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THE INFLUENCE OF INTELLECTUAL CAPITAL DISCLOSURE ON THE INTEGRITY OF FINANCIAL REPORTING IN FOOD AND BEVERAGE MANUFACTURING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE

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ABSTRACT
This study aims to examine the effect of Intellectual Capital Disclosure which is proxied into the Value Added Intellectual Capital Coefficient (VAIC) measurement. VAIC is defined as three main parts of an entity, namely human capital, structural capital and employee capital, on the integrity of financial statements in manufacturing companies in the food and manufacturing sector. Drinks listed on the Indonesian Stock Exchange for the 2018-2022 period. The dependent variable used in this research is Financial Report Integrity, while the independent variable is Capital Disclosure. The population in this study was 43 companies. The sampling technique uses purposive sampling where the population is sampled according to criteria, totaling 15 companies with 75 observations. This research is quantitative research using secondary data collected using documentation and literature study techniques obtained via www.idx.co.id or the respective company's official website which is analyzed using simple linear regression analysis of panel data with the Eviews version 10 analysis tool The research results show that Intellectual Capital Disclosure as proxied by the Value Added Intellectual Coefficient (VAIC) has a positive and significant effect on the Integrity of Financial Reports. Determination (R2) Disclosure of Intellectual Capital can be influenced by the Integrity of Financial Reports in Food and Beverage Manufacturing Companies listed on the Indonesian Stock Exchange by 15.83%, the remaining 84.17% is influenced by other factors.

INTRODUCTION

Financial reports are company financial information in an accounting period that can be used to describe a company's performance. The financial report is good if it has integrity of information. Statement of Financial Accounting Concept (SFAC) No. 2 states that financial reports have integrity if the information contained therein is presented fairly,

unbiased and honestly (Gayatri, 2013). Based on PSAK No.1 of 2015, Financial Reports are a description of the structure that displays the financial position and financial performance of a company in a certain period. Financial reports are very useful for companies in providing financial information to interested parties. Financial information should contain information needed by users of financial reports, so that financial reports must be presented in accordance with accounting standards so that they can be used in decision making by interested parties (Fikri & Suryani, 2020). The financial reports presented must contain information that is reliable, correct, understandable, relevant, does not contain material errors and can be compared so that it is useful for users of financial reports (PSAK No. 1 Revised, 2019). The integrity of financial reports is still an issue worthy of consideration for users of financial reports. Even though quite a bit of research has been carried out regarding the integrity of financial reports and several regulations regarding laws have been made to regulate this matter, there are still acts of manipulation of accounting data carried out by companies (Wulan & Suzan, 2022). According to (Kartika & Nurhayati, 2018), various acts of manipulating accounting data regarding the integrity of financial reports are still a big issue and concern for investors.

There is a well-known case of manipulating accounting data carried out by PT Tiga Pilar Sejahtera Food Tbk (AISA) in 2017, resulting in an inflated amount of IDR 4 trillion in accounts receivable, inventory and fixed assets (Wulan & Suzan, 2022). Apart from that, there was a case where the Directors of PT Cakra Mineral Tbk (CKRA) were reported to the Financial Services Authority (OJK) and the Central Kalimantan Regional Police, on suspicion of embezzlement, accounting manipulation and misleading investors (Zerizghy et al., 2009). The Indonesian Stock Exchange (BEI) will delist the shares of PT Cakra Mineral Tbk (CKRA). IDX will delist CKRA shares effective August 28 2020. This delisting takes into account the provisions in Exchange Regulation Number I-I concerning Delisting and Relisting of Shares on the Exchange. The delisting of CKRA shares takes into account conditions or events that have a significant negative impact on the Listed Company's business continuity, either financially or legally, or on the continuity of the listed company's status as a public company, and the listed company cannot show adequate indications of recovery (Kontan.co .id). The increasingly complex business world has increased the need for information disclosure from companies. The information needed can be exemplified by disclosing information on the utilization of intellectual capital. This information is considered to have a correlation with the organization's financial condition. Disclosure of intellectual capital in this case is necessary because intellectual capital contributes to the company's operational activities. Several public companies in Indonesia have implemented intellectual capital disclosure, but not yet in its entirety because there are no standards and framework that regulate this. Therefore, the nature of the disclosure is still voluntary so that not all information is accommodated and can cause information gaps (Febrilyantri, 2020). Intellectual capital is an instrument for determining company value. Intellectual capital is a component that is compiled, captured and used by a company to produce higher asset value (Hutagaol & Lubis, 2021). Disclosure of this intellectual capital allows managers to create strategies to achieve stakeholder/investor requests to ensure the superiority of company policies. Intellectual capital is a resource for companies to create value and gain advantages when compared with other companies (Hutagaol & Lubis, 2021).

Empirical research on the influence of intellectual capital and its disclosure has been carried out in various country and industrial contexts, most of which use the VAIC (Value Added Intellectual Capital Coefficient) model as a measure of intellectual capital performance (According to Sawarjuwono & Kadir, 2003). Value Added Intellectual Capital Coefficient is defined as three main parts of an entity, namely human capital, structural capital and employee capital (Pulic, 1998) in (Ulum, 2008). These three elements have synergy to create added value because they are linked between human experience, knowledge and technology adopted by the company so that they can ultimately produce a contribution in the form of competitive advantage from the added value produced (Ramadhan, 2022). Value added intellectual coefficient (VAIC) is a method developed by Pulic, 1998 in (Ulum et al., 2008) to present information about the value creation efficiency of tangible assets and intangible assets owned by company. The data needed to calculate the various ratios on the VAIC is company financial data which is generally available in the company's published financial reports. Human Capital Efficiency (HCE) is defined as a combination of education, genetic inheritance, experience and attitudes towards life and work. This is measured as a function of volume. Pramelasari's research results (2010) found that HCE had a significant positive effect on the integrity of financial reports. The results of this research are supported by research from Aisah (2016) which also found that HCE had a positive effect on the integrity of financial reports. Structural Capital Efficiency (SCE) is tacit knowledge that embraces the organization. This recognizes the enormous diversity of relationships required to manage a company in a coordinated manner. Without this, intellectual capital is only human capital. Pramelasari's research results (2010) found that SCE has a positive and significant influence on the integrity of financial reports. This is also supported by the results of research by Haniyah (2014) which also found a positive influence of SCE on the integrity of financial reports. Capital Employee Efficiency (CEE) Comprehensive knowledge in marketing and customer relations. This includes developing knowledge about customers, suppliers and industrial or government associations. The research results of Chen et al. (2005) shows that there is a positive and significant influence of CEE on the integrity of financial reports. This is supported by research by Simanungkalit and Prasetiono (2015) who found that there was a positive influence of CEE on the integrity of financial reports as measured by price to book value. The phenomena that occur above can prove that there is a lack of integrity of financial reports in presenting information to users of financial reports. The report presentation does not report the actual condition of the company. Financial report integrity is a financial report that displays the true condition of a company, without anything being covered up or hidden.

METHOD

Research methods are steps that are owned and carried out by the author in order to collect information or data and carry out investigations on the data that has been obtained. The research method provides an overview of the research design which includes, among other things: procedures and steps that must be taken, research time, data sources, and with what steps the data is obtained and then processed and analyzed.The research method that the author uses in this research is a quantitative research method.

DISCUSSION

Signalling Theory

Signal theory was first put forward by Spence (1973) who explained that the sender (owner of information) provides a signal or signal in the form of information that reflects the condition of a company which is beneficial for the recipient (investor). According to Brigham and Houston (2011), signal theory explains management's perception of the company's future growth, which will influence the response of potential investors to the company. This signal is in the form of information that explains management's efforts to realize the owner's wishes. This information is considered an important indicator for investors and business people in making investment decisions.

Agency Theory and Information Asymmetry

Agency theory is a theory that explains the relationship between an agent and a principal in that relationship there is a contract where one or more people as the principal orders another person as an agent (Jensen & Meckling, 1976). Management as an agent is morally and professionally responsible for running the company as best as possible to optimize the company's operations and profits. In return, the manager as agent will receive compensation according to the existing contract. Meanwhile, the principal controls the agent's performance to ensure that the capital owned is managed well (Febrilyantri 2020). However, in reality, the agent, as the party who has information about the condition of the company, does not tell everything to the principal for various reasons, including obstacles in presenting financial reports, presentation time, the desire to avoid risks and visible weaknesses, so that this information imbalance gives rise to information asymmetry (Sunyoto, 2012).

Financial Reports And Integrity Of Financial Reports

In general, financial reports include summaries that describe the financial position, business results, and cash flows as well as changes in equity of an organization in a certain time period. Each overview is created in its own separate format. An overview of the financial position is reflected in a financial report called the balance sheet. This report summarizes the status or position of resources at a certain time (L.M.Samryn, 2011:30). Financial report integrity is a financial report that displays the true condition of a company without anything being hidden or covered up. The integrity of financial reports looks at the extent to which the information presented is in accordance with the actual situation so that the information has quality that can be relied upon in the decision making process. Accounting information that has good integrity will be reliable for users of financial reports because it is an honest presentation that allows users of accounting information to rely on that information (Febrilyantri, 2020).

Framework

The conceptual framework is a description that explains the variable relationship between the independent variable and the dependent variable which has been formulated in a problem formulation based on theory from existing concepts systematically. A conceptual framework described simply in the form of a chart can help complete the research, so that

there is no broadening of the discussion of the research title that has been determined (Sugiyono, 2016). Based on the theory that has been explained, we can see in the picture below:

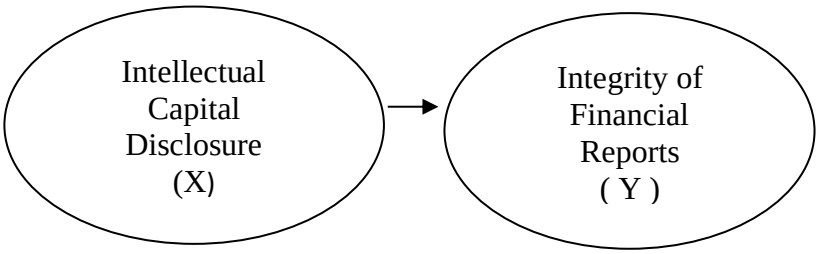


Figure 1. Framework

Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Analysis

	X_VAIC	Y_MBR
Mean	35.95516	13.84444
Median	28.86284	13.06816
Maximum	182.3236	21.98393
Minimum	-80.77472	5.168843
Std. Dev.	35.94248	4.210025
Observations	75	75

Source: Eviews 10 output results

Based on the data from the descriptive statistical analysis presented in table 4.1 above which has been processed using statistical tools, it can be explained the depiction of the mean, median, maximum, minimum and standard deviation values of the variables used in this research with a total of 75 observations in the companies involved. listed on the Indonesian Stock Exchange for the 2018-2022 period is 35.95516, 28.86284, 182.3236, -80.77472, 35.94248.

Test Chow

Table 2. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.991111	(14,59)	0.0343
Cross-section Chi-square	29.020439	14	0.0104

Source: Eviews 10 output results

Based on table 4.2 above, it can be seen that the cross section probability value F < 0.05 is 0.0343 which is obtained from the fixed effect model regression. From the results above, it shows that the value of the cross section probability F is smaller than 0.05, so the regression model chosen is the fixed effect model (FEM), so the estimation determination must proceed to the Hausman test.

Hausman test

Table 3. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.899176	1	0.0862

Source: Eviews 10 output results

Based on table 4.3 above, it can be seen that the random cross-section probability value ≥ 0.05 is 0.0862 which is obtained from the random effect model regression. From the results above, it shows that the value of the random cross-section probability is greater than 0.05, so the regression model chosen is the random effect model (REM), so the estimation determination must proceed to the Lagrange multiplier test.

Lagrange Multiplier Test

Table 4. Lagrange Multiplier Test Results

Lagrange multiplier (LM) test for panel data

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	0.001401 (0.0197)	123.3252 (0.8824)	123.3266 (0.0089)

Source: Eviews 10 output results

Based on table 4.4 above, it shows that the Breusch-Pagan cross-section probability value is 0.0197 which was obtained from the common effect model regression, where the value is smaller than 0.05, so the regression model chosen is the random effect model, so the results of the model selection The best method in this research is the random effect model.

Classic assumption test

The current research does not use the classical assumption test. This is because this research uses panel data and the model chosen is the random effect model (REM). According to Gujarati & Porter (2013), their theory states that the random effect panel model estimation method uses the generalized least squares (GLS) method, while the common effect panel model and fixed effect panel model use ordinary least squares (OLS). One of the advantages

of the GLS method is that it does not need to fulfill classical assumptions. Apart from that, Melati & Suryowati, (2018) also stated that in the random effect model there is no need to test classical assumptions, because it is assumed that the Generalized Least Square (GLS) estimation method can overcome heteroscedasticity and autocorrelation. So, if the regression model uses a random effect model (REM), there is no need to test classical assumptions. On the other hand, if a common effect model or fixed effect model is used, it is necessary to test the classical assumptions.

Simple Panel Data Regression Results

Table 5. Simple Panel Data Regression Results

Dependent Variable: MBR

Method: Panel EGLS (Cross-section random effects)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	15.57940	0.604484	25.77304	0.0000
VAIC	0.048253	0.011930	4.044738	0.0001
Effects Specification				
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			3.688597	1.0000
Weighted Statistics				
R-squared	0.169708	Mean dependent var		13.84444
Adjusted R-squared	0.158334	S.D. dependent var		4.210025
S.E. of regression	3.862376	Sum squared resid		1089.010
F-statistic	14.92087	Durbin-Watson stat		1.462632
Prob(F-statistic)	0.000240			
Unweighted Statistics				
R-squared	0.169708	Mean dependent var		13.84444
Sum squared resid	1089.010	Durbin-Watson stat		1.462632

Source: Eviews 10 output results

Based on table 4.5, the calculation results from the simple panel data regression test obtained the constant value (a) from the regression model = 0.031508 and the regression coefficient (b) from each independent variable obtained b1 = 0.058565. Based on the constant values and regression coefficients, the relationship between the independent variable and the dependent variable in the regression model can be formulated as follows:

Y = 15.57940 (a) + 0.048253 (X)

From the equation above it can be explained as follows:

1. The constant coefficient value is 15.57940 or 1,579.40%, this can be interpreted that without the intellectual capital disclosure variable (X1), the financial report integrity variable (Y) will increase by 1,579.40%.
2. The regression coefficient value for the intellectual capital disclosure variable (X) is 0.048253. This shows that there is a positive relationship with the integrity of financial reports. Every 1% increase in intellectual capital disclosure will increase the integrity of financial reports by 0.048253.

Hypothesis test

Table 6. Partial Test Results (t Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	15.57940	0.604484	25.77304	0.0000
VAIC	0.048253	0.011930	4.044738	0.0001

Source: Eviews 10 output results

Based on the calculation results from table 4.6, it is known that the influence of the independent variable on the dependent variable is as follows: The intellectual capital disclosure variable on the integrity of financial reports with tcount 4.044738 > 1.665996 ttable with a significant value of 0.0001 < 0.05. So it can be concluded that H1 is accepted. This means that intellectual capital disclosure has a positive and significant effect on the integrity of financial reports.

Coefficient of Determination Test (R2)

Table 7. Coefficient of Determination Test Results (R2)

R-squared	0.169708	Mean dependent var	13.84444
Adjusted R-squared	0.158334	S.D. dependent var	4.210025
S.E. of regression	3.862376	Sum squared resid	1089.010
F-statistic	14.92087	Durbin-Watson stat	1.462632
Prob(F-statistic)	0.000240		

Source: Eviews 10 output results

Seen from table 4.7 above, it shows that the adjusted r-squared is 0.1583 (15.83%) which only indicates that the dependent variable (integrity of financial statements) can be explained by the independent variable (intellectual capital disclosure) amounting to 15.83%, while the other 84.17% is explained by other factors outside the research model.

CONCLUSION

Based on the results of the research and discussion previously described, using descriptive statistical analysis, determining panel data estimates, panel data regression analysis, and hypothesis testing with eviews version 10 software regarding the influence of Intellectual Capital Disclosure as proxied by the Value Added Intellectual Coefficient (VAIC) on Integrity of Financial Reports in Food and Beverage Manufacturing Companies

Listed on the Indonesia Stock Exchange for the 2018-2022 period, it can be concluded that the research results are that the Intellectual Capital Disclosure Variable which is proxied by the Value Added Intellectual Coefficient (VAIC) has a positive and significant effect on the Integrity of Financial Reports. This shows that the company has fully implemented honesty measures in managing financial reports because the quality level of intellectual capital disclosure is stable.

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