Firm Size and Intellectual Capital Disclosure: Understanding the Role of Managerial Ownership in the Modern Banking Business Environment

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ABSTRACT

This research aimed to analyze the role of firm size in moderating the influence of debt levels, profit growth, and managerial ownership on Intellectual Capital Disclosure. This research was conducted on 28 banking companies listed on the Indonesia Stock Exchange in 2019-2021. Data were analyzed using the absolute difference test. The research results showed that debt levels had a positive effect on Intellectual Capital. In relation to creditors, the company needed to meet the information needs required such as intellectual capital. This information convinced creditors that their loans can be managed well with existing resources, so that the bank's credibility is more guaranteed. Managerial ownership had a negative effect on ICD. Managerial parties as well as principals had greater access to information regarding intellectual capital so that disclosure was lower. The size of the company weakened the influence of managerial ownership on Intellectual Capital. However, it did not moderate the influence of debt level and profit growth on Intellectual Capital. Large banking companies paid more attention to their image, so managers needed to disclose more comprehensive information as a form of improving the banking company's image in the eyes of the public.

Keywords: Human Resource, Intellectual Capital Disclosure; Intangible Asset, Debt Level; Profit Growth; Managerial ownership; Size, Banking company

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INTRODUCTION

Human resources have a very important role in the banking industry whose operations are full of service activities, not dependent on machines and other fixed assets. The banking industry is a service industry that is highly dependent on services and relationships with customers. Banking employees interact directly with customers. Quality human resources can provide friendly, efficient, and reliable customer service. They can also help solve customer problems and provide solutions that meet customer needs and expectations.

On the other hand, the banking industry has strict regulatory requirements and high compliance obligations. Banking employees must comply with internal regulations and policies and understand good banking governance. Human resources trained in security, data protection and banking governance can help reduce operational risk, maintain the integrity of customer data and information, and ensure compliance with applicable regulations.

The banking industry involves a variety of complex activities, including banking services, risk management, compliance, financial analysis and information technology. Qualified and skilled human resources in this field are needed to carry out daily operations properly. The expertise and competence of banking employees helps to maintain high service levels, increase operational efficiency and manage risk well. Human resources also play a role in creating a healthy and inclusive organizational culture in the banking industry. A strong and positive culture encourages collaboration, innovation and employee motivation. Employees who feel valued, supported and have the opportunity to develop will be more motivated to provide good performance and make a positive contribution to the organization.

Along with technological developments, banking is undergoing massive changes with the adoption of digital technology and new innovations. Human resources that are adaptive and skilled in information technology can help banks adapt quickly to these changes. Tech savvy employees can help develop innovative solutions, enhance customer digital experiences, and drive digital transformation across the organization.

Human capital is usually proxied by Intellectual Captial Disclosure (ICD). This disclosure is information that can be presented by the banking company in its annual report to improve its image (Baroroh, 2013; Love, 2011; Gong, 2009). The companies certainly have different amounts of intellectual capital, depending on its usage in each of their operational activities. Banking companies are one of the sectors with a high level of intellectual Capital (Verkatsamy, 2017). Operational activities in banking companies always involve intellectual capital, such as human capital, information networks, technology, and others. The high intensity of intellectual capital is not in line with the information disclosed in the annual reports published by banking companies.

The importance of human resources has not yet received a positive response from banking company management. Dutriana (2020) presented research data on ICD with the object of banking research in Southeast Asian countries with the following results:

Table 1: Disclosure of Intellectual Capital in Banking Sector of Southeast Asian countries

	Sample	ICD
Indonesia	120	73.56%
Malaysia	30	60.51%
Filipina	24	47.73%
Singapura	9	63.97%
Thailand	33	66.94%
Vietnam	6	58.08%

Source: Dutriana (2020)

The results of the research above used content analysis with indicators developed by Bukh et al. (2005) with a dummy variable, 1 if disclosed, and 0 if not disclosed. However, several previous studies have conducted ICD research on Indonesian banking with the following results:

Table 2: Disclosure of Intellectual Capital in Indonesian Banking Sector

Researcher	Year	ICD
Priyanti	2015	31.38%
Utama	2016	36.38%
Muryanti	2017	43.24%
Putra	2018	51.57%
Banjarnahor	2019	31.37%

Table 2 informs that several studies state that the disclosure of intellectual capital by Indonesian banking companies is still low. One of the problems that occurs is human resources which determines the success of companies, especially in the services and banking sectors, but has not received more attention from banking company management. This can be seen from the small percentage of ICD by banks as revealed by several previous researchers.

This research tried to develop ICD information with the indicators developed by Ulum (2015) in more detail to see how concerned the company is in disclosing its ICD. This study used 4 assessments, 0 for those who did not disclose, 1 for those who disclosed in sentence form only, 2 for those who disclosed in the form of numbers and 3 for those who disclosed in monetary units. This will look at the extent of disclosure, not just whether they disclosed it or not, but how widely they disclosed it and considered it important.

Some previous studies have found some factors that influenced ICD, including profitability (Eddine et al., 2015; Naimah & Mukti, 2019; Nicolò et al., 2020; Pujiati & Wahyudin, 2018), type of company (Eddine et al., 2015; Nafisah & Meiranto, 2017; Naimah & Mukti, 2019), Audit Commitee (Haji, 2015; Kavida et al., 2019; Naimah & Mukti, 2019), Audit Committee's meetings (Haji, 2015; Kavida et al., 2019; Naimah & Mukti, 2019), Board direction (Nicolò et al., 2020; Priyanti & Wahyudin, 2015), company's age (Eddine et al., 2015; Kamath, 2017; Nafisah & Meiranto, 2017), and Independent Board Commisioners (Mehrotra et al., 2018; Nicolò et al., 2020; Pujiati & Wahyudin, 2018).

Previous research on the effect of earnings growth on ICD have shown inconsistent results. Priyanti (2015), Pujiati (2018), and Taliyang (2011) found profit growth can influence companies in disclosing their intellectual capital. These results are different from Joson (2015) and Yau (2009) who proved that profit growth cannot influence the companies ICD.

There are different findings on the influence of managerial ownership on the disclosure of the company's ICD. Al-Sartawi (2018), Kateb (2014), Khafid (2018), and Mukhibad (2019) found a significant influence of managerial ownership on the disclosure of the company's ICD. Meanwhile, Jamei (2017), Muryanti (2017), and Nurziah (2017) found that managerial ownership in companies did not affect the ICD.

Some other previous studies also still showed inconsistent results. Therefore, the researchers wanted to re-analyze debt level, profit growth, and managerial ownership in influencing ICD and added a moderator in the form of size. The natural logarithm proxy (ln) of total assets aimed to measure size in this study. Total assets can describe the size of a company. If a company has more asssets, it indicated that the company is large. Naimah (2019) performed that a larger size of a company will lead to higher demand for information disclosure. Thus, company size as a moderating variable was expected to moderate the influence of ICD factors which included debt level, profit growth, and managerial ownership.

This research is a development of previous research, by collaborating debt level, profit growth, managerial ownership and bank size as factors that influenced ICD. This is because there were still many research gaps found in several previous studies. These factors also accommodated the bank's internal factors in the form of bank size, performance conditions through profit growth and stakeholder conditions through managerial ownership and debt levels. This included complex factors from internal and external to the company.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Ulum (2015) showed that the ICD is a report on the company's intangible assets so that the market and external stakeholders need to know about it in increasing the understanding of competitive advantage. Several previous studies have shown that increasing ICD disclosed by the company can increase the value of the company in the financial market (Khafid, 2018). The ICD is included in the reporting of non-financial information owned by the company, where the disclosed information can increase corporate value.

This research used the agency theory developed by Michael C. Jensen and William H. Meckling (1976). The agency theory explains that there is an agency conflict between the principal and the agent with different interests (Baroroh, 2021). To increase the trust of company owners, management is required to expand the information provided. The principal demands comprehensive information disclosure to the management. This encourages the management to disclose comprehensive company information such as for disclosing company information regarding ICD to gain trust from the principal and incentives to improve company performance (Khafid, 2018). ICD can be one of the pieces of information disclosed by the management to increase owners' trust.

Hypotheses Development and Research Model

The Effect of Banking Debt Level on ICD

Operational activities require more funds to increase business quality. Those funds can be sourced from debt to creditors. The creditor as the party providing the loan of funds certainly requires relevant information about banking, so that the creditor feels he has guarantees for the funds lent to the bank. The Type 3 agency theory states that there is a potential for information asymmetry between the creditor and the agent. Information asymmetry can lead to agency conflicts that can increase the bank's expenses in the form of agency costs. The existence of more comprehensive disclosure of information like the ICD can increase the bank's capability to creditors. Information on ICD informed by the bank assumes that banking companies have human capital in the form of qualified workers to manage their operational activities so that the high level of debt can be utilized properly by banking companies. Therefore, the ICD can reduce the agency costs that must be incurred by the banking company. The results are supported by Gilani (2017), Priyanti (2015), and Rahman (2019) who revealed that debt level had a positive effect on the ICD. So, debt level has a positive effect on ICD.

A high level of debt level can increase the need to increase transparency and trust from the parties involved with the bank, including investors, creditors and other stakeholders. Disclosure of intellectual capital can help increase transparency and provide a more complete picture of a banking company's intellectual resources. In this case, debt level can be a driving force for companies to be more active in disclosing their intellectual capital.

H_1: Banking Debt Level has a Positive Effect on ICD

The Effect of Banking Profit Growth on ICD

The profit earned by the bank can attract the investors' intention. Investors in making investment decisions need a lot of information, not only financial but also non-financial (Priyanti, 2015). The agency theory explains that the principal and agent in a bank often have different interests. The difference in interests will cause an agency conflict. It will also increase the bank's expenses for agency costs. To minimize agency costs, companies can disclose their information more comprehensively. ICD can minimize the agency costs incurred (Utama, 2015). Companies with good profit growth tend to disclose information about their IC. This aims to provide information to external parties (investors) that they have relationships and networks (relational capital) that support their operational activities, such as marketing strategies and market shares. Therefore, investors will be confident in viewing the sustainability of the bank's operational activities. This research was supported by Heryana (2020) and Taliyang (2011) who found that earnings growth had a positive effect on the disclosure of the bank's ICD. Thus, profit growth will give a positive effect on ICD.

H_2: Banking Profit Growth has a Positive Effect on ICD

The Effect of Managerial Ownership of Banking Industry to the ICD

The agency theory explains that there are often conflicts between principals and agents. Jensen (1976) showed that managerial ownership is a governance procedure to resolve agency conflicts. According to Khafid (2018), managerial ownership is share ownership by managers or directors in a bank. This causes the managerial party to have another role, namely as a shareholder of the bank, so that the principal's interests can be adjusted to the agent. The managerial party as the owner will try to create a competitive advantage to improve its image in the capital market. One way to improve the bank's image is by disclosing comprehensive information such as disclosing IC. Information in the form of IC disclosed by the bank can provide information about the internal structure (structural capital), such as the management process carried out by the bank to the capital market. This provides added value that can be a competitive advantage for the bank over its competitors. The results were supported by Astuti (2020) and Mukhibad (2019) who stated that managerial ownership positively influenced ICD. Managerial ownership can improve ICD to minimize the conflict between principal and agent.

H_3: Managerial Ownership of Bank Industry has a Positive Effect on ICD

The Role of Size to Moderate the Effect of Debt Level to ICD

A high percentage of debt in the capital structure indicates that creditors have a strong influence on the bank. Jerzemowska (2006) found that in the agency theory, Type 3 of information asymmetry often occurs between companies and creditors, causing agency conflicts that increase agency costs. Companies that disclose IC can make creditors feel secure about the funds that have been lent. The IC disclosed by the bank provides information to creditors that banking companies have human capital in the form of qualified workers to manage the bank's operational activities so that the level of debt owned by banking companies can be utilized properly.

Large companies tend to carry out broader business activities and complex relationships due to the delegation of authority (Pujiati, 2018). The bank's complex business activities certainly require large capital, so they have a higher level of debt level. This creates an agency conflict that increases the bank's agency costs. Large companies have a high number of stockholders, who want high returns (Choi, 2020; Cornell, 2021; Yin, 2021), while companies with high levels of debt also have high risks and creditors (Newton, 2020), so they also need certainty of high interest payments. These two parties experienced high agency conflicts due to the desire to ensure re-funding. For this reason, companies need to ensure that they have quality and competent resources in handling their business so that they will be more credible in the eyes of investors and creditors to ensure that funds invested in the bank are safe and have minimal risk. To minimize the agency costs incurred, the bank can disclose information about its ICD. Therefore, the effect of debt level on ICD will be higher if it is in line with the bank's size.

H_4: Bank Size Strengthens the Effect of Debt level on ICD

The Role of Size to Moderate the Effect of Profit Growth to ICD

High-profit growth can attract the principal's attention (investors) to find out more about the bank where they invest their capital (Pardosi, 2020). Jensen & Meckling (1976) explained that in the agency theory, information asymmetry often arises between the principal and the bank and may cause agency conflicts, thereby increasing the bank's agency costs. Agency costs can be minimized through more comprehensive disclosure of information, such as ICD. ICD can provide information to investors that the bank has relationships and networks (relational capital) to support operational activities (Ahmed, 2020; Gross, 2020; Li, 2021) such as marketing strategies and shares owned by the bank. This information can increase the bank's capability to investors that it has potential in the future.

Companies with high profit growth rates have sufficient funds to disclose additional information that is useful to attract investor interest (Nurmal, 2023; Cathcart, 2020; Acosta-Smith, 2020). On the other hand, large companies which also have a large investor who expect large amounts of information regarding the bank's condition (Choi, 2020; Cornell, 2021; Yin, 2021. ICD describes the condition of the Bank's resources as actors in the Bank's business. Companies with high profit growth coupled with large bank sizes increasingly require high levels of intellectual capital disclosure to ensure that the profits generated are real profits that can be enjoyed by shareholders as an effort to reduce the information gap between management and principals.

H_5: Bank Size Strengthens the Effect of Profit Growth on ICD

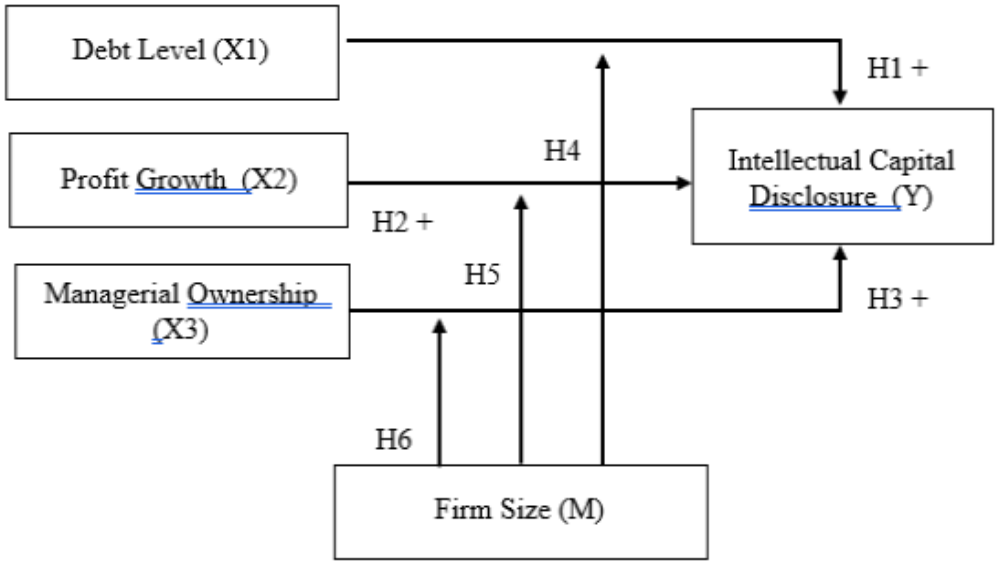
The Role of Size to Moderate the Effect of Managerial Ownership to ICD

Jensen (1976) stated that in the agency theory, information asymmetry may arise between the principal and the agent. In aligning the interests between the principal and the agent, the bank can increase the amount of managerial ownership. Managerial ownership is share ownership by managers or directors. This causes the management of the bank to act as the owner of the bank so that the interests of the principal can be adjusted to the interests of the agent (Khafid, 2018, Kurniawan, 2022). The share ownership by the managerial party makes them try to disclose information more comprehensively such as disclosing ICD to improve the bank's image (Baruah, 2020; Perez, 2020). ICD provides information regarding the bank's internal structure (structural capital) such as the management process carried out by the bank and as an added value for the bank to compete with its competitors.

Large companies have a higher demand for information disclosure (Naimah, 2019; Mikalef, 2020). The existence of managerial ownership, which means there are parties who play a dual role, as owners and managers of the bank, makes them understand the needs of bank owners. That the bigger the bank, the more transparent the bank's information needs for shareholders, not only quantitative information in financial reports, but also qualitative information related to the assets and resources owned by the bank. ICD describes human resource information owned by the Bank to provide assurance to owners that the Bank is handled by competent and responsible people so that the bank's going concern is more secure. Banks, which are businesses with a high level of risk, require assurance that the people who handle Bank funds are people who are able to maintain the security and continuity of the bank's business.

H_6: Bank Size Strengthens the Effect of Managerial Ownership on ICD

The framework for developing this research hypothesis can be illustrated in the image below:



Picture 1: The Hypothesis Framework

METHODOLOGY

This was quantitative research that used secondary data in the form of annual reports published by banking companies listed on the Indonesian Stock exchange (IDX) in 2019-2021. The research population was 45 banking companies listed on the IDX in 2019-2021. The sample was selected using a purposive method to obtain 28 banking companies with 84 units of analysis. However, in this research, there were five outlier data so only 79 units remained.

The dependent variable in this study was ICD, which was divided into three main aspects, human capital related to human resource competence, structural capital related to technology and company information systems, and relational capital related to distribution networks, marketing strategies and customer loyalty. The ICD measurements used the ratio found by Ulum (2015) with total disclosure of 46 items, as shown in the table in the Appendix. The independent variable debt level was proxied by total debt compared to total equity (Utama, 2015). Profit growth was calculated by the percentage increase in profit earned by the bank each year (Priyanti, 2015). Managerial ownership was proxied by the number of managerial shares compared to the total outstanding shares (Khafid, 2018). The size was measured by the natural log of total assets as explained by Priyanti (2015). The regression model of this research was:

$$ICD=\alpha + \beta1\ LEV + \beta2\ PG + \beta3\ MO + \beta4\ |LEV*SIZE| + \beta5\ |PG*SIZE| + \beta6\ |MO*SIZE| + e$$

The data was collected using documentation techniques in the form of annual reports of banking companies for 2019-2021 on the official website of the IDX and their official website. Classical assumption tests included the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. They functioned to analyze the feasibility of the research regression model. The data was analyzed using moderated regression analysis through an absolute difference test with a significance level of 5% ($\alpha = 0.05$).

RESULTS AND DISCUSSION

The results of the descriptive statistical analysis can be seen in table 3 below:

Table 3: Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Debt Level	79	1.594	10.609	5.146	1.814
Profit Growth	79	-89.050	124.993	9.983	38.257
Managerial Ownership	79	0.000	12.540	0.324	1.587
Size	79	28.770	34.887	31.857	1.691
ICD	79	0.406	0.672	0.591	0.053
Valid N (listwise)	79				

Source: Processed Secondary Data (2022)

Table 3 shows the results of the descriptive statistics of this study. The average banking debt level was 5.146. This meant that on average banks had a debt ratio of 5 times their equity. This number was quite high. which meant the banks had external funding sources 5 times greater than internal funding from capital. The average profit growth for this research sample was 9.983. This meant that on average the banks had good profit growth. Profit growth showed a positive value which meant that it had increased and the number 9 was close to 10, which meant there has been an increase in profits of 9-10 times greater than the previous year. The average managerial ownership was 0.324. This meant that on average banks had managerial ownership of 32.4% of the total outstanding shares. This amount can be expressed as majority ownership in the Bank. The average bank size showed a value of 31.857, and this showed that the sample company was in the large company category. The average ICD showed 0.591. This number showed that the sample bank had made ICD disclosures worth 59.1%. This was quite a high number more than half of the standard items have been disclosed by the Bank. This condition showed a significant improvement compared to the results of various previous studies.

The normality test using the Kolmogorov-Smirnov Test generated a significance value of 0.200. The value was higher than 0.05. meaning that the data was normally distributed. The multicollinearity test generated a tolerance value of > 0.10 with a VIF value of < 10. which meant that there was no multicollinearity symptoms. The heteroscedasticity test through the glejser test showed that each independent variable had a significance value higher than 0.05. It meant that this research was free from heteroscedasticity symptoms. Also, the autocorrelation test through Run Test showed a test score of 0.003 and an Asymp value. Sig. (2-tailed) of 0.911 (higher than 0. 05). It meant that this research did not have autocorrelation symptoms.

In this research, the determinant coefficient had an adjusted R^2 value of 0.136. which meant that the variables of debt level, profit growth, managerial ownership, and size of the bank can explain the variation of ICD by 13.6%. Meanwhile, the remaining 86.4% was explained by other variables outside the research model. A summary of the results of testing the research hypothesis can be seen in Table 4 below:

Table 4: Results of Hypothesis Testing

Nu		Hypothesis	Regression Coefficient	Sig.	Result
1.	H1	Debt level has a positive effect on ICD	0.027	0.000	Accepted
2.	H2	Profit growth has a positive effect on ICD	-0.001	0.848	Rejected
3.	H3	Managerial ownership has a positive effect on ICD	-0.049	0.000	Rejected
4.	H4	The size of the bank plays a role in strengthening the effect of debt level on ICD	-0.012	0.192	Rejected
5.	H5	The size of the bank plays a role in strengthening the effect of earnings growth on ICD	-0.003	0.652	Rejected
6.	H6	The size of the bank plays a role in strengthening the influence of managerial ownership on ICD	0.026	0.015	Rejected

Source: Processed Secondary Data (2022)

DISCUSSION

Banking Debt Level has a Positive Effect on ICD

The findings of this research indicated that debt level positively affected ICD. Banking companies with a high level of debt level are demanded by creditors to disclose comprehensive information to provide guarantees for funds from creditors and minimize the information asymmetry (Priyanti, 2015). The banks that have a high debt level may rely on financing from third parties. such as banks or financial institutions. Based on the agency theory Type 3 to minimize the asymmetry of management and creditors, the creditors as the third parties may have requirements regarding the disclosure of more detailed information (Sonia, 2020; Puteri, 2023) including information about intellectual capital. In this case. banks that have a high debt level tend to have a greater tendency to disclose intellectual capital information to meet third party requirements. A high level of debt level can increase the need to increase transparency and trust from the parties involved with the bank. including investors. creditors and other stakeholders. Disclosure of intellectual capital can help increase transparency and provide a more complete picture of a bank's intellectual resources. In this case. debt level can be a driving force for companies to be more active in disclosing their intellectual capital.

Creditors tend to have a strong interest in understanding a bank's financial condition and ability to repay debt so better disclosure can give them confidence. Additionally, companies with high debt often require access to additional financing and strong intellectual capital disclosure can improve a bank's image in the eyes of potential investors and creditors (Xiu, 2023; Fadhilah, 2023) making it easier for the bank to obtain additional sources of financing. A bank's transparency and reputation can also be enhanced through strong disclosure which in turn can influence stakeholders' decisions to transact with the bank. This is in accordance with Gilani and Safari (2017); Priyanti and Wahyudin (2015) and Rahman et al. (2019).

Profit Growth has No Signifivant Effect on ICD

The results showed that profit growth dids not affect ICD. This result contradicted the agency theory. IC owned by banks is used to support the sustainability of operational activities in the banking companies. The operational activities of banks always involve IC such as human capital information networks technology and others. Some factors such as increasing revenue (Abbas, 2023), reducing costs (Datar, 2021), increasing efficiency or developing markets can contribute to profit growth. However, there was no direct relationship between profit growth and ICD. Disclosure of intellectual capital was more likely to be influenced by factors such as the need for stakeholders (such as investors. financial analysts or customers) to understand the intellectual resources a bank has, regulatory requirements requiring disclosure of certain information, or a bank's strategy to differentiate itself in the industry. Banking companies view IC as a necessity for them (Gerhant, 2021; Balouei, 2022; Lok, 2021). They consider it important to disclose IC because it can be of added value and increase their capabilities. Thus, the high or low level of corporate profit growth did not affect companies disclosing their IC. This finding is under Joson (2015) and Yau (2009).

On the other hand, banking has strict regulations and special criteria for measuring profitability and financial health. Therefore, factors such as intellectual capital may be less dominant in stakeholders' decision making compared to traditional financial indicators. Furthermore, banks often focus more on disclosing financial information that is more standardized and transparent because of the importance of trust and stability in this sector. Although profit growth can reflect bank performance, intellectual capital disclosure may not be directly related to profit growth and focuses more on factors such as reputation, risk and intellectual asset management that are more long-term in nature.

Managerial Ownership has a Negative Effect on ICD

Managerial ownership significantly influenced ICD in a negative direction. The results of descriptive statistical analysis of managerial ownership showed an average value of 0.324 (low) with an average value of 0.591 (medium). Banking companies that had a low level of managerial ownership disclosed

quite high IC. High managerial ownership meant that most principals were from the managerial side (Anton, 2023; Dakhli, 2021). According to the agency theory managerial ownership can create conflicts of interest between managers and external shareholders. Managers may have incentives to withhold information about intellectual capital or other intangible assets to avoid external scrutiny or to maintain power and control over the firm. This could hinder more transparent and detailed disclosure of intellectual capital. Companies with high managerial ownership may have a tendency to reduce the cost of disclosing information because they may perceive it as an unnecessary expense.

This is possible if managers focus more on their personal interests than on the interests of external shareholders who need information about intellectual capital. Firms with high managerial ownership may be more likely to maintain the confidentiality and security of information about their intellectual capital. They may perceive that disclosing this information could provide an advantage to competitors or could be exploited by others. As a result, they may tend to limit disclosure of intellectual capital. However, the high level of ownership results in a low level of ICD. The managerial parties and owners have sufficient access to obtain information regarding IC. Thereforemanagers can affect the ICD in a negative direction. These findings are similar to Al-Sartawi (2018), Kateb (2014), and Khafid (2018).

Bank Size does not Play a Role in Strengthening the Effect of Debt Level on ICD

The results of this research indicated that the size of the bank did not play a role in strengthening or weakening the influence of debt level on ICD. Research conducted by Naimah (2020) also mentioned that there was no influence between bank size and ICD. The funds needed by the bank can be earned through debt to creditors regardless of its size. The bank will take on debt based on the number of funds it needs for improving its operational activities. That is why the bank will continue to disclose comprehensive information such as ICD to provide the information required by its creditors. Larger companies will disclose more vital information like ICD. Thus, the size of the bank did not influence the strengthening or weakening of debt level on the ICD.

ICD tends to be more related to a bank's internal factors and its intellectual asset management strategy rather than being based solely on the bank's size or level of debt. Although larger companies may have more resources to undertake ICDdisclosure policies depend more on internal policies and management strategies. The size of the bank did not play a role in strengthening or weakening the effect of profit growth on ICD. Banks tended to disclose ICDs when they felt confident that the information was important and useful for stakeholders. They did not look at the size or profit growth because this disclosure was long-term as a form of bank investment to maintain assets and reduce the risks they had (Chen, 2021; Swanson, 2001; Garavan, 2019).

Size does not Play a Role in Strengthening the Effect of Profit Growth on ICD

The size of the banking bank did not play a role in strengthening or weakening the effect of profit growth on ICD. The results of this research were not in line with the agency theory that says that large companies have greater agency costs than smaller companies (Yenita & Syofyan, 2018). Large banking companies with high or low levels of profit growth will still reveal their ICD. ICD is an important part of banking companies for carrying out their operational activities. ICD is a necessity for them, so they need to disclose ICD in their annual reports. The ICD can be of added value for them to compete in the capital market. It is the IC that reflects a bank’s capability to compete well.

Banking places greater emphasis on disclosing traditional financial information due to the importance of strict regulations and public trust in this sector. Factors such as profit growth and bank size may be less relevant in evaluating aspects of intellectual capital. In addition. ICD policies may be more influenced by internal factors, needs, awareness and management strategies which may differ in each bank. Therefore. there is not always a direct relationship between profit growth, size, and intellectual capital disclosure in the Indonesian banking context. This is in accordance with research on Tonay (2022) and Kusniawati (2024).

Bank Size Weakens the Effect of Managerial Ownership on ICD

These research findings showed that the size of the bank did not play a role in strengthening the effect of managerial ownership on ICD. The results of this research were not in line with the agency theory which explains that large companies tend to have high agency conflicts (Yenita & Syofyan 2018). However, it can still weaken the negative influence of managerial ownership on ICD. The high level of managerial ownership will reduce ICD because the managerial parties can easily access the required information like ICD. They do not need to disclose more information. However, the focus of large-sized companies was not only on the profits earned but also on their existence in the capital market.

Large companies tended to have a higher demand for information (Naimah, 2019). A more comprehensive disclosure of information like IC is one of the determinants of the bank's existence. Large companies encourage managerial parties as the managers and owners in creating more competitive advantages so that they can still survive in the capital market. Therefore, a large size with a high level of managerial ownership can influence the bank in ICD.

High managerial ownership initially did not want to disclose the ICD in full for reasons of maintaining the confidentiality of the bank's assets and they did not want shareholders to know much about the condition of the bank. Management uses the information they have for their personal interests. However, with the large size of the bank the demand for transparency of bank information were also large. Investors want certainty about the security of funds invested in banks, so they demand to be given detailed information, especially about the human resources who manage bank assets especially since bank businesses have a fairly high risk of loss. So, it can be concluded that the larger the size of the bank the managerial ownership will be required to report the condition of the bank transparently so the larger bank will reduce the possibility of managerial ownership covering up information related to ICD.

CONCLUSION

The results showed that debt level had a positive significant effect on IC and the size can weaken the influence of managerial ownership of IC. It means that a higher debt level means that creditors strongly influence the bank, so it should meet and disclose vital information such as IC to the creditors. The high information of IC can reduce the agency conflict between stakeholders and management. Qualified human resources show that they can manage the bank professionally, so creditors trust the bank. High managerial ownership can reduce the level of ICD. The managerial parties as well as shareholders have access to obtain information about IC. They do not need more compliance with IC because they can access this independently.

The size of the company can weaken the influence of managerial ownership. Management. which previously tended to hide information related to ICD for its personal interests was demanded by large bank investors to report the condition of the bank transparently. The large size of the bank means that owners increasingly need confidence in the security of the funds invested in the bank. So larger banks tend to be able to reduce the possibility of managers hiding company information for the benefit of company stockholders.

Meanwhile, the size of the company does not play a role in moderating the effect of debt level and profit growth on ICD. The company will take on debt according to its needs. It will still disclose its ICD to meet the needs of stakeholders regardless of the size of the bank. Banking companies view ICD as a necessity so that regardless of high and low growth of profits earned they will still disclose their ICD. Companies consider that ICD is their need to evaluate and guarantee the stock of human resources of the companies to improve company performance to ensure that the company’s value is always stable.

Further research is recommended to replace the sample selection criteria with companies that always experience increasing profit growth in a row to represent real profit growth. It is also expected to look at investors' perceptions of the company’s ICD whether they consider that this disclosure is important and useful for their decision making.

ICD in this research has not adopted technological development in its role and achieved company goals. Future research is expected to be able to measure IC by considering aspects of the company’s

technology and innovation. Future research can also be carried out by comparing IC in various different sectors or different countries to find out the comparison of IC disclosure in various sectors and countries so that the results obtained are more comprehensive.

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APPENDIX

The Intellectual Capital Disclosure (ICD) items:

Category	Disclosure Items	Scale	Cumulative Score
Human Capital	Amount employee	0-2	2
	Education level	0-2	4
	Qualification employee	0-2	6
	Knowledge employee	0-1	7
	Competence employee	0-1	8
	Education & training	0-2	10
	training types	0-2	12
	Employee *turnover*	0-2	14
Structural Capital	Vision & Mission	0-1	15
	Code of ethics	0-1	16
	Patent	0-2	18
	Copyright	0-2	20
	Trademarks	0-2	22
	Management philosophy	0-1	23
	Culture organization	0-1	24
	Management process	0-1	25
	Information system	0-2	27
	Network system	0-2	29
	Corporate governance	0-3	32
	Reporting system violation	0-1	33
	Analysis performance finance comprehensive	0-3	36
	Ability pay debt	0-3	39
	Structure capital	0-3	42
Relational Capital	*Brand*	0-1	43
	Customer	0-2	45
	Loyalty customer	0-1	46
	Company name	0-1	47
	Network distribution	0-2	49
	Collaboration business	0-1	50
	Agreement licence	0-3	53
	Profitable contracts	0-3	56
	Agreement *Franchise*	0-2	58
	Awards	0-2	60
	Certification	0-1	61
	Marketing strategy	0-1	62
	Share	0-2	64

Source: Ulum (2015)

Scoring:

0 : If no disclose

1 : If there is a qualitative disclosure

2 : If there is a quantitative disclosue

3 : If there is a monetary disclosure