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The Influence of Intellectual Capital and Corporate Social Responsibility Disclosure on Financial Performance (Empirical Study of Hotel, Restaurant, and Tourism Sub Sector Companies in the Indonesia Stock Exchange in 2016-2018

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ABSTRACT:*Financial performance is an analysis to see the company's performance. Corporate social responsibility disclosure and intellectual capital can affect a company's financial performance. This study aims to determine the effect of Intellectual Capital and Corporate Social Responsibility Disclosure of the company on the financial performance of the hospitality, restaurant and tourism sub-sectors listed on the Indonesia Stock Exchange in 2016-2018.The samples used in this study were 35 companies and the technique used was saturated samples. The method used in this study is a quantitative method using secondary data in the form of annual reports obtained at the Indonesia Stock Exchange and the data analysis technique used is multiple linear regression. Based on the results of research that intellectual capital and corporate social responsibility disclosure have a positive effect on financial performance. This means that if the value of intellectual capital and corporate social responsibility disclosure, the company's financial performance will increase.*

KEYWORDS : *corporate social responsibility disclosure, financial performance, intellectual capital*

I. INTRODUCTION

Financial performance is an analysis conducted to see from where a company has carried out using the rules of good and correct financial implementation. A company's performance is an overview of the company's financial condition was analyzed utilizing financial analysis so that it can be trusted regarding finances well in companies that reflect performance in a particular period. This is very important so that resources are used optimally in the face of environmental changes (Fahmi, 2011: 2). Measurement of financial performance can be measured by financial ratios derived from the financial statements of the company. One of the ratios is Return On Assets (ROA). ROA shows the company using all assets owned to generate profits after tax. This ratio is important for management to evaluate the effectiveness and efficiency of the company. The greater ROA means more efficient use of company assets or in other words with the same amount of assets can generate greater profits, and vice versa (Pratiwi, 2017). The Indonesia Stock Exchange (IDX) reports a decline in financial performance as measured by the Return on Assets (ROA) ratio in the hotel, restaurant, and tourism sub-sector companies. The following table shows the average ROA of companies in the hotel, restaurant and tourism sub-sector in 2016-2018.

Table 1Average Return on Assets (ROA) of the Hotel, Restaurant and Tourism Sub Sector in 2016-2018

	2016	2017	2018
Hotel, Restaurant and Tourism Sub Sector	2,44%	2,36%	1,08%

Source: Data Process, 2019

Table 1 shows that the average ROA of the hotels, restaurants and tourism sub-sectors experienced a decline from 2016-2018. The decline in ROA was caused by several problems faced by hotel, restaurant, and tourism sector companies in Indonesia. The phenomenon that greatly affected the decline in financial performance in 2016-2018 in the sub-sector of hotels, restaurants and tourism, namely the natural disasters that occurred in Indonesia such as the eruption of Mount Agung in Bali in 2017 caused 1 million tourists to be reduced and tourism sector companies suffered losses of Rp 11 trillion in the tourism sector. In addition to the Gunung Agung disaster in Bali, the Lombok and Palu earthquake natural disasters also triggered a decline in financial performance as measured by ROA.Then the tsunami disaster in the Sunda Strait in late 2018 caused economic losses of hundreds of billions in the tourism sector. Disasters cause a domino effect in the form of canceling tourist visits by up to 10 percent. Before the tsunami, hotel and lodging occupancy rates in the Anyer, Carita and Tanjung Lesung tourist areas reached 80-90 percent (National Disaster Management Agency, 2019). From this phenomenon, the hotel, restaurant, and tourism sub-sector companies are experiencing critical periods. This causes the company's financial performance to decline. After the phenomenon of natural disasters that occur, the hotel, restaurant, and tourism sub-sector companies overcome the impact by arranging good business strategies so that they can rise and improve the company's financial performance.

The development of technology and the acceleration of information have a major impact on the sustainability of the business world. According to Hurwitz et al., (2002) in Faradina and Gayatri (2016), with the development of technology changes the company's business strategy, where initially based on labor (labor-based business) then replaced with a business based on knowledge (knowledge-based business) so that the company can continue to grow and maintain its existence. Companies must have a value that can create a competitive advantage by not only utilizing tangible assets but must also utilize intangible assets owned by the company (Noorkhaista and Sari, 2017). Intangible assets are proposed to be used more for evaluating companies, generally intangible assets are called Intellectual Capital (IC) (Pouraghajan et al., 2013).

According to Williams (2001) in Winahyu and Mimba (2018) intellectual capital is information and knowledge that is applied in work to achieve value. Good resource management will have an impact on improving the capabilities, skills (skills), and knowledge of employees. These abilities, skills, and knowledge of employees will contribute to the company in increasing company profitability. According to Ulum (2008), Intellectual Capital is not measured directly, but rather to express a measure to assess the efficiency of the value-added or value-added as a manifestation of the company's intellectual ability (Value Added Intellectual Coefficient-VAIC ™). Physical capital, human capital, and structural capital are company resources that are the main components of VAIC.

In an era of knowledge-based management, companies do not only develop tangible assets and intangible assets but must also care about the company's social and environmental responsibilities. Corporate sustainability will only be guaranteed if the company cares about the social and environmental dimensions. This is a fact of how local community resistance, in different places and times, comes to companies that are considered not to pay attention to aspects of social, economic and environmental life (Adeneye and Ahmed, 2015). Today, companies are starting to pay more attention to information about disclosure of social responsibility or called Corporate Social Responsibility Disclosure. Corporate Social Responsibility is a form of sustainability reporting that presents information on social, environmental, and financial aspects of the company. The concept put forward by Elkington (1998) namely The Triple Bottom Line states that for a company to maintain its survival, it must pay attention to 3P, namely Profit, Planet, and People.

II. CONCEPTUAL MODEL AND HYPOTHESES

Stakeholder theory is a theory which states that companies only support for its own sake, but must provide benefits to all of its stakeholders Purnama (2016). According to Freeman (1984), stakeholders are any group or individual who can influence or be affected by the achievement of organizational goals.

The resource-based theory is a thought that develops in the theory of strategic management and competitive advantage of companies that believe that companies will achieve excellence in having superior resources (Solikhah, 2010). The resource-based theory discusses the resources needed by the company and the company needed and the resources it has (Faradina and Gayatri, 2016).

Performance is an illustration of the level of achievement of the implementation of activity in achieving a goal. The financial performance is a performance that has been achieved by the company in a given period and stated in the company's financial statements. The results of performance measurements carried out every period are very useful for assessing the company's progress and producing information that is very useful for management decision making and can create corporate value to stakeholders (Rahayu and Damayanthi, 2018).

Intellectual Capital (IC) is an intangible asset that can be in the form of information knowledge, the experience possessed by human resources, and corporate organizations (Stewart and Ruckdeschel, 1998). Klein and Prusak (1994) in Putri et al., (2017) define intellectual capital as intellectual material that has been formalized, captured, and utilized to produce higher-value assets.

The ISO 26000 guidelines mean that CSR is an organizational social responsibility for the impact of decisions and activities on society and the environment transparently and ethically, contributing to sustainable development. The scope of CSR according to ISO 26000 is divided into seven namely organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, maintenance and community development (ISO 26000, 2010).

Effect of Intellectual Capital on Financial Performance of Companies in the Hotel, Restaurant and Tourism Sectors

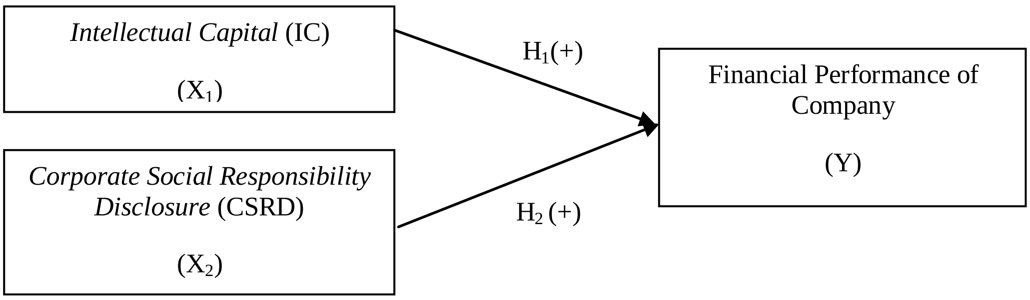
The resource-based theory discusses the company's resources and how the company can manage and utilize its resources. The company's ability to manage resources properly can create competitive advantages to improve company performance. Good financial performance reflects that the company has succeeded in utilizing all of its resources well to generate profits for the company. Intellectual Capital (IC) is an intangible asset in the form of information knowledge, the experience possessed by human resources, and corporate organizations.According to Ulum (2009), if intellectual capital is a measured resource for increasing competitive advantage, then intellectual capital will contribute to company performance. Intellectual capital affects the financial performance of a company or entity because by utilizing intellectual capital the company will have a competitive advantage that can improve the company's financial performance.Based on the research results of Faradina and Gayatri (2016); Mariyantini and Putri (2018); Chintya and Haryanto (2017) revealed that intellectual capital has a positive effect on the company's financial performance, if the company can manage intellectual capital well, it will provide increased results on the company's financial performance. Based on the description, the hypotheses that can be proposed are as follows:

H_1: Intellectual Capital has a positive effect on the financial performance of the hotel, restaurant and tourism sub-sectors

Effect of Corporate Social Responsibility Disclosure on Financial Performance of Companies in the Hotel, Restaurant and Tourism Sectors

Stakeholder theory is a theory which states that companies only support for its own sake, but must provide benefits to all of its stakeholders Purnama (2016). According to Freeman (1984), stakeholders are any group or individual who can influence or be affected by the achievement of organizational goals. If the company discloses well, the company's image in the community will be better. The public or stakeholders will have a good view because the company has shown a public interest and not only the interests of the entity itself. CSR disclosures contribute to companies to create profits that impact consumer loyalty for the products and services offered by the company.Based on the results of research by Mariyantini and Putri (2018); Rosafitri (2017); Dumanauw (2018) revealed the results that corporate social responsibility disclosure had a positive effect on financial performance. Based on the description, the hypotheses that can be proposed are as follows:

H_2: Corporate Social Responsibility Disclosure has a positive effect on the financial performance of the hotel, restaurant and tourism sub-sectors.



*Source:*Data Process, 2019

figures 1 conceptual framework

III. RESEARCH METHODS

The location of this research is the hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange in 2016-2018. The method used in this study is a quantitative method using secondary data in the form of annual reports obtained at the Indonesia Stock Exchange and the data analysis technique used is multiple linear regression. The object of this research is a financial performance that is influenced by intellectual capital and corporate social responsibility disclosure in hotel, restaurant and tourism sub-sectors listed on the Indonesia Stock Exchange in 2016-2018. The sampling technique used in this study is a saturated sample. The sample data used in this study can be seen in the following Table II:

Table 2:AmountOf Observations Samples

Criteria	Amount
Hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange in 2016-2018	35
Year of observation	3
Samples during the study period	86
Data outlier in research	(6)
Total samples during the study period	80

Source: Data Process, 2019

Financial performance is proxied by return on assets (ROA) which is formulated as follows:

$$\text{Return On Asset (ROA)} = \frac{Net\ profit\ after\ tax}{Total\ assets}$$

Intellectual capital is proxied by Value Added Intellectual Coefficient (VAIC ™) developed by Pulic (1998) and Ulum et al. (2014). Value Added Intellectual Coefficient (VAIC™). VAIC™ can be calculated using the following formula:

VAIC™ = VACA + VAHU + STVA

Description:
VAIC™ = Value Added Intellectual Coefficient
VACA = Value Added Capital Employed
VAHU = Value Added Human Capital
STVA = Structural Capital Value Added

The CSR disclosure policy is measured in the amount of CSR disclosure using the Corporate Social Responsibility Index (CSRDI) proxy based on the International Organization for Standardization 26000 (ISO 26000) which consistently develops social responsibility covering 7 (seven) main issues. A score of 0 is given if a performance indicator is not disclosed and a score of 1 is given if a performance indicator is disclosed. Mathematically, CSRDI can be formulated as follows:

$$\text{CSRDIJ} = \frac{\sum Xij}{n}$$

Description:
CSRDI : Corporate Social Responsibility Index ($0 \leq$ CSRDI ≤ 1)
∑Xij : Number of items disclosed, score 1 if disclosed, score 0 ifnot revealed
n : Maximum number of CSRDI disclosure items

IV. RESULT AND DISCUSSION

There are 80 sampled in this study based on the results of sample selection. Descriptive analysis is used to explain each variable used in this research.The results of the descriptive statistics in this study are as follows:

Table3: The Results of The Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	80	-,0868	,1264	,023981	,0449230
IC	80	-4,2115	15,1075	2,537359	2,9783101
CSR	80	,0270	,6757	,309456	,1602136
Valid N (listwise)	80				

*Source:*Secondary data processed, 2019

The result of the normality test in this study are as follows:

Table4: Normality Test

		Unstandardized Residual
N		80
Normal Parameters[a,b]	Mean	Normal Parameters[a,b]
	Std. Deviation	.90223522
Most Extreme Differences	Absolute	Most Extreme Differences
	Positive	.067
	Negative	-.080
Kolmogorov-Smirnov Z		,603
Asymp. Sig. (2-tailed)		,860

*Source:*Secondary data processed, 2019

Based on Table 4 it can be seen that the Asymp value. Sig. (2-tailed) that is equal to 0.860 then the test results are divided by 2 to obtain the Asymp value. Sig. (p-value). So the value of Asymp. Sig. (p-value) of 0.430 where the result is greater than 0.05. It shows the data used in this study had a normal distribution. Paired sample t-tests are used because this research variable is normally distributed.

The results of multiple linear regression analysis in this study are as follow:

Table 5 The Results Of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,019	,098		,193	,847
	IC	,753	,249	,298	3,030	,003
	CSRD	,399	,102	,385	3,910	,000

Source: Secondary data processed, 2019

Based on Table 5, the linear regression equation in this study are:

$$Y = 0{,}019 + 0{,}753\ X_1 + 0{,}399\ X_2 + e$$

Description:
Y = Financial performance (ROA),
X_1 = Intellectual Capital
X_2 = Corporate Social Responsibility Disclosure
e = error term, the estimator error level in the study
The result of a paired sample t-test in this study are as follow:

Table 6: Paired Sample T-Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,019	,098		,193	,847
	IC	,753	,249	,298	3,030	,003
	CSRD	,399	,102	,385	3,910	,000

*Source:*Secondary data processed, 2019

Based on Table 6above, it can be seen that the variable Intellectual Capital and Corporate Social Responsibility Disclosure have significant values of 0.003 and 0,000. A significant value of IC and CSRD variables is smaller than 0.05, which means H^1 and H^2 are accepted.

Effect of Intellectual Capital on Financial Performance of Companies in the Hotel, Restaurant and Tourism Sectors

In the paired sample t-test shows the value of the Intellectual Capital variable has a significant value of 0.003. A significant value of the IC variable is less than 0.05, which means H^1 is accepted. Intellectual Capital (IC) has a positive effect on financial performance subsectors hotels, restaurants and tourism. IC variables are proxied by VAIC ™ and financial performance is proxied by Return on Assets (ROA). This can be interpreted that if the IC value increases, the value of a company's financial performance will also increase. It can be concluded, if the company can manage IC properly it will enhance the company's financial performance. The results of this research were supported by the Resource-based theory that discussed the resources of the company and how the company can manage and utilize its resources. The company's ability to manage resources properly can create competitive advantages to improve company performance. Good financial performance reflects that the company has succeeded in utilizing all of its resources well to generate profits for the company.

Effect of Corporate Social Responsibility Disclosure on Financial Performance of Companies in the Hotel, Restaurant and Tourism Sectors

In the paired sample t-test shows the value of the variable Corporate Social Responsibility Disclosure has a significant value of 0,000. The significant value of the CSRD variable is smaller than 0.05, which means H^2 is accepted. Corporate Social Responsibility Disclosure (CSRD) has a positive effect on the financial performance of the hotel, restaurant and tourism sub-sectors. The CSRD variable is proxied by CSRDI based on ISO 26000 and financial performance is proxied by Return on Assets (ROA). This can be interpreted if the value of CSRD increases, the value of the company's financial performance also increases.The better the company does CSR disclosure, the better the company's image in the community. The public or stakeholders will have a good view because the company has shown a public interest and not only the interests of the entity itself. CSR disclosures contribute to companies to create profits that impact consumer loyalty for the products and services offered by the company. The results of this study are supported by stakeholder theory which says that the company is not an entity that only operates for its interests, but must provide benefits to all stakeholders.

V. CONCLUSION AND SUGGESTIONS

Based on the collected data and test results can be concluded that the test results indicate that the positive effect of intellectual capital on the financial performance of companiessub-sector of hotels, restaurants, and tourism. This may imply that increasing the value of the IC then the value of the company's financial performance just goes up anyway. This can be interpreted that if the IC value increases, the value of a company's financial performance will also increase. The results of the corporate social responsibility disclosure (CSRD) test have a positive effect on the financial performance of the hotel, restaurant, and tourism sub-sector. This can be interpreted as increasing the value of CSRD, the value of the company's financial performance also increased. CSR disclosure contributes to the company to create profits and improve the company's financial performance.Based on the results of the discussion of the research, it can be drawn some suggestions that:

1) Future studies can further add to the period of the study, to get more accurate results.
2) Future studies can add the variables studied to create a variety of observations that can be complementary.
3) Future studies are expected to research different locations.
4) The company pays more attention to the number of CSR disclosures and further maximizes its Intellectual Capital to improve the company's financial performance.

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