E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

MAXIMIZING STOCK LIQUIDITY THROUGH EFFECTIVE INTELLECTUAL CAPITAL DISCLOSURE: A CASE STUDY IN INDONESIA

Amalia Indah Fitriana[a,b], Andry Priharta[b], Hendra Galuh Febrianto[a]
[a]Universitas Muhammadiyah Tangerang, Indonesia, [b]Universitas Muhammadiyah Jakarta, Indonesia
amalia@umt.ac.id

Abstract

This study investigates the determinants of stock liquidity in the Indonesian capital market and examines the mediating role of market capitalization in the relationship between intellectual capital disclosure and stock liquidity. Employing a quantitative approach with purposive sampling, the study analyzes 132 firm-year observations using Structural Equation Modeling (SEM) in AMOS 22. The results indicate that good corporate governance significantly influences the Intellectual Capital Disclosure Index (ICDI), whereas firm characteristics and intellectual capital performance (VAIC™) have no significant effect. ICDI positively affects market capitalization but does not directly influence stock liquidity. Market capitalization, however, significantly enhances stock liquidity and fully mediates the relationship between ICDI and stock liquidity. This research contributes to the literature by integrating intellectual capital disclosure and market capitalization within a stock liquidity framework and by offering empirical evidence from an emerging market. The findings underscore the indirect mechanism through which intellectual capital disclosure improves stock liquidity via market capitalization. Practically, the study provides insights for regulators and policymakers in formulating disclosure regulations that treat intellectual capital as a strategic component of investor decision-making and market efficiency. The study is limited to publicly listed companies in Indonesia and relies on secondary data; future research may incorporate cross-country comparisons or qualitative assessments to enrich the analysis.

Article Info

- ***Received*** *: 15 October 2025*
- ***Revised*** *: 9 November 2026*
- ***Published*** *: 11 November 2026*
- ***Pages*** *: 699-724*
- ***DOI*** *: 10.33019/ijbe.v10i4.1391*
- ***JEL*** *: G14, M41, O16*
- ***Keywords*** *: Good Corporate Governance, ICDI, Intellectual Capital Performance, Leverage, Market Capitalization, Profitability, Firm Size, Stock Liquidity.*

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

1. Introduction

Liquid financial instruments are instruments that can be traded quickly without significantly affecting their prices. Their main feature is a narrow bid–ask spread, so large transactions do not disturb market prices and there is no trade-off between transaction speed and price; for this reason, cash is considered the most liquid asset. Notably, spreads are costs borne by investors and are often greater than transaction commissions and final income tax (Dewi, 2024). Illiquid instruments harm investors through price manipulation and high transaction costs arising from wide spreads. Empirically, illiquid stocks exhibit sharp price fluctuations and higher beta coefficients, and exchanges that neglect liquidity ultimately weaken their own position (Burhan, 2023).

Since 2019, stock liquidity has remained a serious challenge for the Indonesia Stock Exchange (IDX). Of the 540 listed shares, only about 20% record a daily transaction value of more than IDR 10 billion, whereas a healthy capital market should ideally have 80% liquid shares (Forddanta, 2020). Liquid stocks generally belong to the LQ45 Index, such as BBCA, with an average daily transaction value of IDR 1.11 trillion (as of December 9, 2016), TLKM (IDR 476.71 billion), ASII (IDR 362.78 billion), and HMSP (IDR 94.06 billion). Although not a member of the LQ45, MYRX also recorded a high average transaction value of IDR 197.52 billion (Forddanta, 2020; Hema, 2023).

The low liquidity of the Indonesian stock market is partly attributable to the limited number of local investors. Although the number of investors has reached 500,000, only about 100,000 are active. By comparison, 75% of the population of South Korea and 30% of the population of Malaysia are investors, indicating that Indonesia still lags behind in capital market participation (Forddanta, 2020). The low volume of actively traded shares on the IDX is also caused by two main factors: (1) the low financial literacy of the Indonesian public, particularly regarding the capital market; and (2) the fundamental quality of issuers, which does not always reflect their actual condition, making it difficult for investors to divest (Forddanta, 2020).

These conditions make it difficult for investors, especially local investors, to assess the accuracy of issuers' market capitalization on the IDX, resulting in low interest in actively trading company shares (Damara, 2023). IDX stock summary data show that the market capitalization target of IDR 10,000 trillion for 2020 was not achieved, and most issuers still exhibit fluctuating capitalization, reflecting structural challenges in reaching this target.

The inaccuracy of issuers' market capitalization on the IDX hinders investors, especially local investors, from making sound assessments, which directly reduces their interest in actively trading company shares (Hema, 2023; Indonesia Stock Exchange, 2022). Increasing investment interest therefore requires means and methods that support accurate stock valuation. One effective approach is the implementation of Good Corporate Governance (GCG), which creates an aligned relationship structure among commissioners, directors, shareholders, and other stakeholders. GCG serves as a control and balance mechanism that prevents mismanagement and the misuse of company assets while ensuring transparency in setting corporate goals, achievements, and performance measures (Amalia & Wahidahwati, 2021).

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

Implementing GCG in Indonesian companies and capital markets is not straightforward because it is strongly influenced by each company's internal characteristics. Achieving harmony among corporate organs in forming an effective institutional structure and operational mechanism requires an audit committee, a board of commissioners, and a clear ownership structure. Factors such as company age and size also determine a company's ability to manage profitability and use debt responsibly (Almulhim, 2023; García Martín & Herrero, 2018; Khan et al., 2021; Shahwan & Fathalla, 2020; Siew Yee et al., 2018).

Company characteristics not only facilitate GCG implementation but also add value to the company and improve investor perceptions. Consistent with the view of Li et al., company characteristics are specific elements reflected in the assessment of a company's performance and prospects (Bui & Krajcsák, 2023). To increase their value in the eyes of investors, modern companies increasingly direct their policies toward investment in intangible assets, especially intellectual capital (Farooq et al., 2022). Intellectual capital is an intangible asset in the form of information and knowledge resources that enhance a company's competitiveness and performance (Li et al., 2019).

Researchers generally identify three main components of intellectual capital: human capital (HC), structural capital (SC), and customer capital (CC) (Shchepkina et al., 2022). In addition to the value added by these three components, company characteristics are also considered to affect the level of intellectual capital disclosure. However, previous research, such as that of Too and Yusoff, found that intellectual capital disclosure does not significantly reduce the information gap between companies and investors (Acuña-Opazo & González, 2021).

In Indonesia, intellectual capital disclosure remains voluntary and is generally limited to the company profile and management analysis sections of annual reports. In fact, such disclosure could be presented more comprehensively through a combination of quantitative data, visualization, and narrative aimed at internal and external stakeholders, such as investors and creditors (Acuña-Opazo & González, 2021). Intellectual capital disclosure in financial statements can lower the cost of equity capital by enriching company information and reducing information asymmetry in the capital market. This improved transparency also encourages greater liquidity of leading stocks, which indirectly has a positive impact on market capitalization (Mondal, 2021).

Prior studies have examined the relationships among corporate governance, intellectual capital disclosure, firm value, and market capitalization. However, limited evidence exists on the mechanism through which intellectual capital disclosure influences stock liquidity, particularly through market capitalization as an intervening variable. Furthermore, existing studies have focused primarily on the firm value consequences of intellectual capital disclosure, while relatively little attention has been paid to its impact on stock market outcomes. Therefore, this study investigates the determinants of intellectual capital disclosure and examines the mediating role of market capitalization in the relationship between intellectual capital disclosure and stock liquidity among LQ45 firms in Indonesia.

This study builds on previous research, particularly studies on the relationship between GCG implementation and intellectual capital disclosure, such as Salvi et al. (2020). The relationship between company characteristics and intellectual capital disclosure has been

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

examined by Salvi et al. (2020), Rieg and Vanini (2023), and Skhvediani et al. (2023), while Achim et al. (2023) examined intellectual capital and its disclosure. The originality of this study lies in testing the effect of intellectual capital disclosure on firm value, proxied by market capitalization (Luthfiani & Suryani, 2022; Nasution & Iskandar, 2023; Rivandi & Septiano, 2021; Salvi et al., 2020), and on stock liquidity. Testing stock liquidity is important for observing the direct impact of intellectual capital disclosure (Mamun & Aktar, 2020). Accordingly, this study examines the factors that influence stock liquidity and tests the role of intellectual capital disclosure in creating stock liquidity through market capitalization as an intervening variable.

2. Literature Review

2.1. Agency Theory

Agency theory distinguishes between the company owner, referred to as the principal, and the company management, referred to as the agent. An agency relationship arises when the principal recruits an agent or manager and delegates authority to manage the company (Davis & DeWitt, 2021; Jensen & Meckling, 1976). In this relationship, the owner delegates day-to-day decision-making to the manager. According to Jensen and Meckling (1976), this relationship is a contract under which the principal engages an agent to perform services on the principal's behalf, including the delegation of decision-making authority. Principals are limited in their ability to directly supervise managers' operational activities, and managers may make decisions that prioritize their personal interests over the owner's goals. Agency theory thus explains the relationship between owners and managers who have different interests but share the ultimate goal of improving shareholder welfare; this divergence gives rise to agency problems (Ross, 1973).

2.2. Signaling Theory

Signaling theory, which originates in the work of Akerlof and Arrow and was developed by Spence, explains that high-quality companies can distinguish themselves from low-quality ones by sending credible signals to the capital market (Yasar et al., 2020). Signals are considered credible only if low-quality companies are unable to replicate them. When the cost of signaling is higher for low-quality companies, imitation becomes inefficient, so signals from high-quality companies can be trusted. Given the information asymmetry between management and investors, corporate signals are crucial for attracting financial resources (Hussain et al., 2024). Two types of signaling equilibria can be distinguished: costly and costless signaling equilibria (Widowati & Eko, 2023). A signal is costly if its production consumes resources or entails welfare losses resulting from deviations from the allocation or distribution of claims in a perfect market (Hussain et al., 2024).

2.3. Resource-Based Theory

Resource-based theory states that a company's resources are the main source of its competitive ability and performance. Although the theory applies to company resources as a whole, Sonier distinguishes between company resources and capabilities. Resources refer to tangible, intangible, and personnel-based resources (Baláž et al., 2023), whereas capabilities

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

refer to a company's ability to carry out business processes. Itani, as cited in Barney and Clark, states that intangible resources are information-based, such as technology, customer trust, brand image, distribution networks, corporate culture, and management skills (Davis & DeWitt, 2021). Barney and Clark classify information into three categories: environmental information (production skills and customer information), company information (corporate reputation, brand image, corporate image, and marketing know-how), and internal information (corporate culture, employee morale, and management capability) (Barney et al., 2021).

2.4. Legitimacy Theory

Legitimacy theory states that a company is bound by a social contract with the community in which it operates (Orajekwe & Ogbodo, 2023). According to this theory, companies seek to ensure that their operations remain within the norms prevailing in society. Communities provide various resources to be owned or managed by companies, including natural and human resources, which companies use to produce goods and services as well as waste. Companies have no inherent right to profit from these activities; to sustain their existence, the community expects the benefits it receives to exceed the costs it bears. The social contract represents dynamic societal expectations, as society wants to know how a company operates. In this context, companies must voluntarily provide information to the public to legitimize and justify their existence (Martens & Bui, 2023). The social contract between a company and its surrounding community requires the company to remain responsive to its environment and to operate in accordance with environmental values (Hamm et al., 2022).

2.5. Hypothesis Development

2.5.1. Corporate Governance and Intellectual Capital Disclosure

Agency theory provides the basis for understanding corporate governance and earnings management issues. The agency relationship produces information asymmetry between owners and managers, which can be mitigated through Good Corporate Governance, a concept aimed at making companies healthier (Nuzula et al., 2023). A healthy company is reflected in its financial reports, which in turn signal the company's condition to investors. Signaling theory states that high-performing companies use financial information to send signals to the market (Nuzula et al., 2023).

Studies using individual corporate governance components, such as those conducted by Gan et al. and Li et al., have produced inconsistent findings on intellectual capital disclosure, so it cannot be concluded whether corporate governance as a whole affects such disclosure. This study therefore uses the Corporate Governance Index (CGI) to capture the overall influence of corporate governance on intellectual capital disclosure (Almulhim, 2023; Asghar et al., 2020; Nuzula et al., 2023; Ramadhani, 2021). This study does not claim to be the first to examine corporate governance and intellectual capital disclosure. Instead, its contribution lies in extending the intellectual capital disclosure literature by integrating stock liquidity and market capitalization within a single framework. Whereas previous studies have focused primarily on the firm value implications of intellectual capital disclosure, this study examines

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

whether market capitalization serves as a mechanism linking intellectual capital disclosure to stock liquidity among highly traded Indonesian firms. The hypothesis proposed is:

H1: *Corporate governance implementation has a positive effect on intellectual capital disclosure (ICD).*

2.5.2. Firm Characteristics and Intellectual Capital Disclosure

Legitimacy theory is closely related to intellectual capital reporting, as companies are more likely to report intellectual capital when they have a specific need to do so. From this perspective, intellectual capital disclosure can be used as a tool to convince external parties of a company's legitimacy. Management will therefore seek legitimacy from external parties, including investors, potential investors, creditors, and other stakeholders, by disclosing that the company invests in intellectual capital (Yahaya & Yusuf, 2020).

Large companies have greater resources to engage in voluntary disclosure. Watts and Zimmerman, as cited in Maharani and Budiasih, argue that there is a positive relationship between company size and the level of voluntary disclosure (Yahaya & Yusuf, 2020). Large companies tend to attract more investor attention and have a larger and broader investor base; therefore, they tend to disclose more information. Li et al. showed that company size positively affects disclosure (Rahman et al., 2019), consistent with García-Moreno et al. (2016). Surya and Romawati (2022) likewise found a positive relationship between company size and intellectual capital disclosure.

Furthermore, Li et al. and Singh and Zahn state that newly listed companies face greater information asymmetry because investors know relatively little about them (Nadeem, 2020). These conditions encourage such companies to disclose more information to investors (Mamun & Aktar, 2020; Zogning, 2017). However, Doku et al. (2023) found that company age does not affect the voluntary disclosure of intellectual capital.

When a company has debt, creditors usually impose various requirements, including requirements regarding the information that must be disclosed to them. Jensen and Meckling (1976) argue that in highly leveraged companies, there is potential for wealth transfer from bondholders to shareholders; to reduce this risk, creditors impose restrictions (debt covenants) on the company. Highly leveraged companies also tend to disclose more information to convince investors of their potential and credibility. Accordingly, the following hypothesis is proposed:

H2: *Firm characteristics have a positive effect on intellectual capital disclosure (ICD).*

2.5.3. Intellectual Capital Performance and Intellectual Capital Disclosure

Resource-based theory states that well-managed resources and knowledge improve company performance and that a competitive advantage is achieved when a company possesses superior resources that other companies lack (Skhvediani et al., 2023; Surya & Romawati, 2022). By controlling and utilizing intellectual capital as a unique resource that creates value, a company can obtain a sustainable competitive advantage. The role of intellectual capital is increasingly strategic, as it is recognized as the foundation for companies to excel and grow (Marzo, 2022).

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

Legitimacy theory is also considered closely related to intellectual capital reporting. Companies are more likely to report their intangible assets when they have a specific need to do so, as they cannot legitimize their status solely through tangible assets, which are traditionally recognized as symbols of corporate success. Companies increasingly realize that their survival depends on their relationship with the community and the environment in which they operate (Meutia et al., 2022; Mikkelsen & Wåhlin, 2020; Orajekwe & Ogbodo, 2023).

The intellectual capital owned by a company is one of the determinants of its success and competitiveness. This study uses the Value Added Intellectual Coefficient (VAIC™) developed by Pulic to measure intellectual capital performance, which reflects managers' ability to manage the company's intellectual capital (Aziz, 2023). As a determinant of company performance, intellectual capital is disclosed to investors to provide a positive signal. Oliveira et al. state that, according to signaling theory, companies seek to reveal their intellectual capital to send positive signals to investors (Acuña-Opazo & González, 2021; Aziz, 2023; Marzo, 2022; Ting et al., 2020). Accordingly, the following hypothesis is proposed:

H3: *Intellectual capital performance has a positive effect on intellectual capital disclosure (ICD).*

2.5.4. Intellectual Capital Disclosure and Market Capitalization

Resource-based theory discusses how companies process and utilize their resources. Managing resources such as employees (human capital), physical assets (physical capital), and structural capital creates added value for the company and influences its performance. The theory states that a company's resources can provide a competitive advantage and lead to good long-term performance (Shahveisi et al., 2017).

Resource-based theory can also explain the relationship between intellectual capital disclosure and market capitalization. Intellectual capital is a resource that contributes to the company's wealth creation. Therefore, companies that disclose more information about their intellectual capital enable stakeholders to understand their wealth creation process (Claudia et al., 2022; Davis & DeWitt, 2021; Nicolò et al., 2023).

Such disclosure reduces the misvaluation of a company's share price, which in turn increases market capitalization. Signaling theory can also explain this relationship: managers of companies that create substantial value from intellectual capital-related resources will use their annual reports to disclose this capital to stakeholders. The disclosed information is then reflected in the company's market capitalization, as intellectual capital disclosure in the annual report signals to investors that the company is an attractive investment (Aziz, 2023).

Orens et al. showed that intellectual capital disclosure positively affects company value (Egwu & Onuora, 2023; Salvi et al., 2020; Ulum et al., 2019), while Healy et al. found that extensive disclosure leads investors to revise their valuation of company shares, increases share liquidity, and attracts interest from analysts and institutional shareholders (Nicolò et al., 2023). Several other studies (Claudia et al., 2022; Fakhriah, 2022; Heryana et al., 2020; Mondal, 2021) have shown that a high level of disclosure reduces stock price misvaluation

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

and increases market capitalization. Based on these findings, the following hypothesis is proposed:

H4: *Intellectual capital disclosure (ICD) has a positive effect on market capitalization.*

2.5.5. Intellectual Capital Disclosure and Stock Liquidity

Agency theory explains agency problems in the form of information asymmetry between companies and investors. Information asymmetry arises because companies know more about their internal information and future prospects, whereas investors are not directly involved in operational activities and therefore lack detailed information about the company's current condition and future possibilities. This asymmetry can lead to adverse selection, which is detrimental to investors. To overcome it, companies need to reveal their condition to investors through disclosure (de Villiers & Dimes, 2021; Lubis et al., 2023).

The Capital Market and Financial Institution Supervisory Agency (Bapepam-LK), as the institution that regulates and supervises the Indonesian capital market, has issued several regulations on the disclosures that public companies must make in order to protect investors from information asymmetry. The annual report is a key source of information on a company's overall performance, covering both financial and non-financial information, and serves as a reference for investors when making investment decisions. Thus, the level of disclosure provided by a company reduces information asymmetry between the company and investors, thereby reducing investors' transaction costs and, in turn, increasing the liquidity of the company's shares.

The effect of corporate disclosure on stock liquidity has long been studied, for example, through the effect of earnings announcements on stock trading activity (Abdullah et al., 2023; Farooq et al., 2022; Zhicheng et al., 2016). Based on this research, the following hypothesis is proposed:

H5: *Intellectual capital disclosure (ICD) has a positive effect on stock liquidity.*

2.5.6. Market Capitalization, Stock Liquidity, and the Mediating Role of Market Capitalization

Signaling theory explains why companies provide financial report information to external parties in the presence of information asymmetry between management and outsiders. Management has more information about the company and its future prospects, which may take the form of financial reports, company policy information, or other voluntarily disclosed information. Signaling theory explains how a company should signal to users of its financial reports what management has done to fulfill the owners' wishes. Such signals may take the form of promotions or other information indicating that the company is better than others; in this case, the company provides information related to share returns, such as cash flow, profit, and book value (Erna, 2023).

The market reaction is reflected in stock price changes when information is announced and received by all market participants. Market participants first interpret and analyze the information as either a good signal (good news) or a bad signal (bad news). If the information is a good signal for investors, share prices will rise, increasing share returns and market

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

capitalization (Smith & Watts, 1992). Although there is no direct evidence on the influence of intellectual capital component disclosure on market capitalization, studies in other contexts provide evidence of a significant influence of voluntary disclosure on trading volume and market capitalization. For example, Heryana et al. (2020) report that companies with high levels of disclosure experience price increases before their public offerings.

Moreover, as information asymmetry about a company's stock increases, its intrinsic value will diverge from the value investors ascribe to it. Intellectual capital disclosure can therefore increase liquidity by reducing information asymmetry: investors will trade shares in larger volumes when more intellectual capital information is revealed, share prices will increase accordingly, and the liquidity of the company's shares will grow (Egwu & Onuora, 2023; Salvi et al., 2020; Ulum et al., 2019).

Firms with larger market capitalization generally attract a broader investor base, receive greater analyst coverage, and enjoy higher market visibility. These characteristics reduce information asymmetry and increase trading activity, thereby enhancing stock liquidity. Consequently, market capitalization is expected to facilitate the transmission of information from disclosure activities to stock market outcomes. In this context, intellectual capital disclosure may increase firm valuation, reflected in higher market capitalization, which subsequently improves stock liquidity. Therefore, market capitalization is expected to mediate the relationship between intellectual capital disclosure and stock liquidity. The following hypotheses are proposed:

H6: *Market capitalization has a significant effect on stock liquidity.*

H7: *Market capitalization mediates the effect of intellectual capital disclosure on stock liquidity.*

3. Research Methods

3.1. Research Design, Population, and Sample

This study employs a quantitative explanatory research design to examine the causal relationships among corporate governance, firm characteristics, intellectual capital performance, intellectual capital disclosure, market capitalization, and stock liquidity. The study uses secondary data collected from multiple sources, including companies' published annual reports, Indonesia Stock Exchange (IDX) trading statistics, and corporate governance information obtained from company disclosures and governance reports.

Although the study is motivated by stock liquidity issues in the Indonesian capital market, LQ45 firms were selected because they represent the most actively traded and widely followed companies on the IDX. Examining variations in disclosure, market capitalization, and liquidity within this group provides an appropriate setting for understanding how intellectual capital disclosure influences liquidity even among relatively liquid stocks. Nevertheless, the findings may not be generalizable to less liquid firms outside the LQ45 Index.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

The population consists of all companies included in the LQ45 Index of the IDX during 2017–2022. The LQ45 Index was selected because it contains stocks with relatively high trading activity and market capitalization, making it suitable for examining stock liquidity behavior. The sample was determined using purposive sampling based on the following criteria:

1) Companies continuously included in the LQ45 Index during 2017–2022.
2) Companies that published complete annual reports throughout the observation period.
3) Companies that reported positive earnings throughout the observation period.

The sample selection process is presented in Table 1. The final sample comprises 22 companies, yielding 132 firm-year observations over the six-year observation period.

Table 1. Sample Selection

Criteria	Number of Firms
LQ45 firms observed during 2017–2022	45
Less: firms not continuously listed in the LQ45 during 2017–2022	(15)
Less: firms with incomplete annual reports	(5)
Less: firms reporting losses during the observation period	(3)
Final sample (firms)	**22**
Observations (22 firms × 6 years)	**132**

Source: Processed data, 2017–2022.

3.2. Operational Definition of Variables

The operational definitions and measurements of the research variables are presented in Table 2.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

Table 2. Operational Definition of Variables

Variable	Proxy	Measurement
Corporate governance (X1)	Corporate Governance Index (CGI)	Composite governance score derived from governance attributes reported in annual reports
Firm characteristics (X2)	Profitability	Return on assets (ROA = Net income / Total assets)
	Firm size	Natural logarithm of total assets
	Leverage	Debt-to-equity ratio (DER = Total debt / Total equity)
Intellectual capital performance (X3)	VAIC™	Sum of the HCE, SCE, and CEE components developed by Pulic
Intellectual capital disclosure (Z1)	ICDI	Content analysis-based disclosure index
Market capitalization (Z2)	MCAP	Share price × Number of outstanding shares
Stock liquidity (Y)	Share turnover ratio	Annual trading volume / Number of outstanding shares

Source: Compiled by the authors.

3.3. Variable Measurement

The Intellectual Capital Disclosure Index (ICDI) serves as the primary mediating variable and was developed through content analysis of annual reports. Following the intellectual capital disclosure frameworks proposed by Bukh et al. (2005) and Guthrie and Petty (2000), as well as subsequent intellectual capital disclosure studies, disclosure items were classified into three dimensions: human capital (HC), structural capital (SC), and relational capital (RC).

The unit of analysis was the annual report of each company. Each disclosure item was evaluated using an unweighted scoring approach, in which a score of 1 was assigned if the item was disclosed and 0 otherwise. The ICDI score was calculated as follows:

$$\text{ICDI} = \Sigma \text{ Disclosed items / Total disclosure items} \quad (1)$$

The index ranges from 0 to 1, with higher values indicating more extensive intellectual capital disclosure. Consistent with prior studies, content analysis was conducted systematically using predefined coding guidelines to ensure consistency in item identification.

Stock liquidity is proxied by the share turnover ratio because it reflects trading activity relative to firm size and reduces the mechanical correlation between trading value and market capitalization identified in previous liquidity studies. This measure is widely used in emerging-market liquidity research.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

3.4. Data Analysis Technique

The hypotheses were tested using Structural Equation Modeling (SEM) in AMOS 22. SEM was selected because the conceptual framework simultaneously examines multiple direct and indirect relationships involving mediating variables. The analysis was conducted in three stages: measurement model assessment, structural model assessment, and mediation analysis.

3.4.1. Measurement Model Assessment

The measurement model was evaluated through confirmatory factor analysis (CFA) using the following criteria:

1. Standardized factor loading ≥ 0.50;
2. Composite reliability (CR) ≥ 0.70;
3. Average variance extracted (AVE) ≥ 0.50; and
4. Discriminant validity assessed using the Fornell–Larcker criterion.

In addition, descriptive statistics, multivariate normality, and outlier assessments were performed before estimating the structural model.

3.4.2. Structural Model Assessment

Structural model fit was evaluated based on commonly accepted SEM criteria, as presented in Table 3. Hypotheses were tested using the critical ratio (CR) and p-value, and a hypothesis was considered supported when $p < 0.05$.

Table 3. Goodness-of-Fit Criteria

Index	Recommended Threshold
χ^2/df (CMIN/DF)	≤ 3.00
RMSEA	≤ 0.08
CFI	≥ 0.90
TLI	≥ 0.90
GFI	≥ 0.90
AGFI	≥ 0.80

Source: Compiled by the authors from SEM literature.

3.4.3. Mediation Analysis

The mediating role of market capitalization was assessed using indirect-effect analysis. In line with current SEM practice, mediation significance should be evaluated using bootstrapping procedures with bias-corrected confidence intervals rather than relying solely on the Sobel test, because bootstrapping provides more robust estimates of indirect effects. Direct, indirect, and total effects were examined simultaneously to determine the nature of mediation.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

4. Results and Discussion

4.1. Descriptive Statistics

This study analyzed 132 firm-year observations from 22 companies continuously included in the LQ45 Index during 2017–2022. The descriptive statistics in Table 4 provide an overview of the characteristics of the research variables. The results indicate sufficient variation across firms, suggesting that the sample adequately captures differences in corporate governance quality, intellectual capital performance, disclosure practices, market capitalization, and stock liquidity. The average ICDI score was 0.681, indicating that the sample firms disclosed approximately 68.1% of the intellectual capital items evaluated in this study.

Table 4. Descriptive Statistics

Variable	Mean	Std. Dev.	Minimum	Maximum
Corporate governance (CGI)	78.43	8.15	60.25	92.18
ROA (%)	8.74	6.32	0.45	28.67
Firm size (Ln total assets)	31.27	1.84	27.15	34.82
Leverage (DER)	0.96	0.58	0.12	3.24
VAIC™	4.87	2.11	1.02	12.56
ICDI	0.681	0.104	0.420	0.890
Market capitalization (Ln MCAP)	31.94	1.52	28.55	35.28
Stock liquidity	0.284	0.173	0.021	0.841

Source: Processed data, 2017–2022.

4.2. Measurement Model Assessment

Prior to testing the structural relationships, a confirmatory factor analysis (CFA) was conducted to assess the validity and reliability of the measurement model. Convergent validity was evaluated using factor loadings, AVE, and CR. Following Hair et al. (2019), standardized loadings above 0.50, AVE values above 0.50, and CR values greater than 0.70 indicate satisfactory convergent validity and reliability.

As shown in Table 5, all constructs meet the recommended thresholds. Standardized loadings ranged from 0.702 to 0.891, AVE values ranged from 0.574 to 0.691, and CR values ranged from 0.801 to 0.869. Therefore, all constructs were considered valid and reliable for subsequent structural analysis.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

Table 5. Convergent Validity and Reliability

Construct	Loading Range	AVE	CR	Conclusion
Corporate governance	0.718–0.854	0.612	0.824	Valid and reliable
Firm characteristics	0.702–0.821	0.574	0.801	Valid and reliable
VAIC™	0.731–0.879	0.648	0.846	Valid and reliable
ICDI	0.745–0.891	0.691	0.869	Valid and reliable

Source: AMOS 22 output (processed data).

Furthermore, discriminant validity was confirmed using the Fornell–Larcker criterion, as the square root of the AVE for each construct exceeded the correlations between constructs.

4.3. Structural Model Evaluation

The structural model was estimated using SEM in AMOS 22, and model fit was evaluated using several goodness-of-fit indices, including CMIN/DF, RMSEA, GFI, AGFI, TLI, and CFI. As shown in Table 6, the structural model achieved an acceptable level of fit and was suitable for hypothesis testing.

Table 6. Goodness-of-Fit Indices

Fit Index	Result	Recommended Value	Evaluation
CMIN/DF	1.558	≤ 3.00	Good fit
RMSEA	0.067	≤ 0.08	Good fit
GFI	0.952	≥ 0.90	Good fit
AGFI	0.856	≥ 0.80	Acceptable
TLI	0.953	≥ 0.90	Good fit
CFI	0.982	≥ 0.90	Good fit

Source: AMOS 22 output (processed data).

Overall, most fit indices exceeded the recommended thresholds, indicating that the proposed model adequately represents the observed data.

4.4. Hypothesis Testing

The structural relationships among the variables were evaluated using standardized regression coefficients and p-values, and a hypothesis was considered supported when the p-value was below 0.05. The results are presented in Table 7.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

Table 7. Structural Model Results

Hypothesis	Relationship	Standardized Coefficient	p-Value	Decision
H1	Corporate governance → ICDI	0.196	0.001	Supported
H2	Firm characteristics → ICDI	−0.002	0.977	Not supported
H3	VAIC™ → ICDI	0.216	0.071	Not supported
H4	ICDI → Market capitalization	1.166	< 0.001	Supported
H5	ICDI → Stock liquidity	0.020	0.413	Not supported
H6	Market capitalization → Stock liquidity	0.667	< 0.001	Supported

Source: AMOS 22 output (processed data).

The results indicate that corporate governance has a positive and significant effect on intellectual capital disclosure ($\beta = 0.196$; $p = 0.001$), supporting H1. Conversely, firm characteristics ($\beta = -0.002$; $p = 0.977$) and VAIC™ ($\beta = 0.216$; $p = 0.071$) do not significantly influence intellectual capital disclosure; therefore, H2 and H3 are not supported. Furthermore, intellectual capital disclosure significantly increases market capitalization ($\beta = 1.166$; $p < 0.001$), supporting H4. However, intellectual capital disclosure does not directly influence stock liquidity ($\beta = 0.020$; $p = 0.413$), leading to the rejection of H5. Finally, market capitalization has a positive and significant effect on stock liquidity ($\beta = 0.667$; $p < 0.001$), supporting H6.

4.5. Mediation Analysis

To examine the mediating role of market capitalization, the indirect effect of intellectual capital disclosure on stock liquidity through market capitalization was evaluated. The results are presented in Table 8.

Table 8. Direct, Indirect, and Total Effects

Relationship	Direct Effect	Indirect Effect	Total Effect	Mediation Type
ICDI → Market capitalization → Stock liquidity	0.020	0.778	0.798	Full mediation

Source: AMOS 22 output (processed data).

The indirect effect of ICDI on stock liquidity through market capitalization (0.778) was substantially larger than its direct effect (0.020). Because the direct relationship between ICDI and stock liquidity was statistically insignificant, whereas the indirect pathway through market capitalization was significant, market capitalization fully mediates the relationship between intellectual capital disclosure and stock liquidity, supporting H7. These findings suggest that intellectual capital disclosure does not directly improve stock liquidity; instead,

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

disclosure enhances investors' valuation of the firm, which increases market capitalization and subsequently contributes to higher stock liquidity.

4.6. Discussion

This study examined the determinants of intellectual capital disclosure and their implications for market capitalization and stock liquidity among LQ45 firms listed on the IDX. The findings reveal three important insights. First, corporate governance is the only antecedent that significantly affects intellectual capital disclosure. Second, intellectual capital disclosure contributes to market capitalization but does not directly influence stock liquidity. Third, market capitalization is an important mechanism through which intellectual capital disclosure ultimately contributes to stock liquidity. These findings provide additional evidence on the economic value of intellectual capital disclosure in emerging capital markets.

4.6.1. Corporate Governance as a Driver of Intellectual Capital Disclosure

The significant positive effect of corporate governance on intellectual capital disclosure suggests that governance quality plays a crucial role in shaping corporate transparency. Firms with stronger governance mechanisms tend to disclose more about their intellectual resources because effective governance encourages accountability, transparency, and monitoring of managerial decisions. Among LQ45 firms, which are subject to intensive scrutiny from investors and other market participants, governance mechanisms appear to function as an important instrument for reducing information asymmetry.

This finding reinforces the notion that intellectual capital disclosure is shaped not only by internal organizational resources but also by the effectiveness of governance structures. The result supports previous studies that identify governance quality as a determinant of voluntary disclosure practices. More broadly, the finding extends agency theory by demonstrating that governance mechanisms not only control managerial opportunism but also encourage strategic information disclosure that enhances transparency and investor confidence.

In contrast, firm characteristics and VAIC™ were found to have no significant influence on intellectual capital disclosure. One possible explanation is that the sample consists exclusively of LQ45 firms, which are relatively mature, large, and actively traded companies. As a result, differences in profitability, leverage, firm size, and intellectual capital efficiency may not create substantial variation in disclosure behavior. Disclosure decisions in these firms appear to be driven more by governance considerations than by financial characteristics or intellectual capital performance. This finding suggests that possessing superior intellectual capital resources does not necessarily translate into a greater willingness to disclose such information to external stakeholders.

4.6.2. Intellectual Capital Disclosure and Firm Value Creation

Another important finding is that intellectual capital disclosure significantly increases market capitalization. This result indicates that investors perceive intellectual capital information as value-relevant and capable of improving firm valuation. In a business environment increasingly characterized by knowledge-based competition, investors require more than conventional financial information to assess future growth prospects. Information on human

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

capital, organizational capabilities, innovation, and stakeholder relationships provides additional insights into a firm's long-term competitiveness and sustainability.

This finding contributes to the resource-based view by demonstrating that the market recognizes intellectual capital as an important strategic asset. Although many intellectual capital resources are not fully reflected in financial statements, disclosure allows investors to better understand how firms create and maintain competitive advantages. Consequently, firms that provide more extensive intellectual capital information receive more favorable market valuations, which are reflected in higher market capitalization.

These findings are particularly relevant in emerging markets such as Indonesia, where information asymmetry remains relatively high compared with more developed capital markets. Under such conditions, voluntary disclosure plays a crucial role in reducing uncertainty and facilitating more accurate market valuation. Intellectual capital disclosure may therefore serve as an effective communication mechanism that helps firms convey their intangible value to investors.

4.6.3. Why Intellectual Capital Disclosure Does Not Directly Improve Stock Liquidity

Despite its positive effect on market capitalization, intellectual capital disclosure does not directly influence stock liquidity. This finding indicates that disclosure alone is insufficient to stimulate trading activity. Although investors may value additional information about intellectual capital, trading decisions are likely influenced by a broader set of factors, including firm size, market visibility, analyst coverage, investor base, and overall market perception.

The insignificant direct relationship suggests that intellectual capital information is more relevant for valuation than for immediate trading decisions. Investors appear to use such information primarily when assessing firm value rather than when making short-term trading decisions. Consequently, extensive disclosure does not automatically translate into higher trading volume or greater liquidity. This result helps explain why some firms experience improved valuations following enhanced disclosure without a simultaneous substantial increase in trading activity.

The finding also highlights the multidimensional nature of stock liquidity, which is influenced not only by information availability but also by market structure, investor participation, transaction costs, and firm visibility. Therefore, intellectual capital disclosure should not be expected to influence liquidity through a simple direct pathway; instead, its effect may operate through intermediate mechanisms that enhance investors' perceptions of firm value.

4.6.4. The Mediating Role of Market Capitalization

The most important contribution of this study lies in identifying market capitalization as the mechanism linking intellectual capital disclosure and stock liquidity. The results indicate that market capitalization significantly improves stock liquidity and fully mediates the relationship between intellectual capital disclosure and liquidity. This finding suggests that intellectual capital disclosure contributes to liquidity only after it improves investors' valuation of the firm.

This work is licensed under a Creative Commons Attribution 4.0 International License.

E-ISSN : 2549-3280 P-ISSN : 2549-5933
INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS
Email: ijbe.feubb@gmail.com
http://ojs.ijbe-research.com/index.php/IJBE/index

Economically, the mechanism can be explained as follows. When firms disclose intellectual capital information more extensively, investors gain greater confidence in the firms' future prospects and strategic capabilities. This increased confidence translates into higher market valuation, which enlarges market capitalization. Firms with larger market capitalization generally attract more investors, receive wider analyst coverage, and enjoy greater market visibility, which in turn encourages more active trading and improves stock liquidity. Thus, the pathway from intellectual capital disclosure to stock liquidity operates primarily through firm value enhancement rather than through direct information effects.

This finding enriches the intellectual capital literature by demonstrating that the benefits of disclosure extend beyond firm valuation to capital market quality. The results also have practical implications. For managers, intellectual capital disclosure can be viewed as a strategic communication tool capable of enhancing firm value. For regulators, the findings support efforts to encourage more comprehensive intellectual capital disclosure as part of broader initiatives to improve market efficiency and transparency.

5. Conclusion and Suggestion

This study demonstrates that corporate governance is the only factor that significantly enhances intellectual capital disclosure among LQ45 firms, whereas firm characteristics and VAIC™ do not significantly influence disclosure practices. Intellectual capital disclosure contributes positively to market capitalization but does not directly affect stock liquidity. Instead, market capitalization significantly improves stock liquidity and fully mediates the relationship between intellectual capital disclosure and liquidity. These findings suggest that the benefits of intellectual capital disclosure are realized primarily through increased firm value, which subsequently attracts greater investor participation and trading activity.

The study contributes to the intellectual capital literature by highlighting the indirect mechanism through which intellectual capital disclosure influences stock liquidity via market capitalization. Nevertheless, several limitations should be acknowledged. The sample is restricted to profitable firms that remained continuously listed in the LQ45 Index during 2017–2022, which may introduce survivorship bias and limit the generalizability of the findings to smaller, less liquid, or financially distressed firms. In addition, the study relies on Indonesian listed firms and firm-year observations; the results should therefore be interpreted as evidence of association rather than definitive causality. Future studies are encouraged to expand the sample, employ panel data approaches, and incorporate additional determinants of stock liquidity to provide more robust evidence.

References

1. Abdullah, Amin, K., & Azim, A. (2023). Corporate governance and its impact on market return and market capitalization in banking sector of Pakistan. *Russian Law Journal*, *11*(3), 2256–2278. https://doi.org/10.52783/rlj.v11i3.2063
2. Achim, M. V., Rus, A. I. D., & Lucuț Capraș, I. (2023). The impact of corporate governance on intellectual capital: Empirical evidence from Romanian companies.

This work is licensed under a Creative Commons Attribution 4.0 International License.

European Journal of Interdisciplinary Studies, *15*(1), 156–174. https://doi.org/10.24818/ejis.2023.12

3. Acuña-Opazo, C., & González, O. C. (2021). The impacts of intellectual capital on financial performance and value-added of the production evidence from Chile. *Journal of Economics, Finance and Administrative Science*, *26*(51), 127–142. https://doi.org/10.1108/JEFAS-08-2019-0178
4. Ahn, H. J., Cai, J., & Yang, C. W. (2018). Which liquidity proxy measures liquidity best in emerging markets? *Economies*, *6*(4), 1–29. https://doi.org/10.3390/economies6040067
5. Almulhim, A. A. (2023). Effects of board characteristics on information asymmetry: Evidence from the alternative investment market. *Heliyon*, *9*(6), 1–16. https://doi.org/10.1016/j.heliyon.2023.e16510
6. Amalia, E. R., & Wahidahwati. (2021). Pengaruh intellectual capital disclosure, kinerja keuangan, GCG, dan leverage terhadap nilai perusahaan. *Jurnal Ilmu dan Riset Akuntansi*, *10*(2), 1–24.
7. Anna, Y. D., & Dwi, R. D. R. (2018). Pengaruh karakteristik perusahaan dan corporate governance terhadap intellectual capital disclosure serta dampaknya terhadap nilai perusahaan. *Jurnal Riset Akuntansi dan Keuangan*, *6*(2), 233–246.
8. Antoro, E. W., Zuhroh, N., Irfani, M., Andrean, J., & Setia, R. (2023). Peran intellectual capital disclosure (ICD) dalam menciptakan likuiditas saham melalui market capitalization sebagai variabel intervening (pemetaan literatur dan agenda penelitian ke depan). *Balance Vocation Accounting Journal*, *2*(1), 146–160.
9. Ariedina, A., & Susanto, L. (2023). Pengaruh good corporate governance dan profitabilitas terhadap pengungkapan modal intelektual. *Jurnal Paradigma Akuntansi*, *5*(3), 1149–1159.
10. Asghar, A., Sajjad, S., Shahzad, A., & Matemilola, B. T. (2020). Role of discretionary earning management in corporate governance-value and corporate governance-risk relationships. *Corporate Governance*, *20*(4), 561–581. https://doi.org/10.1108/CG-11-2019-0347
11. Aziz, M. A. (2023). The influence of intellectual capital on the financial performance of family companies and the role of family as a moderation variable (Case study: Family companies listed on the Indonesia Stock Exchange in 2019–2020). *International Journal of Review Management Business and Entrepreneurship (RMBE)*, *3*(1), 52–63. https://doi.org/10.37715/rmbe.v3i1.3931
12. Baláž, V., Jeck, T., & Balog, M. (2023). Firm performance over innovation cycle: Evidence from a small European economy. *Journal of Innovation and Entrepreneurship*, *12*(1). https://doi.org/10.1186/s13731-023-00298-9
13. Barney, J. B., Ketchen, D. J., & Wright, M. (2021). Resource-based theory and the value creation framework. *Journal of Management*, *47*(7), 1936–1955. https://doi.org/10.1177/01492063211021655

This work is licensed under a Creative Commons Attribution 4.0 International License.

14. Beck, A. C., Campbell, D., & Shrives, P. J. (2010). Content analysis in environmental reporting research: Enrichment and rehearsal of the method in a British–German context. *The British Accounting Review*, *42*(3), 207–222. https://doi.org/10.1016/j.bar.2010.05.002
15. Berķe-Berga, A., Dovladbekova, I., & Ābula, M. (2017). Managerial ownership and firm performance: Evidence of listed companies in the Baltics. *Polish Journal of Management Studies*, *15*(2), 273–283. https://doi.org/10.17512/pjms.2017.15.2.25
16. Bui, H., & Krajcsák, Z. (2023). The impacts of corporate governance on firms' performance: From theories and approaches to empirical findings. *Journal of Financial Regulation and Compliance*. https://doi.org/10.1108/JFRC-01-2023-0012
17. Burhan, F. A. (2023). *OJK buka-bukaan soal proyeksi kondisi likuiditas perbankan pada 2024, bakal seret?* Bisnis.com.
18. Claudia, V., Gustiawaty, F., & Joko, T. (2022). Pengaruh intellectual capital, intellectual capital disclosure (ICD) terhadap nilai perusahaan dengan profitabilitas sebagai variabel intervening. *Jurnal Pendidikan Akuntansi Indonesia*, *19*(2), 59–70. https://doi.org/10.21831/jpai.v19i2.43380
19. Colline, F. (2022). The mediating effect of debt equity ratio on the effect of current ratio, return on equity and total asset turnover on price to book value. *Jurnal Keuangan dan Perbankan*, *26*(1). https://doi.org/10.26905/jkdp.v26i1.6882
20. Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). Sage.
21. da Silva, A. R., Cirani, C. B. S., Serra, F. A. R., Pigola, A., da Costa, P. R., Scafuto, I. C., Ruas, R. L., & Mazieri, M. R. (2023). Determining factors on green innovation adoption: An empirical study in Brazilian agribusiness firms. *Sustainability*, *15*(7). https://doi.org/10.3390/su15076266
22. Damara, D. (2023). *Kapitalisasi pasar tembus Rp10.000 triliun, IHSG kok melempem?* Bisnis.com.
23. Darmawan, A. G., & Agustina, Y. (2023). Pengaruh intellectual capital disclosure dan enterprise risk management disclosure pada nilai perusahaan perbankan yang terdaftar di Bursa Efek Indonesia periode 2017–2021. *4*(4), 3668–3677.
24. Davis, G. F., & DeWitt, T. (2021). Organization theory and the resource-based view of the firm: The great divide. *Journal of Management*, *47*(7), 1684–1697. https://doi.org/10.1177/0149206320982650
25. de Villiers, C., & Dimes, R. (2021). Determinants, mechanisms and consequences of corporate governance reporting: A research framework. *Journal of Management and Governance*, *25*(1), 7–26. https://doi.org/10.1007/s10997-020-09530-0
26. Dewi, H. K. (2024). *Likuiditas perekonomian menurun pada Januari 2024*. Kontan.co.id.
27. Doku, J. N., Abdul-Razak Borowa, H., Mohammed, I., & Attah-Botchwey, E. (2023). Impact of corporate board size and board independence on stock returns volatility in

This work is licensed under a Creative Commons Attribution 4.0 International License.

Ghana. *Cogent Business & Management*, *10*(2), 1–20. https://doi.org/10.1080/23311975.2023.2204597

28. Dwekat, A., Seguí-Mas, E., & Tormo-Carbó, G. (2020). The effect of the board on corporate social responsibility: Bibliometric and social network analysis. *Economic Research-Ekonomska Istraživanja*, *33*(1), 3580–3603. https://doi.org/10.1080/1331677X.2020.1776139
29. Egwu, N., & Onuora, G. (2023). What drives voluntary intellectual capital information disclosure? Evidence from deposit money banks in Nigeria. *Asian Journal of Economics, Business and Accounting*, *23*(20), 241–253. https://doi.org/10.9734/AJEBA/2023/v23i201108
30. Erna, E., & W. (2023). Determination of earnings quality and firm value: New evidence from Indonesian non-financial companies. *Jurnal Program Studi Akuntansi*, *9*(1). https://doi.org/10.31289/jab.v9i1.8710
31. Fakhriah, P. E. (2022). Pengaruh intellectual capital, size, dan likuiditas terhadap pengungkapan intellectual capital. *Jurnal Ilmu dan Riset Akuntansi*, *11*(7).
32. Farooq, U., Tabash, M. I., Anagreh, S., & Khudoykulov, K. (2022). How do market capitalization and intellectual capital determine industrial investment? *Borsa Istanbul Review*, *22*(4), 828–837. https://doi.org/10.1016/j.bir.2022.05.002
33. Fauzi, I., & Firmansyah, A. (2023). Corporate social responsibility disclosure, intellectual capital disclosure, risk disclosure, cost of capital: Moderating role of earnings management. *Accounting Analysis Journal*, *12*(1), 50–70. https://doi.org/10.15294/aaj.v12i1.66185
34. Forddanta, D. H. (2020). *Likuiditas transaksi BEI masih timpang*. Kontan.co.id.
35. García-Moreno, M. B., García-Moreno, S., Nájera-Sánchez, J. J., & De Pablos-Heredero, C. (2016). An explanatory model of the organisational factors that explain the adoption of e-business. *Journal of Industrial Engineering and Management*, *9*(2), 547–581. https://doi.org/10.3926/jiem.1917
36. García Martín, C. J., & Herrero, B. (2018). Boards of directors: Composition and effects on the performance of the firm. *Economic Research-Ekonomska Istraživanja*, *31*(1), 1015–1041. https://doi.org/10.1080/1331677X.2018.1436454
37. Hair, J. F., Jr., Gabriel, M. L. D. da S., & Patel, V. K. (2014). Modelagem de equações estruturais baseada em covariância (CB-SEM) com o AMOS: Orientações sobre a sua aplicação como uma ferramenta de pesquisa de marketing. *Revista Brasileira de Marketing*, *13*(2), 44–55. https://doi.org/10.5585/remark.v13i2.2718
38. Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, *31*(1), 2–24. https://doi.org/10.1108/EBR-11-2018-0203
39. Hamm, J. A., Wolfe, S. E., Cavanagh, C., & Lee, S. (2022). (Re)organizing legitimacy theory. *Legal and Criminological Psychology*, *27*(2), 129–146. https://doi.org/10.1111/lcrp.12199
40. Hema, Y. (2023). *Transaksi BEI per akhir November 2023 menurun*. Kontan.co.id.

This work is licensed under a Creative Commons Attribution 4.0 International License.

41. Heryana, T., Wahyudi, S., & Mawardi, W. (2020). The mediating effect of intellectual capital disclosure between firm characteristics and firm value: Empirical evidence from Indonesian company with non-recursive model analysis. *International Journal of Financial Research*, *11*(2), 14–25. https://doi.org/10.5430/ijfr.v11n2p14
42. Hoai, T. T., Hung, B. Q., & Nguyen, N. P. (2022). The impact of internal control systems on the intensity of innovation and organizational performance of public sector organizations in Vietnam: The moderating role of transformational leadership. *Heliyon*, *8*(2), e08954. https://doi.org/10.1016/j.heliyon.2022.e08954
43. Hormati, A., Nurdin, N., Syahdan, R., & Buamonabot, I. (2022). An empirical study on good corporate governance (GCG) and financial governance: Firm size as control variable. *Society*, *10*(1), 32–44. https://doi.org/10.33019/society.v10i1.257
44. Hussain, A., Ahmad, S. A., Mia, S., & Ahmed, F. (2024). Relationship between business information, business networking, access to finance and financial performance of social enterprises: Perspective of resource-based view and signalling theory. *Cogent Business & Management*, *11*(1), 1–21. https://doi.org/10.1080/23311975.2023.2285062
45. Indonesia Stock Exchange. (2022). *50 biggest market capitalization* (December 29, 2022). Indonesia Stock Exchange.
46. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X
47. Khan, M. T., Al-Jabri, Q. M., & Saif, N. (2021). Dynamic relationship between corporate board structure and firm performance: Evidence from Malaysia. *International Journal of Finance and Economics*, *26*(1), 644–661. https://doi.org/10.1002/ijfe.1808
48. Kucera, M., & Dvorakova, D. (2023). Analysis of determinants influencing the level of intellectual capital disclosure: The case of FTSE 100 entities. *Intangible Capital*, *19*(2), 296–315. https://doi.org/10.3926/ic.2213
49. Li, Y., Song, Y., Wang, J., & Li, C. (2019). Intellectual capital, knowledge sharing, and innovation performance: Evidence from the Chinese construction industry. *Sustainability*, *11*(9). https://doi.org/10.3390/su11092713
50. Lubis, C. W., Kesuma, S. A., & Muda, I. (2023). Corporate governance as a determiner of tax avoidance: A literature review study. *International Journal of Social Service and Research*, *3*(3), 690–696. https://doi.org/10.46799/ijssr.v3i3.299
51. Luthfiani, A. D., & Suryani, A. W. (2022). The impact of voluntary and involuntary intellectual capital disclosure on firm value. *The Indonesian Journal of Accounting Research*, *25*(1). https://doi.org/10.33312/ijar.593
52. Majumder, T. H., & Ruma, I. J. (2022). Does intellectual capital affect bank performance? Evidence from Bangladesh. *LBS Journal of Management & Research*. https://doi.org/10.1108/LBSJMR-05-2022-0016
53. Mamun, S. A. A., & Aktar, A. (2020). Intellectual capital disclosure practices of financial institutions in an emerging economy. *PSU Research Review*, *5*(1), 33–53. https://doi.org/10.1108/PRR-08-2020-0024

This work is licensed under a Creative Commons Attribution 4.0 International License.

54. Martens, W., & Bui, C. N. M. (2023). An exploration of legitimacy theory in accounting literature. *Open Access Library Journal*, *10*(1), 1–20. https://doi.org/10.4236/oalib.1109713
55. Marzo, G. (2022). A theoretical analysis of the value added intellectual coefficient (VAIC). *Journal of Management and Governance*, *26*(2), 551–577. https://doi.org/10.1007/s10997-021-09565-x
56. Meiriza, N., Lukviarman, N., & Setiany, E. (2022). Determinant of intellectual capital disclosure in Indonesian listed companies. *Jurnal Akuntansi dan Bisnis*, *22*(2), 257–268. https://doi.org/10.20961/jab.v22i2.852
57. Meutia, I., Kartasari, S. F., & Yaacob, Z. (2022). Stakeholder or legitimacy theory? The rationale behind a company's materiality analysis: Evidence from Indonesia. *Sustainability*, *14*(13). https://doi.org/10.3390/su14137763
58. Mikkelsen, E. N., & Wåhlin, R. (2020). Dominant, hidden and forbidden sensemaking: The politics of ideology and emotions in diversity management. *Organization*, *27*(4), 557–577. https://doi.org/10.1177/1350508419830620
59. Mondal, A. (2021). Effect of intellectual capital disclosure on cost of equity capital: A study on Indian companies. *Asian Journal of Accounting Research*, *6*(2), 165–179. https://doi.org/10.1108/AJAR-08-2020-0069
60. Muharrom, D. R. (2017). Resources-based view (RBV). *Jurnal Ilmu Administrasi*, *14*(1), 82–95.
61. Nadeem, M. (2020). Does board gender diversity influence voluntary disclosure of intellectual capital in initial public offering prospectuses? Evidence from China. *Corporate Governance: An International Review*, *28*(2), 100–118. https://doi.org/10.1111/corg.12304
62. Nassar, S., Ashour, M., Tan, Ö. F., & Külah, S. (2018). The effect of ownership structure on intellectual capital efficiency: Evidence from Borsa Istanbul. *7th International Conference on Business Administration (ICBA)*, 345–350. https://doi.org/10.2139/ssrn.3291397
63. Nasution, U. H., & Iskandar, E. (2023). The determinants of intellectual capital disclosure on firm value: The evidence on the financial companies in Indonesia. *MIX: Jurnal Ilmiah Manajemen*, *13*(2), 224–267.
64. Nawaz, T. (2019). Exploring the nexus between human capital, corporate governance and performance: Evidence from Islamic banks. *Journal of Business Ethics*, *157*(2), 567–587. https://doi.org/10.1007/s10551-017-3694-0
65. Nicolò, G., Ferullo, D., Aversano, N., & Ardito, N. (2023). Intellectual capital disclosure and its determinants in healthcare organisations: Evidence from Italy. *International Journal of Public Sector Management*, *36*(1), 20–45. https://doi.org/10.1108/IJPSM-06-2022-0149
66. Nuzula, N. F., Rahayu, S. M., & Wulandari, A. M. (2023). What factors lead companies to release intellectual capital disclosure? Evidence from Indonesian manufacturers.

This work is licensed under a Creative Commons Attribution 4.0 International License.

Cogent Business & Management, *10*(2). https://doi.org/10.1080/23311975.2023.2234149

67. Orajekwe, J. C., & Ogbodo, O. C. (2023). Firm attributes and environmental disclosure of energy corporations in Nigeria. *International Journal of Trend in Scientific Research and Development (IJTSRD)*, *7*(4), 423–432.
68. Orobia, L. A., Nakibuuka, J., Bananuka, J., & Akisimire, R. (2020). Inventory management, managerial competence and financial performance of small businesses. *Journal of Accounting in Emerging Economies*, *10*(3), 379–398. https://doi.org/10.1108/JAEE-07-2019-0147
69. Ozdemir, S., Fernandez de Arroyabe, J. C., Sena, V., & Gupta, S. (2023). Stakeholder diversity and collaborative innovation: Integrating the resource-based view with stakeholder theory. *Journal of Business Research*, *16*(4), 1–17.
70. Pemata, I. S., & Alkaf, F. T. (2020). Analysis of market capitalization and fundamental factors on firm value. *Journal of Accounting and Finance Management*, *1*(1), 59–71. https://doi.org/10.38035/jafm.v1i1.12
71. Pian, S. T., & Evina. (2022). The influence of capital adequacy, liquidity, and operational efficiency on profitability in banking subsector companies on Indonesia Stock Exchange. *Economics and Accounting (TiCMEA)*, *1*, 278–284.
72. Rahman, M. M., Sobhan, R., & Islam, S. M. (2019). Intellectual capital disclosure and its determinants: Empirical evidence from listed pharmaceutical and chemical industry of Bangladesh. *Journal of Business Economics and Environmental Studies*, *9*(2), 35–46. https://doi.org/10.13106/jbees.2019.vol9.no2.35
73. Rahmawati, E., Fadlurrahman, N., & Azzahra, F. S. (2021). The effect of corporate governance mechanism on intellectual capital disclosure of high IC-intensive companies in Indonesia and Malaysia. *Journal of Accounting and Investment*, *23*(1), 33–48. https://doi.org/10.18196/jai.v23i1.10650
74. Rajabalizadeh, J., & Oradi, J. (2022). Managerial ability and intellectual capital disclosure. *Asian Review of Accounting*, *30*(1), 59–76. https://doi.org/10.1108/ARA-11-2020-0180
75. Ramadhani, S. (2021). Pengaruh corporate governance perception index dan kinerja keuangan terhadap nilai perusahaan. *SYNERGY: Jurnal Bisnis dan Manajemen*, *1*(2), 45–52. https://doi.org/10.52364/synergy.v1i2.6
76. Rieg, R., & Vanini, U. (2023). Value relevance of voluntary intellectual capital disclosure: A meta-analysis. *Review of Managerial Science*, *17*(7). https://doi.org/10.1007/s11846-023-00630-3
77. Rivandi, M., & Septiano, R. (2021). Pengaruh intellectual capital disclosure dan profitabilitas terhadap nilai perusahaan. *Jurnal Akuntansi Trisakti*, *8*(1), 123–136. https://doi.org/10.25105/jat.v8i1.7631
78. Ross, S. A. (1973). The economic theory of agency: The principal's problem. *The American Economic Review*, *63*(2), 134–139.

This work is licensed under a Creative Commons Attribution 4.0 International License.

79. Salvi, A., Vitolla, F., Giakoumelou, A., Raimo, N., & Rubino, M. (2020). Intellectual capital disclosure in integrated reports: The effect on firm value. *Technological Forecasting and Social Change*, *160*, 120228. https://doi.org/10.1016/j.techfore.2020.120228
80. Shahveisi, F., Khairollahi, F., & Alipour, M. (2017). Does ownership structure matter for corporate intellectual capital performance? An empirical test in the Iranian context. *Eurasian Business Review*, *7*(1), 67–91. https://doi.org/10.1007/s40821-016-0050-8
81. Shahwan, T. M., & Fathalla, M. M. (2020). The mediating role of intellectual capital in corporate governance and the corporate performance relationship. *International Journal of Ethics and Systems*, *36*(4), 531–561. https://doi.org/10.1108/IJOES-03-2020-0022
82. Shchepkina, N., Meshkova, N., Goigova, M., Maisigova, L., & Tochieva, L. (2022). Intellectual capital as a factor in ensuring the competitiveness of the railway transport enterprises. *Transportation Research Procedia*, *63*, 1444–1453. https://doi.org/10.1016/j.trpro.2022.06.155
83. Shulthoni, M., & Rizkya, L. N. (2023). Pengaruh intellectual capital terhadap nilai perusahaan. *AKUNTABEL: Jurnal Akuntansi dan Keuangan*, *3*(3), 378–387.
84. Siew Yee, C., Sharoja Sapiei, N., & Abdullah, M. (2018). Tax avoidance, corporate governance and firm value in the digital era. *Journal of Accounting and Investment*, *19*(2). https://doi.org/10.18196/jai.190299
85. Skhvediani, A., Koklina, A., Kudryavtseva, T., & Maksimenko, D. (2023). Russian manufacturing companies. *Risks*, *11*(4), 1–26.
86. Smith, C. W., & Watts, R. L. (1992). The investment opportunity set and corporate financing, dividend, and compensation policies. *Journal of Financial Economics*, *32*(3), 263–292. https://doi.org/10.1016/0304-405X(92)90029-W
87. Sowaity, S. M. A. (2022). Intellectual capital efficiency and corporate performance in Jordanian listed companies. *Open Journal of Accounting*, *11*(3), 213–242. https://doi.org/10.4236/ojacct.2022.113012
88. Sukirman, A. S., & Dianawati, W. (2023). Green intellectual capital and financial performance: The moderate of family ownership. *Cogent Business & Management*, *10*(1), 1–14. https://doi.org/10.1080/23311975.2023.2200498
89. Surya, S. D., & Romawati, E. (2022). Determinants of firm value: Evidence in Indonesia Stock Exchange. *IJEBD (International Journal of Entrepreneurship and Business Development)*, *5*(2), 332–338. https://doi.org/10.29138/ijebd.v5i2.1776
90. Suryani, A., & Khafid, M. (2021). The determinants of intellectual capital disclosure with firm age as a moderating variable. *Accounting Analysis Journal*, *10*(3), 158–165. https://doi.org/10.15294/aaj.v10i3.52918
91. Ting, I. W. K., Ren, C., Chen, F. C., & Kweh, Q. L. (2020). Interpreting the dynamic performance effect of intellectual capital through a value-added-based perspective. *Journal of Intellectual Capital*, *21*(3), 381–401. https://doi.org/10.1108/JIC-05-2019-0098

This work is licensed under a Creative Commons Attribution 4.0 International License.

92. Ulum, I., Harviana, R. R., Zubaidah, S., & Jati, A. W. (2019). Intellectual capital disclosure and prospective student interest: An Indonesian perspective. *Cogent Business & Management*, *6*(1). https://doi.org/10.1080/23311975.2019.1707041
93. Viriani, & Gunawan, Y. J. (2023). Pengaruh profitabilitas, likuiditas, dan ukuran perusahaan terhadap nilai perusahaan. *Jurnal Multiparadigma Akuntansi*, *5*(3), 1531–1538.
94. Wang, Y., Abbasi, K., Babajide, B., & Yekini, K. C. (2020). Corporate governance mechanisms and firm performance: Evidence from the emerging market following the revised CG code. *Corporate Governance*, *20*(1), 158–174. https://doi.org/10.1108/CG-07-2018-0244
95. Widiatmoko, J., Indarti, M. G. K., & Pamungkas, I. D. (2020). Corporate governance on intellectual capital disclosure and market capitalization. *Cogent Business & Management*, *7*(1). https://doi.org/10.1080/23311975.2020.1750332
96. Widowati, E. U., & Eko, B. (2023). The effect of intellectual capital and profitability on firm value. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, *7*(1), 241–250.
97. Wu, T. H., Ting, P. J. L., Lin, M. C., & Chang, C. C. (2022). Corporate ownership and firm performance: A mediating role of innovation efficiency. *Economics of Innovation and New Technology*, *31*(4), 292–319. https://doi.org/10.1080/10438599.2020.1799140
98. Yahaya, K. A., & Yusuf, K. (2020). Impact of company characteristics on aggressive tax avoidance in Nigerian listed insurance companies. *Jurnal Administrasi Bisnis*, *9*(2), 101–111. https://doi.org/10.14710/jab.v9i2.30512
99. Yasar, B., Martin, T., & Kiessling, T. (2020). An empirical test of signalling theory. *Management Research Review*, *43*(11), 1309–1335. https://doi.org/10.1108/MRR-08-2019-0338
100. Yaskun, M., Sudarmiatin, Hermawan, A., & Rahayu, W. P. (2023). The effect of market orientation, entrepreneurial orientation, innovation and competitive advantage on business performance of Indonesian MSMEs. *International Journal of Professional Business Review*, *8*(4), 1–21. https://doi.org/10.26668/businessreview/2023.v8i4.1563
101. Yudhitya Dani Kurnia, P. D. A. (2023). Effect of intellectual capital disclosure on stock price. *Current Advanced Research on Sharia Finance and Economic Worldwide*, *2*(2), 348–359.
102. Zhicheng, L., Zhuoer, C., Shing, L. T. T., & Wah, C. S. K. (2016). The impact of intellectual capital on companies' performances: A study based on MAKE award winners and non-MAKE award winner companies. *Procedia Computer Science*, *99*, 181–194. https://doi.org/10.1016/j.procs.2016.09.110
103. Zogning, F. (2017). Agency theory: A critical review. *European Journal of Business and Management*, *9*(2), 1–8.

This work is licensed under a Creative Commons Attribution 4.0 International License.