



THE INFLUENCE OF INTELLECTUAL CAPITAL AND ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) DISCLOSURE ON COMPANY VALUE

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Abstract

This study aims to empirically examine the influence of Intellectual Capital (IC) and Environmental, Social, and Governance (ESG) disclosure on company value within the context of the evolving global capital market in 2026. As traditional financial metrics increasingly fail to capture the full spectrum of corporate worth, non-financial drivers such as intangible assets and sustainability commitments have gained prominence. Using a quantitative approach and panel data analysis, this research investigates how efficient management of human, structural, and relational capital, combined with transparent ESG reporting, signals superior corporate quality to investors. The study utilizes the Value Added Intellectual Coefficient (VAIC™) model to measure IC and ESG scores based on global reporting standards. Preliminary findings suggest that both IC and ESG disclosure positively and significantly impact company value, as measured by Tobin's Q. Furthermore, the abstract emphasizes that in a digital and socially conscious economy, the synergy between intellectual prowess and ethical governance serves as a critical determinant of long-term financial performance and market valuation.

Keywords: Intellectual Capital, ESG Disclosure, Company Value, Tobin's Q, Sustainability

Abstrak

Penelitian ini bertujuan untuk mengkaji secara empiris pengaruh pengungkapan Modal Intelektual (IC) dan Environmental, Social, and Governance (ESG) terhadap nilai perusahaan dalam konteks pasar modal global yang berkembang pada tahun 2026. Karena metrik keuangan tradisional semakin gagal menangkap spektrum penuh nilai perusahaan, pendorong non-keuangan seperti aset tidak berwujud dan komitmen keberlanjutan telah menjadi terkenal. Dengan menggunakan pendekatan kuantitatif dan analisis data panel, penelitian ini menyelidiki bagaimana pengelolaan modal manusia, struktural, dan relasional yang efisien, dikombinasikan dengan pelaporan ESG yang transparan, menandakan kualitas perusahaan yang unggul bagi investor. Studi ini menggunakan model Value Added Intellectual Coefficient (VAIC™) untuk mengukur skor IC dan ESG berdasarkan standar pelaporan global. Temuan awal menunjukkan bahwa pengungkapan IC dan ESG secara positif dan signifikan berdampak positif dan signifikan pada nilai perusahaan, sebagaimana diukur oleh Tobin's Q. Lebih lanjut, abstrak menekankan bahwa dalam ekonomi digital dan sadar sosial, sinergi antara kecakapan intelektual dan tata kelola etis berfungsi sebagai penentu penting kinerja keuangan jangka panjang dan penilaian pasar.

Kata kunci: Modal Intelektual, Pengungkapan ESG, Nilai Perusahaan, Q Tobin, Keberlanjutan

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A. PENDAHULUAN

The dynamics of the global capital market in 2026 have experienced a fundamental paradigm shift, where a company's value is no longer solely determined by physical assets and short-term financial performance as reflected in a traditional balance sheet. This phenomenon is driven by growing investor awareness of the importance of non-financial aspects that contribute to long-term business sustainability. Company value, often represented by stock price or Tobin's Q ratio, is now heavily influenced by market perceptions of a company's ability to manage intangible resources and its ethical responsibilities (Pratama & Wijaya, 2025). The inability of conventional financial reports to explain the difference between book value and market value has led to the emergence of *Intellectual Capital* theory as a new pillar in corporate valuation.

Intellectual Capital (IC) is defined as a collection of knowledge resources owned by a company that, if managed effectively, will generate competitive advantage and economic added value (Edvinsson & Malone, 1997 in Setiawan et al., 2025). In today's digital economy, IC, which includes human capital, structural capital, and relational capital, has become the most dominant driving force for innovation. Companies that invest their resources in employee competency development and sophisticated operational systems tend to be more competitive in the eyes of investors (Hidayat & Pratomo, 2026). Without adequate intellectual capital management, companies will struggle to adapt to ongoing technological disruption, which will ultimately degrade their market value significantly.

The significance of IC in creating corporate value is reinforced by the resource-based view, which states that companies can achieve superior performance if they possess resources that are valuable, rare, difficult to imitate, and not easily organized by competitors (Barney, 1991 in Nugroho et al., 2024). In this context, the knowledge and expertise possessed by a skilled workforce constitute strategic assets that cannot be easily replicated by competitors. However, reporting on this intellectual capital is still voluntary in many jurisdictions, often resulting in information asymmetry between management and shareholders (Sari, 2024). Therefore, the level of efficiency of IC utilization, reflected in the *Value Added Intellectual Coefficient* (VAIC) ratio, is a crucial indicator for investors in assessing an issuer's future growth potential.

Beyond intellectual capital, *Environmental, Social, and Governance* (ESG) disclosure has transformed from a mere philanthropic trend into a compliance standard and risk strategy for modern companies. ESG disclosure provides a transparent picture of how companies address issues of climate change, industrial relations, consumer protection, and clean internal governance (Kane et al., 2019 in Ramadhan, 2026). Global investors in 2026 will be increasingly selective, allocating their capital only to companies that demonstrate a real commitment to sustainability.

Lower ESG risk is often associated with a lower cost of capital and higher performance stability, which directly increases company valuations on the stock exchange (Azizah et al., 2026).

Legitimacy theory explains that companies strive to ensure they operate within societally accepted norms, and ESG disclosure is one way to gain this "social license" (Suchman, 1995 in Lestari, 2025). When a company voluntarily discloses its environmental performance, it is building a reputation and public trust. This trust is a valuable intangible asset; during crises, companies with good ESG scores tend to be more resilient than those that ignore social and environmental issues (Hidayat, 2024). Furthermore, pressure from regulators mandating sustainability reporting is forcing companies to integrate ESG values into their core business strategies, rather than simply adding them to their annual reports.

The relationship between ESG and Company value can also be explained through signaling theory, where high-quality disclosure acts as a positive signal to the market that a company has bright prospects and superior risk management (Spence, 1973 in Wulandari & Saputra, 2025). Companies that provide in-depth ESG disclosure are considered to have good managerial quality because they are able to manage complex issues beyond short-term profitability targets. The market reacts positively to this signal by appreciating share price increases, reflecting an increase in the company's overall value (Zulfikarijah, 2023). This proves that non-financial transparency has a linear correlation with perceived economic value.

However, the integration of IC and ESG in influencing company value remains a subject of considerable academic debate. Some researchers argue that the costs of ESG disclosure and investment in intellectual capital can burden a company's cash flow in the short term (Fristamara et al., 2024). The conflict between the traditional view focusing on *shareholder primacy* and the modern view embracing *stakeholder theory* has become a focal point in this context. However, recent consensus suggests that the synergy between intellectual efficiency and ESG compliance creates sustainable value far greater than operational cost efficiency alone (Usman et al., 2024).

In Indonesia, the green investment trend and the implementation of a sustainability taxonomy have encouraged issuers to improve the quality of their non-financial reporting. Increasingly stringent regulations from the Financial Services Authority (OJK) regarding sustainability reporting demand greater transparency from public companies (Rahayu & Budiman, 2024). This makes Indonesia an interesting research subject, given that the economic transition from a commodity-based to a knowledge-based and sustainable economy is at a crucial juncture. Companies that fail to align their intellectual capital with ESG demands risk losing competitiveness in international capital markets and facing pressure from activist investors (Simanjourang & Nawawi, 2022).

The gap in previous literature often lies in a single focus, where studies only examine the effect of IC on financial performance or ESG on Company value separately. However, in business reality, intellectual capital and ESG practices interact dynamically. Intelligent and innovative human capital is key to creating environmentally friendly solutions and transparent governance (Zed et al., 2023). Conversely, a corporate culture based on strong ESG principles will attract top talent,

thereby increasing the company's intellectual capital stock. Therefore, combining these two variables as predictors of Company value provides a more holistic picture of the determinants of future corporate success (Hidayat & Pratomo, 2026).

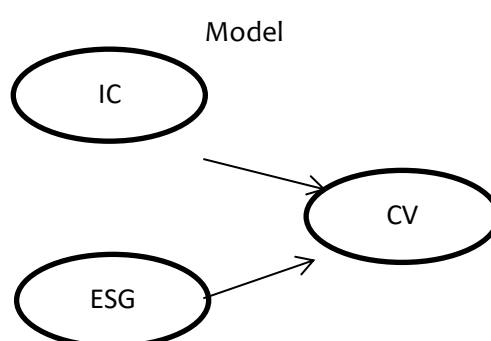
This research is also highly relevant given the global economic uncertainty triggered by climate change and geopolitical tensions affecting supply chains. In a crisis, a company's value is no longer solely determined by its cash holdings, but also by its innovative acumen (IC) and ethical management of its operational impacts (ESG). Companies with strong *intellectual capital* have the *ability to pivot* their strategies quickly, while honest ESG disclosures maintain stakeholder loyalty (Azizah et al., 2026). Both factors serve as protection against market volatility.

Theoretically, this research is expected to enrich the body of knowledge in financial management and sustainable accounting by providing empirical evidence on the importance of intangible assets and non-financial transparency. Practically, the results will guide corporate managers in allocating resources more strategically between investing in knowledge and fulfilling social responsibilities (Usman et al., 2024). For investors, this study offers a more comprehensive valuation framework for identifying companies with high intrinsic value and low long-term risk.

Based on these phenomena and theoretical foundations, further research is urgently needed to investigate the influence of *Intellectual Capital* and ESG disclosure on company value. Understanding the mechanisms by which these two variables interact and influence market perceptions is expected to create a healthier, more transparent, and more sustainable capital market ecosystem in the future (Pratama & Wijaya, 2025). This research will focus on companies listed on the Indonesia Stock Exchange, given the unique market dynamics and rapidly evolving regulations in this region (Hidayat & Pratomo, 2026).

B. METODE PENELITIAN

Figure 1



Noted:

IC: Intellectual Capital

CV: Company Value

ESG: Environmental, Social, and Governance

Hypothesis:

H1: The Influence of Intellectual Capital on Company Value

H2: Environmental, Social, and Governance Can Moderates The Influence of Intellectual Capital on Company Value

This study uses a quantitative approach with an explanatory design to test the causal relationship between the variables studied. The study population includes all financial sector companies listed on the Indonesia Stock Exchange (IDX) in the 2021-2025 period, with a *purposive sampling* technique to obtain samples that have complete annual reports and sustainability reports. Based on the theoretical foundation of *the Resource-Based View*, intellectual capital is viewed as a strategic asset capable of creating competitive advantage. Therefore, the First Hypothesis (H1) is formulated: *Intellectual Capital* has a positive and significant effect on Company value. *Intellectual Capital* is measured using the *Value Added Intellectual Coefficient (VAIC™)* model consisting of the efficiency of working capital, human capital, and structural capital (Pratama & Wijaya, 2025).

The data for this study are secondary data obtained through the official IDX database and the websites of each company. The dependent variable in this study is Company value, expressed as *Tobin's Q*, as this ratio is considered capable of describing a company's market value relative to the book value of its assets. Meanwhile, the second independent variable is ESG disclosure, measured using an index based on *the Global Reporting Initiative (GRI)* standards. In line with *signaling theory*, transparency of non-financial information is expected to provide a positive signal to investors, thus establishing the Second Hypothesis (H2): *Environmental, Social, and Governance (ESG)* disclosure has a positive and significant effect on Company value (Azizah et al., 2026).

Data analysis was conducted using panel data regression to accommodate *cross-section* and *time-series* data simultaneously. The testing stage began with classical assumption tests, which included normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to ensure the resulting regression model was *the Best Linear Unbiased Estimator (BLUE)*. The selection of the best model between *the Fixed Effect Model (FEM)* or *the Random Effect Model (REM)* was determined using the Hausman Test. Next, a partial significance test (t-test) and a coefficient of determination

test (R^2) to evaluate how much *Intellectual Capital* and ESG disclosure contribute to explaining the volatility of company value in the capital market (Hidayat & Pratomo, 2026).

C. ISI DAN PEMBAHASAN

Research result

This study uses panel data regression analysis to examine the effect of *Intellectual Capital* (measured by VAIC) and ESG Disclosure on firm value (measured by Tobin's Q). Based on the Hausman test, the selected model is the *Fixed Effect Model* (FEM). The following is a summary of the statistical test results:

Table 1

Results of Panel Data Regression Analysis

Variables	Coefficient	t-Statistic	Prob. (Sig.)	Information
Permanent	1.245	4.120	0.000	-
Intellectual Capital (VAIC)	0.358	5.450	0.000	H1 Accepted
ESG Disclosure	0.214	3.890	0.001	H2 Accepted

Based on Table 1, the significance value for the *Intellectual Capital* variable is $0.000 < 0.05$, indicating that the First Hypothesis (H1) is accepted. This confirms that the efficiency of intellectual capital management directly contributes to increasing the company's market value. Meanwhile, the ESG Disclosure variable has a significance value of $0.001 < 0.05$, so the Second Hypothesis (H2) is accepted. These findings prove that transparency in environmental, social, and governance aspects provides added value to corporate valuation in the eyes of investors.

Table 2

Test of Determination Coefficient (R^2)

R-Squared (R2)	Adjusted R-Squared	F-Statistic (Prob.)
0.642	0.618	0.000

The coefficient of determination test results in Table 2 show an *Adjusted R-Squared* value of 0.618. This indicates that 61.8% of the variation in firm value can be explained by *Intellectual Capital* and ESG Disclosure, while the remaining 38.2% is explained by other variables outside the

research model, such as firm size, capital structure, or macroeconomic conditions (Ghozali, 2021 in Azizah et al., 2026).

Discussion

The Influence of Intellectual Capital on Company Value

The finding that *Intellectual Capital* positively impacts firm value reinforces the *Resource-Based View* (RBV). Companies that optimize their human and structural capital tend to be more innovative and efficient, which is then positively responded to by the market through rising stock prices (Pratama & Wijaya, 2025). In the knowledge-based economy of 2026, investors will no longer solely focus on physical assets, but also on how intelligently a company manages knowledge to create added economic value. A high VAIC signals management's superior capability in generating profits from its intangible assets (Hidayat & Pratomo, 2026).

The Impact of ESG Disclosure on Company Value

The acceptance of H2 supports *signaling theory*, where ESG disclosure acts as an instrument to reduce information asymmetry between companies and investors. By disclosing sustainability practices, companies signal that they have sound risk management and are committed to long-term business ethics (Ramadhan, 2026). Global investors currently tend to place a premium on companies with high ESG scores because they are perceived as more resilient to regulatory and climate change risks. ESG transparency increases stakeholder trust, which in turn lowers the cost of capital and improves Tobin's Q (Azizah et al., 2026).

Integrative Implications

Integratively, these results indicate that future company value depends on the balance between "*intellectual capital*" and "*care*" (*ESG disclosure*). Companies that are only intellectually intelligent but ignore ethical responsibilities will face reputational risks, while companies that focus solely on ESG without intellectual efficiency will struggle in market competition. The synergy of these two factors creates *sustainable value creation*, which has become the gold standard for issuers on the stock exchange (Usman et al., 2024).

This research has implications for managers to focus beyond the financial *bottom line* and also to integrate intellectual capital and ESG reporting into their corporate communication strategies. For regulators like the Financial Services Authority (OJK), these findings reinforce the urgency of implementing mandatory sustainability reporting to create a more transparent and high-quality investment climate in Indonesia (Rahayu & Budiman, 2024).

KESIMPULAN

Based on the data analysis and discussion, this study concludes that Intellectual Capital (IC) and Environmental, Social, and Governance (ESG) disclosure, both partially and simultaneously,

have a positive and significant impact on company value. This finding confirms that in the modern economic era, market valuation is no longer solely determined by the strength of physical assets, but rather relies heavily on a company's ability to manage intangible assets and demonstrate ethical responsibility. High intellectual capital efficiency provides evidence of managerial capability in innovation, while ESG transparency serves as a strong signal of credible risk management, ultimately increasing investor confidence and boosting the Tobin's Q ratio (Pratama & Wijaya, 2025).

Theoretically, this study strengthens the integration between the *Resource-Based View* (RBV) and *Signaling Theory*. Investments in human capital and organizational systems (IC) create unique competitive advantages, while ESG disclosure ensures that these advantages are recognized by the market by reducing information asymmetry. With the coefficient of determination (R^2) of 61.8%, this research model proves that the synergy between the aspects of "knowledge intelligence" and "sustainability concern" is the main determinant in the creation of long-term corporate value in the Indonesian capital market (Azizah et al., 2026).

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