclosure and Firm Value

Complete, transparent, and standardized sustainability report disclosure will be captured by investors as a positive signal about the company's performance and sustainability that can increase investor confidence so that interest in the company's shares rises in line with signal theory. Sustainability report disclosure has a positive influence on firm value through reputation enhancement, risk reduction, and operational efficiency, this supports stakeholder theory, which emphasizes the importance of considering the interests of all stakeholders in corporate decision making (Freeman et al., 2017). Transparent and accountable sustainability practices can create long-term value for companies and stakeholders.

H_1 : Sustainability report disclosure has a positive effect on firm value.

3.2 Value Added Capital Employed (VACA) on Sustainability Report Disclosure and Firm Value

Companies with high Value Added Capital Employed tend to be more efficient in allocating resources to sustainability initiatives, such as carbon emission reduction, renewable energy, or social responsibility programs (Wang, 2019). The company is able to prove that sustainability strategies are in line with economic efficiency and the company's productivity improvements are driven by stakeholder trust (Wang, 2019). VACA can help strengthen this relationship through the competitive advantage of the company. Capital employed is related to resource-based theory which emphasizes that a firm's competitive advantage comes from valuable resources and capabilities (Barney, 1991).

H_2 : Value Added Capital Employed (VACA) strengthens the positive effect of sustainability report disclosure on firm value.

3.3 Value Added Human Capital (VAHU) on Sustainability Report Disclosure and Firm Value

Good Value Added Human Capital (VAHU) indicates that the company pays attention to talent management and employee welfare, which are important aspects in the social dimension of sustainability (Abu Bakar et al., 2020). Creative and innovative resources can create unique and effective sustainability solutions, such as environmentally friendly technology and social responsibility programs that have a major impact on company value (Selfiani et al., 2023). Value Added Human Capital (VAHU) plays an important role in sustainability report disclosure because it shows how companies manage and optimize employee contributions to achieve sustainability goals (Abu Bakar et al., 2020)

H_3 : Value Added Human Capital (VAHU) strengthens the positive effect of sustainability report disclosure on firm value.

3.4 Structural Capital Value Added (STVA)on Sustainability Report Disclosure and Firm Value

Structural Capital Value Added (STVA) is able to strengthen the positive influence of sustainability report disclosure on firm value through infrastructure, processes, and systems that support sustainability practices (Wang, 2019). Disclosures related to Structural Capital Value Added in sustainability reports provide a clear picture of how companies utilize internal structures (such as management systems, technology, business processes) to support sustainability (Bontis, 1998). This allows investors and other stakeholders to assess the company's long-term growth potential more accurately (Suhendro et al., 2021). Supported by the existence of good structural capital, companies are able to meet stakeholder expectations with corporate transparency through disclosure of sustainability reports.

*Corresponding Author: **Ni Nyoman Santi Dewi.**

H_4 : Structural Capital Value Added (STVA) strengthens the positive effect of sustainability report disclosure on firm value.

4. Research Methodology

This type of research is a quantitative approach that aims to determine the effect of sustainability report disclosure on firm value with intellectual capital as a moderating variable. With the research location in banking companies listed on the Indonesia Stock Exchange in 2019 - 2023 with a total population of 40 companies and the method of determining the sample in this study is purposive sampling. The data analysis technique used is moderated regression analysis (MRA).

5. Results and Discussion

5.1 Results

Moderation regression analysis was conducted on the independent variable, namely the disclosure of sustainability reports on the dependent variable, namely firm value, and the moderating variables, namely value added capital employed, value added human capital, and structural capital value added. Table 5.1 shows the results of hypothesis testing.

Table 5.1
Moderation Regression Analysis Results

	Coefficient	t count	Sig.	Description
(Constant)	0,235	0,441	0,660	
SRDI	0,299	2,229	0,027	Accepted
VACA	4,326	4,419	<0,001	
VAHU	1,019	8,768	<0,001	
STVA	0,378	1,633	0,104	
SRDI*VACA	8,963	2,460	0,015	Accepted
SRDI*VAHU	2,466	6,488	<0,001	Accepted
SRDI*STVA	0,932	1,538	0,126	Rejected
Adjusted R^2	0,558			
F-Value	36,888		<0,001	
** Sig. at level 0,05 (p<0,005)				

Source: Results of research data processing (2025)

Table 5.1 shows that the regression coefficient value of sustainability report disclosure on firm value is 0.299 with a significance value of 0.027. The significance value is smaller than 0.05, indicating that H1 is accepted.

The results of the moderation regression analysis for hypothesis 2 which examines the moderating role of value added capital employed on the effect of disclosure of sustainability reports on firm value are shown in Table 5.1 that the regression coefficient value is 8.963 with a significance value of 0.015. The significance value is smaller than 0.05 indicating that H2 is accepted.

The results of the moderation regression analysis for hypothesis 3 which examines the moderating role of value added human capital on the effect of sustainability report disclosure on firm value are shown in Table 5.1 that the regression coefficient value is 2.466 with a significance value of <0.001. The significance value is smaller than 0.05 indicating that H3 is accepted.

The results of the moderation regression analysis for hypothesis 4 which examines the moderating role of structural capital value added on the effect of disclosure of sustainability reports on firm value are shown in Table 5.1 that the regression coefficient value is 0.932 with a significance value of 0.126. A significance value greater than 0.05 indicates that H4 is rejected.

5.2 Discussion

5.2.1 Sustainability Report Disclosure and Firm Value

Transparent and accountable disclosure of sustainability practices by demonstrating good environmental management, corporate social responsibility, and good corporate governance demonstrates the company's commitment to values that are important to stakeholders. This is one of the factors that encourage trust and loyalty from investors, consumers, and the community which can encourage an increase in the company's reputation and value (Huang & Watson, 2015).. Investors are increasingly considering environmental, social, and governance factors so that disclosure of sustainability reports shows that companies are able to manage non-financial risks that affect long-term company performance. The process of preparing sustainability reports encourages companies to evaluate and improve operational efficiencies, such as waste reduction, more efficient energy use, and good resource management. These

*Corresponding Author: **Ni Nyoman Santi Dewi.**

efficiencies can increase profitability and firm value (Khunkaew et al., 2023).

These findings support stakeholder theory which emphasizes the importance of considering the interests of all stakeholders. Disclosure of sustainability reports is part of the company's communication efforts to stakeholders by conveying social and environmental responsibilities with the aim of increasing trust, reducing social conflicts, attracting investors, especially investors who care about environmental, social, governance. Companies that carry out and disclose social responsibility through sustainability reports provide positive signals to the company's reputation, stakeholder satisfaction and loyalty which can indirectly increase the company's market value in line with signal theory which states that parties who have more information (in this case management) can send signals to the market to reduce uncertainty.

5.2.2 Value Added Capital Employed (VACA) on Sustainability Report Disclosure and Firm Value

Value Added Capital Employed (VACA) is an added value to the company that shows the harmonious relationship the company has with its partners, both from reliable suppliers, loyal customers who are satisfied with the company's services, as well as companies with the government and surrounding communities (Ahmadi et al., 2022). Companies with high Value Added Capital Employed tend to be more efficient in allocating resources for sustainability initiatives, such as reducing carbon emissions, renewable energy, or social responsibility programs (Wang, 2019). High VACA indicates that the company in its sustainability report disclosure efforts avoids the potential for greenwashing, namely the company only appears to care about socio-environmental issues without any real work, thus strengthening the influence of the disclosure of sustainability reports on firm value. Companies are able to prove that sustainability strategies are in line with economic efficiency and increased company productivity driven by stakeholder trust (Wang, 2019). VACA plays a role in supporting the disclosure of corporate sustainability reports. High VACA shows that the company is able to manage and form positive relationships with stakeholders towards the company's efforts in carrying out sustainability strategies effectively which not only have an environmental and social impact, but also financially (Wang, 2019).

These findings are related to signal theory which states that companies provide signals to external parties (investors, stakeholders) to reduce information asymmetry (Spence, 1973). From a signaling theory perspective, disclosure of sustainability reports is a positive signal that the company is socially and environmentally responsible. However, this signal will be stronger and more effective if supported by the company's internal capabilities, such as efficiency in the use of capital as reflected in the high Value Added Capital Employed (VACA). In addition to signal theory, the findings are also supported by resource-based theory which emphasizes that a firm's competitive advantage comes from valuable resources and capabilities (Barney, 1991). In this case, sustainability reports and VACA are strategic resources that can increase firm value. Disclosure of sustainability reports can be a unique resource that reflects the company's capability in managing social, environmental, and governance issues.

5.2.3 Value Added Human Capital (VAHU) on Sustainability Report Disclosure and Firm Value

Value Added Human Capital (VAHU) is able to strengthen the relationship of sustainability report disclosure to firm value due to the central role of human resources in implementing and communicating sustainability initiatives effectively (Nakyeyune et al., 2023). A company's competent human resources can ensure real sustainability implementation to design effective sustainability strategies, implement environmental, social, and governance policies, and innovate sustainable business practices. VAHU reflects the quality and productivity of the company's resources. A high VAHU indicates that the company has a competent workforce, the company is able to manage resources well, and is able to create value through innovation, efficiency, and quality services. In this case, VAHU strengthens the credibility of sustainability report disclosure through the effective implementation of sustainability strategies, supported by employee capabilities that will increase investor confidence in the company's long-term growth potential (Sardo & Serrasqueiro, 2017).

Based on the signal theory according to Spence (1973), the signal sent by the company will have a stronger impact if it is considered credible by the signal receiver (investor). This signal will be more effective and have a big impact on the value of the company if it is supported by superior human resource capacity, as reflected in the high Value Added Human Capital (VAHU). VAHU strengthens the credibility of the signal because it shows that the company has the internal capability to realize sustainability in real terms (Nakyeyune et al., 2023). Based on resource-based theory, companies will have a competitive advantage because of the capabilities and expertise possessed by each human resource, including intangible assets (Barney, 1991). Human capital is a strategic resource in the resource-based theory because it cannot be easily imitated by competitors and plays a major role in the company's efforts to create added value.

5.2.4 Structural Capital Value Added (STVA)on Sustainability Report Disclosure and Firm Value

Structural Capital Value Added is not able to strengthen the influence of sustainability report disclosure on firm value, reflecting that the infrastructure and systems owned by the company cannot encourage the company's ability to implement sustainability efforts. This is because Structural Capital Value Added which describes the added value of structural capital such as systems, procedures, and organizational culture is considered to tend to focus more on the company's internal efficiency, not on the company's encouragement to make external disclosures related to the company's efforts on sustainability (Sundari & Setiany, 2021). Structural Capital Value Added is not easily measured and observed directly by investors and the public because it is invisible, so Structural Capital Value Added has not been able to provide direct signals to the market and investors that the

*Corresponding Author: **Ni Nyoman Santi Dewi.**

company has done something significant to sustainability efforts so that it is unable to help companies increase company value (Nadeem et al., 2019).

The results do not support the resource-based theory which explains that the company's competitive advantage comes from valuable resources and capabilities (Nadeem *et al.*, 2019). This competitive advantage is defined as resources must be valuable, rare, difficult to imitate, and irreplaceable. In this case, structural capital is generic and not unique, so the contribution to competitive advantage and firm value is limited so it has not been able to support this theory. In addition, based on signaling theory, disclosure of sustainability reports should be a positive signal to increase firm value. However, if Structural Capital Value Added (STVA) does not reflect real support for sustainability strategies, or is not seen by the market as an advantage, then its role as a moderator becomes insignificant (Nadeem et al., 2019). In this case, the signal sent by the company is not reinforced by the internal structure, so it does not have a major effect on investor perceptions and firm value.

6. Conclusion

This study aims to examine the effect of sustainability report disclosure on firm value with intellectual capital as a moderating variable. The population used in this study is the banking sector listed on the Indonesia Stock Exchange in 2019 - 2023. The data analysis technique used is Moderated Regression Analysis (MRA). The method used in sample selection is purposive sampling with a total of 40 companies that meet the criteria. Based on the results of the MRA test, it can be concluded that the disclosure of sustainability reports has a positive effect on firm value. Value Added Capital Employed and Value Added Human Capital are able to strengthen the relationship between disclosure of sustainability reports and firm value, while Structural Capital Value Added is not able to strengthen the effect of disclosure of sustainability reports on firm value.

The banking sector is a pioneer in the implementation of sustainability report disclosure obligations stipulated in the Financial Services Authority (OJK) Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. However, the limited number of samples in this study is due to the limited number of banking companies listed on the Indonesia Stock Exchange during the research period, so that it can limit the scope of the research findings. For future researchers to overcome the limited number of samples, it is recommended that future research expand the scope by including other industrial sectors that are also required to prepare sustainability reports, such as the non-bank financial sector or issuers from other relevant sectors. Thus, the research results can have a broader scope and increase the validity of sustainability disclosure practices in the Indonesian capital market.

References

1. Abu Bakar, S. A. N., Tanggamani, V., & Sapari, A. (2020). Exploring the Relationship between Human Capital and Social Impact: New Insights from Social Business Perspectives. *International Journal of Academic Research in Business and Social Sciences*, *10*(9). https://doi.org/10.6007/IJARBSS/v10-i9/7827
2. Annisa, I., Ulupui, I., & Utaminingtyas, T. H. (2023-a). Pengaruh Pengungkapan Laporan Keberlanjutan, Profitabilitas, dan Leverage Terhadap Nilai Perusahaan. *Jurnal Revenue : Jurnal Ilmiah Akuntansi, 4(1), 327-341. https://doi.org/10.46306/rev.v4i1.268*
3. Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*, 19–120.
4. Bontis, N. (1998). Intellectual capital: an exploratory study that develops measures and models. *Management Decision*, *36*(2), 63–76. https://doi.org/10.1108/00251749810204142
5. Carvajal, M., & Nadeem, M. (2023). Financially material sustainability reporting and firm performance in New Zealand. *Meditari Accountancy Research*, *31*(4), 938–969. https://doi.org/10.1108/MEDAR-06-2021-1346
6. Dewi, N. N. S., & Rustiarini, W. (2024). *Sustainability Reporting And Firm Value: Systematic Literature Review*. 2024. https://doi.org/10.37478/als.v14i02.4509
7. Dewi, N. N. S., & Rustiarini, N. W., (2024). *Studies Management and Finance Economics, of Journal Implementation of Corporate Social Responsibility to Realize Prosperity for the Community*. https://doi.org/10.47191/jefms/v7
8. Freeman, R. E., Harrison, J. S., & Wicks, A. C. (2017). *Managing for Stakeholders*. Yale University Press. https://doi.org/10.12987/9780300138498
9. Ghozali, & Chariri. (2007). *Teori Akuntansi*. Badan Penerbit Universitas Diponegoro.
10. Hörisch, J., Schaltegger, S., & Freeman, R. E. (2020). Integrating stakeholder theory and sustainability accounting: A conceptual synthesis. *Journal of Cleaner Production*, *275*. https://doi.org/10.1016/j.jclepro.2020.124097Huang , X. '"Beryl,"' & Watson, L. (2015). Corporate social responsibility research in accounting. *Journal of Accounting Literature*, *34*(1), 1–16. https://doi.org/10.1016/j.acclit.2015.03.001
11. Indrarini, S. (2019). *Nilai Perusahaan Melalui Kualitas Laba (Good Corporate & Kebijakan Perusahaan)*. Surabaya; Scopindo Media Pustaka.
12. Karaman, A. S., Kilic, M., & Uyar, A. (2018). Sustainability reporting in the aviation industry: worldwide evidence. *Sustainability Accounting, Management and Policy Journal*, *9*(4), 362–391. https://doi.org/10.1108/SAMPJ-12-2017-0150
13. Khunkaew, R., Wichianrak, J., & Suttipun, M. (2023). Sustainability reporting, gender diversity, firm value and corporate performance in ASEAN

*Corresponding Author: **Ni Nyoman Santi Dewi.**

region. *Cogent Business & Management*, *10*(1). https://doi.org/10.1080/23311975.2023.2200608

14. Kuzey, C., & Uyar, A. (2017). Determinants of sustainability reporting and its impact on firm value: Evidence from the emerging market of Turkey. *Journal of Cleaner Production*, *143*, 27–39. https://doi.org/10.1016/j.jclepro.2016.12.153
15. Nakyeyune, G. K., Bananuka, J., Tumwebaze, Z., & Kezaabu, S. (2023). Knowledge management practices and sustainability reporting: the mediating role of intellectual capital. *Journal of Money and Business*, *3*(1), 1–24. https://doi.org/10.1108/jmb-06-2022-0032
16. Sardo, F., & Serrasqueiro, Z. (2017). A European empirical study of the relationship between firms' intellectual capital, financial performance and market value. *Journal of Intellectual Capital*, *18*(4), 771–788. https://doi.org/10.1108/JIC-10-2016-0105
17. Spence, Michael. 1973. Job Market Signaling. The Quarterly Journal of Economics, Vol. 87, No. 3. (Aug., 1973), pp. 355-374
18. Selfiani, S., & Usmar, U. (2023). The Effect of Intellectual Capital on the Quality of Sustainability Report Disclosures with Financial Performance as a Moderating Variable. *Jurnal Akuntansi,* 15(1), 177–188. https://doi.org/10.28932/jam.v15i1.6364
19. Suhendro, S., Syaipudin, U., & Metalia, M. (2021). PERAN INFORMASI MODAL INTELEKTUAL SEBAGAI VARIABEL MODERASI PADA HUBUNGAN ANTARA MODAL INTELEKTUAL DAN NILAI PERUSAHAAN. *Jurnal Magister Akuntansi Trisakti*, *8*(2), 133–150. https://doi.org/10.25105/jmat.v8i2.10175
20. Sundari, N., & Setiany, E. (2021). *The Influence Of Intellectual Capital And Environmental Disclosure On Firm Value*. www.ijmsssr.org
21. Rustiarini, Desak Ayu Sriary Bhegawati, & Ni Putu Yuria Mendra. (2023). *Modal Intelektual dan Kinerja Keberlanjutan IKM*. Deepublish (CV Budi Utama).
22. Ulum, I. (2017). *Intellectual Capital: Model Pengukuran, Framework Pengungkapan& Kinerja Organisasi*. UMM Press.
23. Wang, C.-H. (2019). How organizational green culture influences green performance and competitive advantage. *Journal of Manufacturing Technology Management*, *30*(4), 666–683. https://doi.org/10.1108/JMTM-09-2018-0314
24. Wijayani, D. R. (2017). Pengaruh Intellectual Capital Terhadap Kinerja Keuangan Perusahaan Publik Di Indonesia (Studi Empiris Pada Perusahaan Manufaktur di BEI 2012-2014). *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, *2*(1). https://doi.org/10.20473/jraba.v2i1.46016

*Corresponding Author: **Ni Nyoman Santi Dewi.**