The Effect of Good Corporate Governance and Corporate Social Responsibility on Company Performance with Intellectual Capital as a Moderating Variable
(Study on Banking Companies listed on IDX for the 2019-2021 Period)

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Abstract: This study aims to prove and empirically analyse the significance of good corporate governance (GCG) and corporate social responsibility (CSR) on company performance with intellectual capital as a moderation variable in banking companies listed on the Indonesia Stock Exchange during the 2019-2021 period. The sample collection method uses purposive sampling, which conforms to predetermined criteria. The number of research samples was 105population. Based on the research criteria, there were 70 research samples. This study used quantitative methods with Multiple Linear Regression Analysis and Moderate Regression Analysis (MRA). Data collection was carried out using quantitative documentation methods in the form of financial statements of banking companies that were sampled in this study. The results prove that good corporate governance (GCG) does not affect company performance, corporate social responsibility (CSR)negatively affects company performance, intellectual capital (IC) does not moderate the relationship between good corporate governance (GCG) on company performance, and intellectual capital (IC) can moderate the relationship between corporate social responsibility (CSR) on company performance. in other words, intellectual capital (IC) can strengthen the relationship between corporate social responsibility (CSR) and company performance.
Keywords: Good Corporate Governance, Corporate Social Responsibility, Company Performance, Intellectual Capital

1. Introduction

In the short term, the company aims to maximize profits by utilizing existing resources, but the main long-term goal is to maximize the company's performance. Company performance is a measurable result and is intended to describe the state of the company at various agreed measures. Maximizing company performance is also a company's goal to maximize shareholder wealth. However, less conducive market conditions can suppress the share prices of well-performing companies, especially those in the banking subsector. The weakening of European stock markets due to coronavirus sentiment affected the health of the Indonesian stock market. In developed countries, banks have become an important prerequisite for trading activity. In simple terms, a bank can be interpreted as a financial institution whose main activity is to collect funds from the public and channel the funds obtained back to the community and provide other bank services (Kasmir, 2014: 12). According to Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1998 concerning Banking, a bank is a business entity whose main activity is to collect funds from the public in the form of deposits and redistribute them in the form of loans and/or in other forms in order to improve the standard of living of the community. In improving company performance, companies have many factors in determining it, namely corporate governance, corporate social responsibility and intellectual capital. Good corporate governance is the company's commitment to build cooperative relationships among corporate governance stakeholders in the company. This mutually supportive relationship among stakeholders is a prerequisite for achieving good corporate performance, which in turn helps to improve company performance. Corporate governance creates sustainable long-term added value for shareholders based on applicable laws and standards while respecting the interests of other stakeholders. The existence of the corporate governance perception index is expected to contribute to efforts to encourage the implementation of corporate governance in Indonesian companies. Externally, the company gained respect and a good public image, especially among investors and shareholders who were satisfied with the company's performance.

Another contribution that can be made by the company is environmental awareness efforts shown by the implementation of corporate social responsibility. There are at least three important reasons why the business community needs to respond to measures that develop social responsibility issues throughout its business operations. First, the company is part of society and therefore it is natural for the company to consider the interests of society. Second, the business community and society have a mutually beneficial symbiotic

relationship. Third, social responsibility activities are ways to reduce or avoid social conflict. Not only good corporate governance and corporate social responsibility are determining factors, there are other factors that can affect company performance, namely intellectual capital. According to Briker, intellectual capital is a combination of intangible assets that increase a company's value. Brooking (1996) defines intellectual capital as a combination of intangible assets including markets, intellectual property, human resources, and infrastructure that perform its functions within the company. Meanwhile, Stewart (1997) defines intellectual capital as all knowledge that is intellectual, all information, and experience used by companies to create welfare. Tran et al. (2020) stated that intellectual capital is an intangible asset, which contains information and knowledge owned by business entities that must be managed properly so that intellectual capital can provide competitive advantages for companies.

2. Literature Review and Hypothesis

Agency theory

This agency theory is a theory that arises when the business is not always directed directly by the owner of the company and management matters are left to the agent. The separation of interests between shareholders and directors of the company, the implication of the theory is the presence of intensive and training of managers at all levels. And this theory is motivated by a business environment where the management/management of companies is increasingly numerous and complicated separated by company ownership or principal.

Legitimacy Theory

Legitimacy theory explains that companies try to remain accepted in their environment by carrying out their operating activities according to the rules that exist in the environment or community around the company (Deegan, 2004). The social contract between the community and the company is what underlies the theory of legitimacy, where the resources in the environment around the company are used by the company to carry out its operating activities. Companies really need legitimacy from the community in order to remain going concern (Ghozali & Chariri, 2007).

Stakeholder Theory

Stakeholder theory or stakeholder theory was proposed by R. Edward Freeman in 1984. Stakeholders are any group or individual that can influence the achievement of the goals of an organization (Freeman &; Mcvea, 2001).

It is important for managers to follow the company's achievements according to what stakeholders want, because they are the ones who finance the company's capital. Investors prefer companies that have good performance. This good performance can encourage demand for company shares, thus making the company's value higher. Salient stakeholder theory takes general stakeholder theory further and explains how important each stakeholder is identified, and therefore, managers must prioritize and respond to the needs and expectations of each stakeholder continuously (Kayuet al., 2018).

Contingency Theory

Contingency theory, also called importance theory, environmental theory or situation theory. This theory explains that there are situational factors that can influence one variable against another. The strength of the contingency approach is how to analyze the situation before taking action, while also trying to eliminate habits based on common assumptions about others.

Contingency theory is used as a tool to interpret the results of empirical research. This is due to limitations in testing and understanding the types of hypotheses proposed to explain conflicting results. The contingency approach is used when previous studies have produced different results. If the research results obtained are not satisfactory because there are differences in results, then these differences must be resolved in the previous framework. This became a stimulus in the development of this contingency theory formula.

Good Corporate Governance

Good corporate governance arises because of the company's interest to ensure to funders (principals / investors) that the funds invested are used appropriately and efficiently. In addition, with good corporate governance, the company provides certainty that management (agents) act best in the interests of the company. Forum for Good Corporate Governance in Indonesia / FCGI (2001) defines good corporate governance as a set of regulations that regulate the relationship between shareholders, management (management) of the company, creditors, government, employees and other internal and external stakeholders related to their rights and obligations, so as to create added value for all interested parties (stakeholders). The added value in question is that good corporate governance provides effective protection for investors in obtaining their investment returns

reasonably and with high value. good corporate governance principles listed in accordance with the Regulation of the State Minister of State-Owned Enterprises PER-01 / MBU / 2011 concerning the Implementation of good corporate governance in State-Owned Enterprises (SOEs) include: transparency,accountability, responsibility, independence, and fairness. The indicator used in this variable is good corporate governance, this indicator is determined by a score in the form of a number 1 if the company meets good corporate governance requirements and number 0 if the company does not meet good corporate governance requirements. Each company's good corporate governance is obtained by summing the scores for each question. The maximum value of the index is 23 (which means the company is 100% compliant in implementing the guidelines). The following good corporate governance formula is used:

$$GCGI = \frac{Total\ items\ disclosed\ by\ the\ company}{The\ number\ of\ index\ items\ used} \times 100$$

Information:
GCGI = Good Corporate Governance Index
Total Index = The number of index items used is 23 items

Corporate Social Responsibility

Corporate social responsibility is the mechanism by which an organization can voluntarily integrate environmental and social aspects in its operations and interactions with stakeholders. Corporate social responsibility is one of the factors that affect the value of a company, because one of the basic principles of corporate social responsibility that is now considered the core of business ethics is the awareness that companies do not only have financial and legal obligations. shareholders, but also social obligations. Commitment to stakeholders such as governments, customers, investors, communities, employees and even competitors. corporate social responsibility disclosures will be measured based on indicators from the G4 Global Reporting Initiative (GRI). GRI-G4 has 91 indicators consisting of 3 categories, namely economic, environmental and social. corporate social responsibility items disclosed by the company will be given a score of 1 while items not disclosed by the company will be given a score of 0. According to (Wartyna &; Apriwenni, 2018), after all items have been observed and scored, all items will be added to get the total corporate social responsibility disclosure score. corporate social responsibility disclosure will be calculated by the following formula:

$$CSRI_i = \frac{\sum x_{yi}}{n_i}$$

Information:
CSRIi = Corporate Social Responsibility Disclosure Company Index
∑xyi = Value 1, if item y is disclosed; value 0, if item y is not disclosed
ni = The number of index items required by GRI G4, ni is 91 items

Intellectual Capital

Intellectual capital (IC) is an important resource for companies to create value and excellence in business competition (Ulum, 2009). IC is knowledge in the form of people, technology or customers that companies can control and use to create value (Bukh et al., 2005, Ulum, 2009). The company has not only tangible assets but also intangible assets that can be identified but do not have a physical form. The company combines two main resources, financial capital and IC (Pulic, 2004). The intellectual phenomenon in Indonesia began to develop with the emergence of the statement of financial accounting standards (PSAK) no 19 concerning intangible assets. Following up on this, many companies are using knowledge-based business strategies, no longer the workforce base. The proxy used in this study is VAIC^tm. The stages of VAIC^tm calculation are formulated according to Pulic (2000) as follows:

Step 1: Calculate value added VA (Value Added)

$$VA = OP + EC + D + A$$

Information:
OP = Operating Profit
EC = Employee Costs
D = Depreciations
A = Amortization

Step 2: Calculates the magnitude of the three components of VAIC (Value Added Intellectual Capital with the following formula:
    a) Value Added Capital Employee (VACA)
    b) Value Added Human Capital (VAHU)

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    c) Structural Capital Value Added (STVA)

$$VACA = \frac{VA}{CE}$$
$$VAHU = \frac{VA}{HC}$$
$$STVA = \frac{SC}{VA}$$

Information:
CE   = Capital Employed
HC   = Human Capital
SC   = Structural Capital (VA-HC)

Step 3: Calculates Value Added Intellectual Coefficients (VAIC)

$$VAIC^{tm} = VACA + VAHU + STVA$$

Company Performance
    Company performance is a measurable result and is intended to describe the state of the company at various agreed measures. Evaluation of the success of the company is a very important activity. The results of the study can be used to determine the scale of the company's success over a period of time, and the results of the evaluation can help guide efforts to improve or strengthen the company's performance in the future. This variable is measured using Tobin's Q value to measure the efficiency of a company. Therefore, Tobin's Q value describes the status of the company's investment opportunities or the company's growth potential.

$$Tobin's\, Q\ = \frac{MVE\ +\ PS\ +\ DEBT}{TA}$$

Information:
Tobin's Q   = Company Value
MVE   = Market equity value
PS   = Liquidation value of outstanding preferred shares of the company
DEBT   = Total debt owned by the company
TA   = Total assets of the company

The influence of Good Corporate Governance on company performance
    Disclosure of good corporate governance in the company can show that the higher the level of good corporate governance, the higher the value of the company. The implementation of good corporate governance can increase added value, with the implementation of good corporate governance, it is expected that companies can improve their performance so as to create added value and increase corporate value that can prosper shareholders or company owners. The implementation of good corporate governance is expected to regulate the relationship between management and principals and reduce the scope of different information between them. Agency conflict occurs due to a gap in interests between management and principals so that it can cause agency problems that cause problems in company management so that it can reduce company profits and company value. The way to overcome agency conflict is by good company management by implementing good corporate governance.
H1: Good corporate governance influences company performance.

The influence of Corporate Social Responsibility on company performance
    Corporate social responsibility can improve the image of a company so that the company's existence can be well received. The costs incurred by the company due to environmental development, implementation of social activities, donations to natural disasters, education, medical treatment and other social costs show the company's social responsibility and concern for the surrounding environment. Based on these two perspectives, it can be concluded that corporate social responsibility disclosure has an impact on economic performance, where companies that carry out broad social responsibility can be considered to have good social responsibility. The company's image increases so that the company can reduce the cost of claims or objections that may occur so that the company's profitability increases. The higher the level of disclosure and the more successful the corporate social responsibility activities carried out by the company, the more it increases the value of the company which is reflected in the company's stock price and profits
H2: Corporate social responsibility influences company performance.

The influence of corporate social responsibility moderated by intellectual capitalon company performance

Intellectual capital obtained from the company's development culture and the company's ability to motivate its employees will produce creative ideas and innovations that can sustain the company's existence and can even make it grow. A company managing different people will perform differently, meaning that different people managing the same assets will generate different added value. This is where the company's Intellectual Capital can support the corporate governance system to improve company performance

H3: Good corporate governance affects company performance by moderating intellectual capital.

The influence of corporate social responsibility moderated by intellectual capitalon company performance

Companies that disclose corporate social responsibility show that the company has fulfilled its environmental, social and economic responsibilities. It can be said that the company attaches great importance to the welfare of its employees. With the realization of employee benefits, employees can work better and innovate for the company. In this context, companies are considered capable of using and managing knowledge (human capital) owned by their employees. In addition, the purpose of employee benefits is for the company to also meet the needs of employees to support infrastructure at work. If the facilities and infrastructure are not perfect, employees will not work optimally even though they have high intellectuality. In this case, the company is considered capable of using its structural capital (structural capital). The high intellectual capital of a company can increases the value of the company (Randa &; Solon, 2012).

H3: Corporate social responsibility affects company performance by moderating intellectual capital.

3. Methodology

Population and Sample

The population in this study used banking companies listed on the Indonesia Stock Exchange during the period 2019-2021. The research data used is secondary data by looking at the financial statements of banking companies through the www.idx.id website and the official website of the related company. The number of samples in this study was 70 samples with sampling techniques using purposive sampling, which means that the selection of samples in this study was based on the criteria made.

Data analysis method

In this study, multiple regression methods were used to test the hypothesis used to determine how much the independent variables, namely good corporate governance and corporate social responsibility, affect company performance as dependent variables. A moderate regression analysis (MRA) test is performed to test the measured variable. The results of the analysis test are presented in the table below:

Model Regression Equation (Multiple Linear Regression Analysis):

$$Q = \alpha + \beta_1 GCG + \beta_2 CSR + \beta_3 GCG*IC + \beta_4 CSR*IC + e$$

Information:

Q	=	Company Performance
α	=	Constant
$\beta_1, \beta_2, \beta_3, \beta_4$	=	Regression Coefficient
GCG	=	Good Corporate Governance
CSR	=	Corporate Social Responsibility
IC	=	Intellectual Capital
X1*Z	=	Interaction between Good Corporate Governance and Intellectual Capital
X2*Z	=	Interaction between Corporate Social Responsibility and Intellectual Capital
e	=	Error

4. Results and Discussion
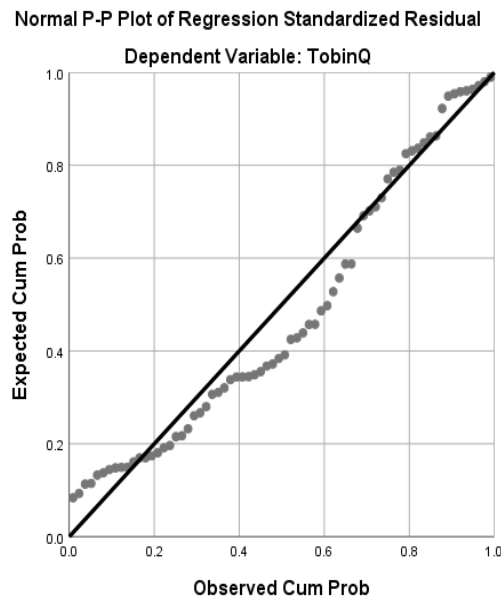
Normality Test

Figure 1: Normality Test Results

The normality test is used to test whether the data is normally distributed or not. In this study, the figure above shows the P-Plot with a normal graph plot, showing the data distribution points located in a straight line spread out following a diagonal straight line so that it can be concluded that the data normality test can be fulfilled.

Classic Assumption
Multicollinearity Test

Table 1
Multicollinearity Test Results

Variable	VIF	Tolerance	Information
GCG	1,026	0,975	There is no multicollinearity
CSR	1,126	0,888	There is no multicollinearity
IC	1,107	0,903	There is no multicollinearity

Source: Data processed by researchers, 2023.

Based on the results in the table above, it shows that the VIF value of the three variables is < 10 or there is no independent variable that has a variance inflation factor (VIF) above 10 and the value of the three tolerance variables is < 0.05, so it can be concluded that there is no multicollinearity between independent variables in the regression model used

Heteroscedasticity Test

Table 2
HeteroscedasticityTest Results

	Sig. (2-tailed)	Information
GCG	0,847	Free of Heteroscedasticity
CSR	0,827	Free of Heteroscedasticity
IC	0,993	Free of Heteroscedasticity
GCG*IC	0,867	Free of Heteroscedasticity
CSR*IC	0,796	Free of Heteroscedasticity

Source: Data processed by researchers, 2023.

Based on the table above, it is known that N or the number of research data is 70 and all independent variables are not normally distributed (p value < 0.05). From the results of the Spearman rho correlation

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statistical test, the correlation value of all variables > 0.005. This shows that correlations are not significantly related and are negative and very weak.

Autocorrelation Test

Table 3
AutocorrelationTest Results

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0,714	0,510	0,472	0, 0915814090	2.001

Source: Data processed by researchers, 2023.

In the table above, it is known that the value of DW is 2, 001. The autocorrelation-free regions for sample number (n) 70 and number of independent variable (k) 3 are 1.7028 (dU) to 2.2972 (4-dU). With DW results of 2,001 between dU and 4-dU values (1.7028 < 2.001 > 2.2972), it can be concluded that there is no autocorrelation in the regression model of this study.

Multiple Regression Analysis Tests
Test of the Coefficient of Determination (R^2)

Table4
Test of the Coefficient of Determination (R^2) test result

R	R Square	Adjusted R Square	Std. Error of the Estimate
,714	,510	,472	,0915814090

Source: Data processed by researchers, 2023.

Based on the table 3 above, it shows an Adjusted R^2 value of 0.472 or 47.2%, which means that good corporate governance, corporate social responsibility, and intellectual capital(IC)variables can explain the company's performance variables. While the remaining 52.8% was influenced by other variables outside the research model.

F test

Table 5
Test of the Coefficient of Determination (R^2) test result

F_{hitung}	Sig.	Information
13,314	.000	Ho Accepted

Source: Data processed by researchers, 2023.

Based on the F test in the table which shows that F is calculated at 13.314. While the level of significance value is 0.000 < 0.05. This means that the regression model used is fit of goodness and feasible to use. This means that independent variables including good corporate governance and corporate social responsibilityas well as intellectual capital moderation variables simultaneously affect Company Performance.

T test

Table 6
T test result

Variable	T_{hitung}	Sig	Information
GCG	-1.323	.190	H1 Rejected
CSR	-5.337	.000	H2 Accepted
IC	-2.000	.050	
GCG *IC	1.592	.116	H3 Rejected
CSR*IC	5.524	.000	H4 Accepted

Source: Data processed by researchers, 2023.

In this study, the first hypothesis (H1) proposed is the influence of good corporate governance (GCG)on company performance. In accordance with the table above, the results of the t test (partial) show that the significance value of good corporate governance (GCG)to the company's performance is 0.190 > 0.05 with a calculated t value of 1.323 < 1.997 then H0 is rejected and H1 is rejected. That is, it can be concluded that there is no significant influence of good corporate governance (GCG)on the company's performance.

In this study, the second hypothesis (H2) proposed is the influence of corporate social responsibility (CSR)on company performance. In accordance with the table above, the results of the t test (partial) show that the value of corporate social responsibility(CSR)significance to the company's performanceis 0.000 < 0.05 with a calculated t value of 5.337 > 1.997 then Ho is accepted and H2 is received.That is, it can be concluded that there is a significant influence of corporate social responsibility (CSR) on company performance with the value of the influence is negative, where if the value of corporate social responsibility (CSR)increases, the company's performance decreases.

In this study, the third hypothesis (H3) proposed is the influence of good corporate governance (GCG)moderated by intellectual capital (IC) on company performance. In accordance with the table above, the results of the t test (partial) show that the significance value of good corporate governance (GCG)moderated by intellectual capital (IC) on the company's performance is 0.116 > 0.05 and the calculated t value is 1.592 < 1.997 then Ho is rejected and H3 is rejected. That is, it can be concluded that there is no significant influence of good corporate governance (GCG)moderated by intellectual capital (IC) on the company's performance.

In this study, the fourth hypothesis (H4) proposed is the influence of corporate social responsibility (CSR)moderated by intellectual capital (IC) on company performance. In accordance with the table above, the results of the t test (partial) show that the significance value of corporate social responsibility(CSR)moderated by intellectual capital (IC) to the company's performance is 0.000 > 0.05 and the t value is calculated at 5.524 > 1.997 then Ho is accepted and H4 is accepted. That is, it can be concluded that there is an influence of corporate social responsibility(CSR)moderated by intellectual capital (IC) on the company's performance significantly with the value of the influence is positive, where if the value of corporate social responsibility(CSR)moderated by intellectual capital (IC) increases, the company's performance can also increase.

5. Conclusion

This study aims to analyze the effect of good corporate governance and corporate social responsibility on company performance with intellectual capital as a moderation variable in banking companies listed on the IDX during the 2019-2021 period. Based on the testing and discussion conducted in the research, it can be concluded that good corporate governance does not affect company performance, then corporate social responsibility has a negative and significant effect on company performance. While intellectual capital cannot moderate the variables of good corporate governance on company performance and intellectual capital can moderate corporate social responsibility variables on company performance. The limitations in this study that are used are only the influence of good corporate governance, corporate social responsibilityin influencing company performance and the use of moderating variables, namely intellectual capital. So that other factors and other moderating variables that are thought to affect company performance more significantly were not examined in this study. And the selection of this research object only uses banking companies listed on the IDX during a certain period, namely 2019-2021. So that the results of the study cannot be represented as a whole.

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