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The Effect of Sustainability Report, Profitability on Company Value with Intellectual Capital as a Moderation Variable

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Abstract:- This study uses intellectual capital to moderate the effect of sustainability reports and profitability on company value. The research covers the 2019–2021 LQ45 index business. The study sampled 23 organizations using purposive selection, resulting in 69 observations. Annual reports and sustainability reports from IDX-listed companies and related information on their websites are the main sources of research data. This study used Eviews 12.0 to perform multiple regression analysis. Research shows that sustainability reports do not affect company value. Profitability increases the value of the company. Intellectual capital also affects the value of a company. In addition, intellectual capital increases the value of sustainability reports against company value. Lastly, intellectual capital cannot change how profitability affects a company's value.

Keywords:- *Sustainability Report, Profitability, Intellectual Capital and Corporate Value.*

I. INTRODUCTION

Currently, the field of information technology is experiencing rapid growth and expanding its capabilities without clear boundaries. In order to adapt to changing circumstances in order to increase the overall value of the company in tight competition. The valuation of an enterprise can serve as an indicator of the level of recognition it receives from society. The valuation of a company can be assessed by the analysis of its share price, which is influenced by various investment possibilities. Investment possibilities can potentially give a good indication of the company's expansion prospects, thus leading to an increase in share value.

Many elements, including internal and external factors, influence the valuation fluctuations that a company experiences. Internal factors can originate from within the organization itself, such as inadequate managerial practices, inadequate financial management knowledge or skills, and managers' inability to identify market opportunities, resulting in the achievement of company objectives is not optimal. External factors refer to factors that come from external sources of the company, which have the potential to affect the value of the company. Several factors may potentially hinder the achievement of the company's anticipated value by stakeholders, including government-issued economic policies, an increase in the value of the dollar, and an increase in the inflation rate (Putri et al., 2019).

The Company consistently strives to generate profits through its operational activities, with the main objective of increasing the value of the company. Profit is an important metric for a company to fulfill its financial responsibilities to its stakeholders. Given the increasing market competition, many companies prioritize profit maximization over social justice, thus ignoring the adverse impacts on the environment due to the use of natural resources. Companies often carry out activities aimed at increasing the value of the company, but resources are ignored.

Increasing public and stakeholder awareness of the environmental and social impacts of corporate operations has led to increased interest in sustainable practices in the business world. Sustainability disclosure can be defined as the information a company discloses regarding its environmental impact and its relationship with stakeholders through relevant communication channels (Gamerschlag et al., 2011) in (Andesto, 2022). Sustainability report, serves as an important instrument to convey the company's dedication to environmental and social responsibility.

In the study, it was concluded that (Jawas &; Sulfitri, 2022) sustainability reports increase company value. This supports the findings, and that (Puspita, 2022) (Dewi &; Dewi, 2022) (Setyawati, 2023) sustainability reports increase the value of the company. Conversely, it did not find the effect of (Elizabeth &; Handoko, 2021) sustainability reports on company value.and also found that sustainability reports (Hartawan et al., 2022) (Nuraisah, 2022) (Pratami &; Jamil, 2021) (Kartika Sari, 2021) (Ningrum, 2021) (Fitriyah, 2019) did not impact company value.

Sustainability reports can have a good impact on company value. Comprehensive and transparent sustainability reports demonstrate the company's commitment to managing social and environmental risks and meeting stakeholder expectations. By publishing information about the company's efforts to reduce negative impact and increase positive impact, the company can strengthen the reputation and trust of the public and investors. This can increase consumer loyalty, attractiveness for potential investors, and access to better capital, which ultimately contributes to an increase in company value.

The element of profitability is a significant determinant of the value of an enterprise. The profit or profit generated from business operations is the main goal of the company, and investors expect to get a good return on their investment. A significant level of profitability signifies the company's ability to earn enough profit to cover operating expenses, provide dividends to shareholders, and allocate funds for company expansion. Investors often assign more value to companies that demonstrate a significant level of profitability, leading to an increase in the valuation of the company in the stock market.

Based on research findings, it is known that there is a correlation between profitability and company value. This is in line with the findings of, and as shown by their respective studies. In contrast, research shows the absence of a significant impact of profitability on the valuation of an enterprise. (Jawas &; Sulfitri, 2022) (Elizabeth &; Handoko, 2021) (Pratami &; Jamil, 2021) (Dwi et al., 2020) (Pratami, 2019) (Fitriyah, 2019) (Nuraisah, 2022).

Sustainability report and profitability are two important aspects that are interrelated and contribute to increasing company value. Sustainability reports facilitate companies to be environmentally and socially responsible, while fostering a positive reputation among stakeholders. While profitability is an indicator of the company's ability to obtain sufficient profits for owners and investors. The correlation between sustainability reports and profitability has a mutually beneficial effect on increasing overall company value.

The relationship between sustainability reports and profitability in relation to company value has been extensively researched in research. But the study's findings have not yielded consistent conclusions. The need for a re-evaluation of the study of the impact of sustainability reports on company value arises because of the inclusion of a moderating component, namely intellectual capital. Previous studies have included many distinctions, particularly in the sample approach. Unlike previous studies that only focused on one sector, this study included the LQ45 company sector listed on the IDX, with various sectors, but included companies from various industrial sectors, such as finance, mining, consumer, technology, and others. The author chose LQ45 companies because they are included in the LQ45 index and generally have undergone a rigorous selection process based on liquidity and market capitalization. Therefore, these companies generally represent a significant share of the Indonesian stock market.

II. LITERATURE

➢ *Legitimacy Theory*

Legitimacy theory a theory in the social sciences explains how organizations or companies seek recognition and approval from society, stakeholders, and the surrounding environment as legitimate, valuable, and value-appropriate entities. In a business context, legitimacy refers to a company's attempt to demonstrate that its existence, their goals, and activities are accepted and legitimate in the view of the community (Nurcahyani, 2020).

Companies seek legitimacy because positive perceptions from the community and stakeholders can provide a variety of benefits, such as support, trust, business opportunities, access to resources, and long-term operational continuity. This legitimacy effort can be done through various means, including communicating with stakeholders participating in social and environmental initiatives that are considered valuable by the community.

By building a positive image, the company can influence stakeholders' perceptions of the values espoused by the company. The formation of community and customer support and trust has the potential to significantly affect the company's reputation.

The theory of legitimacy is used in this study because it can encourage companies to adopt sustainable practices and social responsibility in line with values in society. This can affect an organization's reputation, stimulate demand for products or services, and ultimately affect revenue and profitability.

➢ *Stakeholder Theory*

Stakeholder theory is an approach that considers various groups or individuals who have interests (stake) in an organization or company. Stakeholders may include employees, consumers, suppliers, investors, local communities, governments, and non-governmental organizations, as well as the environment around the company. This theory recognizes that the achievement of organizational success is not only determined by financial profitability, but also by the company's ability to meet the demands and anticipation of many stakeholders (Melati, 2021).

In stakeholder theory, the company is considered an entity responsible for these various groups, and should seek to maintain this balance of diverse interests. Companies are expected to interact ethically and equitably with stakeholders and consider the social, environmental, and economic consequences of their business decisions (Fatchiya, 2021).

Integrating stakeholder interests in decision making and maintaining good relationships with stakeholders can help companies build a good reputation and increase trust from various parties. A good reputation can support a company's value by attracting more customers, investors, and business opportunities which in turn can contribute to greater profit margins.

➢ *Company Value*

Company value refers to the estimation or valuation of a company's total wealth and potential from a financial point of view. Company value is the sum of all assets, cash flows and income expected to be achieved by the company. This reflects the market's perception of the company's profitability, growth, and risk potential (Utomo, 2020).

The value of a company can be affected by many things. The basic principles used in corporate valuation include the determination of value within a certain period of time, the need to ensure value at a fair price, and the exclusion of any influence from certain entities (Utomo, 2020). Operational Performance: The company's operational efficiency, productivity, and level of effectiveness in managing resources can contribute to an increase in company value. Efficient and effective business processes can reduce operational costs and increase competitive advantage.

- *According to Utomo (2020), the types of Company Values are as follows:*

✓ *Market Value:*

The market value of the company is the total value of all company shares traded on the IDX. It reflects investors' perception of a company's value based on the price of the shares traded.

✓ *Book Value:*

A company's book value is the total value of a company's assets after deducting its liabilities and debts. It is the value of assets recorded in the company's financial statements and reflects the value of the company based on the assets owned.

✓ *Intrinsic Value:*

A company's intrinsic value is an estimate of the true value of a company based on precise discount-rate projections as well as future cash flows. The DCF (Discounted Cash Flow) valuation method is often used to calculate intrinsic value.

✓ *Going Concern Value:*

Going concern value is the value of a company when it is considered to operate in the long term and sustainably. It reflects the value of the company based on the assumption that the company will continue to operate and generate profits in the future.

✓ *Potential Market Value:*

Potential market value is an estimate of a company's value based on its growth potential and subsequent business opportunities. This reflects the company's value that can be accessed if the company succeeds in optimizing existing business opportunities.

- *There are many Indications used in giving Appraisers to Companies: (Rahayu &; Sari, 2018)*

✓ *Price Earning Ratio (PER)*

P/E is a financial metric that describes the relationship between a company's closing stock price and earnings per share, representing earnings generated per share. P/E can be determined by dividing the stock price by earnings per share.

✓ *Tobin's Q ratio (Q Tobin)*

Tobin's Q refers to the ratio of the market value of an asset to its replacement cost. The calculation of Tobin's Q can be done using the following formula: Tobin's Q equation is obtained by dividing the market value of an asset of a company by the cost of replacing that asset.

✓ *Price Book Value (PBV)*

PBV is evaluating the relationship between a company's stock price and its book value. The calculation of book value per share involves comparing the aggregate of ordinary equity to the number of shares outstanding. The PBV calculation formula is obtained by dividing the market price per share by the book value per share.

Of the three indicators to get the value of the company, utilizing the PER indicator in this study. P/E is motivated by its wide applicability and its ability to facilitate comparisons between a company's share price and the financial performance of other entities within the same industry or comparable sector. This can help in assessing whether a stock is priced higher or lower compared to its competitors.

➢ *Sustainability Report*

Sustainability reports is a document detailing the financial, environmental, and social impacts of a company's operations. This study aims to explain the good and negative impacts of various businesses on their communities and the environment. Sustainability report also includes information on CSR practices, sustainability initiatives, and company efforts in complying with sustainability standards (Hamidah &; Adnan, 2019).

- *Some of the Points that are usually Covered in Sustainability Report be:*

✓ *Company Profile:*

An explanation of the company, its vision, mission, core values, and sustainability goals.

✓ *Sustainability Performance:*

Data and statistics related to the company's sustainability performance, including achievement of targets, performance indicators, and progress against sustainability goals.

✓ *Environmental Impact:*

Information about the environmental impact of a company's activities, including energy consumption, greenhouse gas emissions, waste management, and environmental protection efforts.

✓ *Social Impact:*

An explanation of the company's social impact, including relationships with employees, local communities, and initiatives undertaken to help communities.

✓ *Good Corporate Governance:*

An explanation of good corporate governance, including commitment to business ethics, transparency, and accountability.

- ✓ *Sustainable Products and Services:*

Information about the company's efforts in developing more sustainable and environmentally friendly products and services.

- *As for the Influencing Factors Sustainability Reportsthat is:*

- ✓ *Corporate Policy and Management Commitment:*

Corporate policy and management's commitment to environmental and social responsibility have a major influence in the preparation of sustainability reports. Companies that have a strong commitment to sustainability will tend to compile more comprehensive reports.

- ✓ *Reporting Standards:*

The use of sustainability reporting standards, such as PRI, GRI and SDGs affects the content and format of sustainability reports. These standards help ensure consistency and transparency in reporting.

- ✓ *Stakeholder Participation:*

Involving stakeholders in the process of preparing sustainability reports can improve the relevance and quality of reports. Companies need to listen to input from various parties related to their activities and impacts.

- ✓ *Sustainability Performance:*

Another factor that affects the sustainability report is the company's performance in the field of sustainability. Companies that make significant progress in sustainability practices tend to disclose this in their reports.

- ✓ *Company Complexity and Size:*

Larger company activities tend to have greater challenges in preparing sustainability reports. This can affect the level of detail (Iriyanti, 2020).

- ➢ *Profitability*

Profitability is defined as the capacity of a company or business to create profits or financial gains through its operational and commercial endeavors. Profitability is an important measure of financial performance because it reflects a company's efficiency and effectiveness in managing resources, producing products or services, and meeting market needs. A favorable level of profitability signifies a company's ability to create sufficient profits to cover operating costs, provide a return on investment to shareholders, and facilitate investment in future development and expansion efforts (Syaiful, 2020).

According to, it is widely recognized that companies have different goals, but the effort to make a profit is undeniably the main goal of every company. The attribute that indicates a company's financial success is often referred to as profitability (Apriatna & Oktris, 2022).

- *Various Financial Measures are used to assess the Profitability of a Company (Manurung, 2018). these Ratios Include:*

- ✓ *Gross Profit Margin:*

Refers to the relationship between gross profit and overall revenue of a company. This metric reflects the level of effectiveness that the company shows in the production of important goods or services.

- ✓ *Net Profit Margin:*

Refers to the proportion of net profit in relation to the overall revenue generated by a company. The above metric relates to the proportion of total revenue converted into net income after a comprehensive evaluation of all operating expenses and expenses.

- ✓ *Return on Assets (ROA):*

Refers to a financial metric that measures the relationship between a company's net income and its total assets. This metric measures the level of effectiveness of an organization in creating financial benefits from its assets.

- ✓ *Return on Equity (ROE):*

The ratio between net income and shareholders' equity. It measures the rate of return on investment for shareholders.

- ✓ *Return on Investment (ROI):*

The ratio between net profit to total investment or capital invested in the company.

The ROA ratio was used in this study. The use of ROA is prevalent due to its status as a widely used metric to assess financial success. ROA is often used by investors as a metric to assess the profitability derived from the asset base of a company. The higher the ROA value achieved by the company, the company's financial performance can be categorized as good (Muslim, 2020).

- ➢ *Intellectual Capital*

According to (Setyawati, 2023), intellectual capital refers to knowledge that includes intangible assets that have the ability to affect the resilience as well as the competitive advantage of the related company. This knowledge comes from the work of Malakiano and Margie. In research, understanding (Najib, 2022) intellectual capital explored as a means of obtaining resources with a new knowledge base. When utilized to the maximum, these assets facilitate the optimal execution of the company's strategic objectives. Roos' opinion in Ulum (2014) in the research conducted, (Najib, 2022) intellectual capital is the Company has an undisclosed compilation of resources, including brands, trademarks, patents, and other assets not explicitly disclosed in the financial statements.

III. FRAMEWORK OF THEORY

➢ *Researchers Describe Framework of Theory, Namely:*

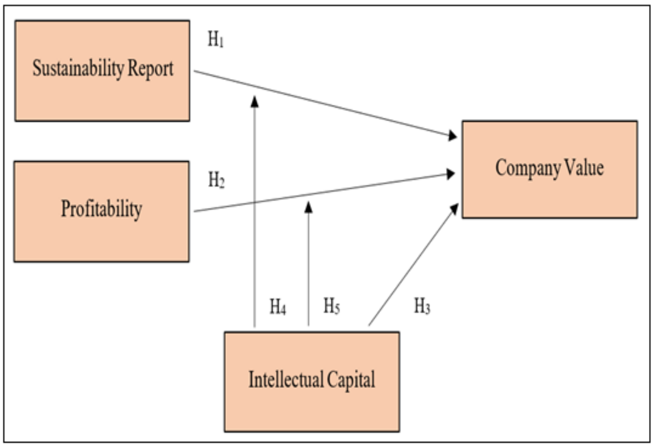

Fig 1 Framework of Theory Chart

- H1: Sustainability report positively affect the value of the company.
- H2: Profitability has a positive effect on the value of the company.
- H3: Intellectual capital positively affect the value of the company.
- H4: Intellectual capital can strengthen influence Sustainability Report against the value of the company.
- H5: Intellectual capital can strengthen the effect of profitability on company value.

IV. RESEARCH METHODS

Quantitative research includes this kind of investigation because it uses numerical extraction to explain the state of knowledge. Research techniques that adhere to positivist ideology, focus on a specific population or sample. Quantitative research involves collecting data using research tools and evaluating them quantitatively or statistically to evaluate hypotheses (Sugiyono, 2018).

➢ *Variable Operational Definition*

Sustainability reports are measured using the Sustainability Report Disclosure Index (SRDI). To calculate SRDI, it is necessary to assign a value of 1 if there is one piece of information revealed and a value of 0 if no information is revealed. Then, we add up all these values to get an overall value for each business. The SRDI determination formula is as follows:

$$SRDI = \frac{\text{Items Poured}}{\text{Expected Items}}$$

- *But Profitability uses ROA by the Formula:*

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$$

P/E will be a metric to determine the value of the company. Fundamental research in the stock market often uses the PER indicator. This ratio evaluates how the stock price compares to the company's earnings per share. So, PER looks at how many times the net income per share of the company is compared to its share price in the market (Sutanto, 2021). The formula used is:

$$PER = \frac{\text{Share Price}}{\text{Earning Per Share}}$$

Intellectual capital is calculated through VAIC measurements. VAIC is a method for measuring intellectual capital in companies (Dewi, 2022). Here's the VAIC formula:

- VA = Out – In
- VACA = VA/CE
- VAHU = VA/HC
- STVA = SC/VA
- VAIC = VACA + VAHU + STVA
- Information:
- VA = Value Added
- Out = Output
- In = Input
- VACA = Value Added Capital Employed
- (ratio from VA to CE)
- CE = Capital Employed
- VAHU = Value Added Human Capital
- HC = Human Capital
- STVA = Structural Capital Value Added
- SC = Structural Capital (VA – HC)

➢ *Population and Sample*

Sugiyono (2018: 126) defines population as a large area that includes goods or people with a predetermined set of attributes and characteristics. The population consists of all things and people in a particular region who also meet certain relevant criteria from the conduct of this study. The population of this study is 45 LQ45 companies traded on the IDX from 2019 to 2021.

- *The Determining Characteristics of Sample Composition are:*

✓ LQ45 company has been constantly listing its shares on the IDX from 2019 to 2021.
✓ The research focuses on companies that routinely maintain a presence in the LQ45 index on the IDX from January 2019 onwards, and has provided comprehensive annual report data.
✓ The company produces annual reports and sustainability reports covering the period 2019 to 2021.
✓ Companies that include Indonesia's currency, rupiah, in their financial reporting.

➢ *Data Analysis Methods*

In research using panel regression analysis techniques. According to Ahmaddien and Susanto (2020), this panel data regression analysis technique is an analysis technique that combines time series and cross section data, which is supported by available quantitative data. The use of panel data regression analysis is used to explain elements that have the potential to affect the correctness of financial reporting, including corporate governance procedures, audit quality, and external pressures.

- *Test Classical Assumptions*

- *Normality Test*

Ghozali's opinion (2013) The purpose of conducting a normality test on a regression model is to determine the confounding variables or residual variables with normal distribution. The normality test in this study was conducted by utilizing E-views 12 for Windows software.

- *Multicollinearity Test*

According to Ahmaddien and Susanto (2020), the purpose of the multicollinearity test is to identify interdependencies between model-free parameters by testing the VIF model. Data is safe from multicollinearity if the VIF number is less than 10, and multicollinearity problems if the VIF value is > 10.

- *Heteroscedasticity Test*

Heteroscedasticity testing aims to determine whether or not the variance and residue of a data set differs from other observations in a regression model (Ghozali, 2013). Homoscedasticity describes a distribution in which the variance of a residual observation is constant when compared to the variance of other observations. The non-heteroscedasticity assumption is satisfied if the sig value of each variable in the regression model > 0.05.

- *Autocorrelation Test*

Due to the sequential nature of the data, it is possible to apply autocorrelation testing to see if there is a relationship between confounding errors in period t and confounding errors in period t-1 in regression models (Ghozali, 2013). Apply criteria to chi-squared probability values to detect autocorrelation. There is no autocorrelation problem if the probability value of Chi-Squares > from 0.05. If the Chi-Square score is less than 0.05, autocorrelation occurs.

- *Test the Hypothesis*

- *Coefficient of Determination Test*

Ghozali (2016) uses the coefficient of determination test (R 2 test) to assess the model's ability to explain the dependent variable. The value of the coefficient of determination (R) measures how well the model describes the dependent variable. R 2 ranges from 0 to 1. R2 is close to 1 if the regression model can better handle variable variability. If the value of R is close to 0 then all independent factors have less influence on the dependent variable.

- *Simultaneous Test (F)*

Sugiyono (2010) says the f test checks whether the data matches the regression model. Multiple regression analysis verifies the validity of the model or finds an independent variable that is liner-related to the dependent variable. Comparing two data sets yields predictions. When determining whether research findings are significant, researchers should use statistical f and p values.

Test conditions f require a Sig value of < 0.05 indicating the simultaneous influence of the independent variable. If Sig. > 0.05 then the independent variable has little or no effect. Use hypothesis tables for statistical f testing. Ho: all independent factors have a significant effect on the dependent variable. Ha: all independent factors do not affect the dependent variable significantly.

- *Partial Hypothesis Test (t)*

Hypothesis testing statistically determines the likelihood of acceptance or rejection of a hypothesis (Sugiyono, 2010). Test the coefficients of each independent variable against the dependent variable using the t test. This test analysis can be used if the averages of the two data sets are very different, if the population averages are the same or different, and if the population averages are the same or different from the standard mean. It also ensures the slope of the regression line away from zero. In other words, the t-test uses sample findings to evaluate the null hypothesis (H0).

This occurs in the hypothesis test of the two-sided distribution t. To determine whether the trajectory of the study is consistent with the hypothesis, researchers use a two-sided hypothesis test. This is how we interpret the findings of the t-test. Ho is accepted if and only if the p-value of the independent variable is greater than 0.05 which means that the independent variable has no effect on the dependent variable if considered separately. Ho is rejected if and only if the p-value of the independent variable is less than 0.05, indicating that the independent variable has a significant effect on the dependent variable.

V. RESEARCH RESULTS

The research sample consisted of LQ45 business actors traded on the IDX during 2019 and 2021. From an initial pool of 45 organizations, the authors were able to narrow it down to 23 samples using certain predefined criteria. This study used a systematic random sampling technique. Using www.idx.co.id website, we were able to collect a total of 69 observations based on observational data over 3 years from 23 different companies.

- *Descriptive Stratistic Analysis*

Table 1 Descriptive Statistical Analysis Test Results

	Y	X1	X2	Z
Minimum	-33.35253	0.139706	-0.185812	-6.385342
Maximum	101.2074	0.264706	9.657593	58.74729
Mean	18.41241	0.202792	0.340983	10.03920
Std. Dev.	20.49134	0.027437	1.444134	11.47814
Observations	69	69	69	69

Source : Data Processed with Eviews 12

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Company Value (Y) has a minimum value of -33.35253, a maximum value of 101.2074, an average value of 18.41241 and a standard deviation value of 20.49134.

Sustainability Report (X1) has a minimum value of 0.139706, a maximum value of 0.264706, an average value of 0.202792 and a standard deviation value of 0.027437.

Profitability (X2) has a minimum value of -0.185812, a maximum value of 9.657593, an average value of 0.340983 and a standard deviation value of 1.444134.

Intellectual Capital (Z) has a minimum value of -6.385342, a maximum value of 58.74729, an average value of 10.03920 and a standard deviation value of 11.47814.

➢ *Normality Test Results*

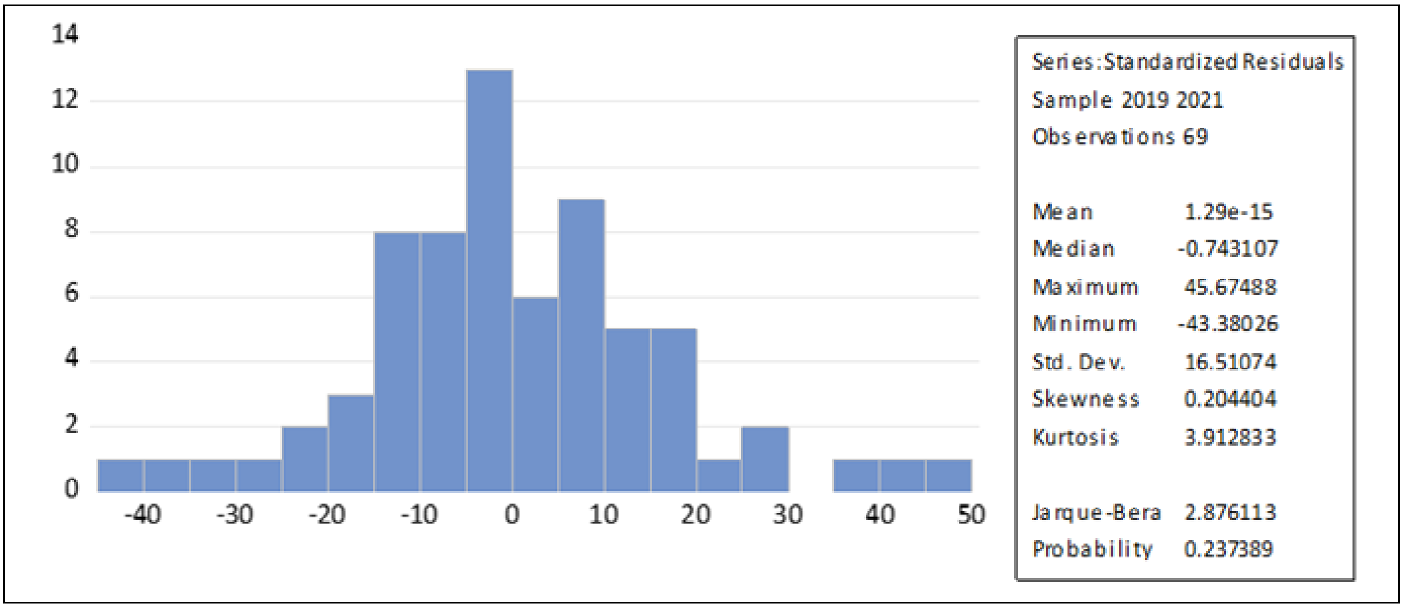

Fig 1 Normality Test Results
Source : Data Processed with Eviews 12

In Table 1 it can be seen that the threshold of significant probability of all variables is 0.237389. Based on the fact that the probability value is above the significance threshold of 0.05, the conclusion is that the residual data in this regression model are normally distributed. So, the regression model used satisfies the assumption of normality.

➢ *Multicollinearity Test Results*

Table 2 Multicolonicity Test Results

Variance Inflation Factors
Date: 08/21/23 Time: 21:42
Sample: 1 69
Included observations: 69

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	296.3859	71.70971	NA
X1	7457.527	75.54082	1.338603
X2	2.418653	1.270771	1.202732
Z	0.037278	2.080040	1.171036

Source : Data Processed with Eviews 12

Table 2 shows that each variable has a tolerance and VIF > 0.10 from the multicollinearity test. In this regression model, the variables are not multicollinear.

➢ *Autocorrelation Test Results*

Table 3 Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	0.308576	Prob. F (2,63)	0.7356
Obs*R-squared	0.669371	Prob. Chi-Square (2)	0.7156

Source : Data Processed with Eviews 12

Table 3 shows Obs*R-square values of 0.7156 > 0.05. So it can be concluded that they do not experience symptoms of autocorrelation.

➢ *Heteroscedasticity Test Results*

Table 4 Hypothesis Test Results

Heteroskedasticity Test: Harvey
Null hypothesis: Homoskedasticity

F-statistic	2.273760	Prob. F (3,65)	0.0883
Obs*R-squared	6.553327	Prob. Chi-Square (3)	0.0876
Scaled explained SS	10.25657	Prob. Chi-Square (3)	0.0165

Source : Data Processed with Eviews 12

From table 5 you can see the Obs*R-square value of 0.0876 > 0.05. The conclusion is that it does not experience symptoms of heteroscedasticity.

➢ *Test the Hypothesis*

Tabel 5 Test the Hypothesis

Dependent Variable: Y
Method: Panel Least Squares
Date: 08/21/23 Time: 21:38
Sample: 2019 2021
Periods included: 3
Cross-sections included: 23
Total panel (balanced) observations: 69

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.170163	17.21586	-0.358400	0.7212
X1	74.29307	86.35698	0.860302	0.3928
X2	5.074604	1.555202	3.262987	0.0018
Z	0.775578	0.193074	4.016999	0.0002

Root MSE	16.39066	R-squared	0.350780
Mean dependent var	18.41241	Adjusted R-squared	0.320816
S.D. dependent var	20.49134	S.E. of regression	16.88746
Akaike info criterion	8.547242	Sum squared resid	18537.11
Schwarz criterion	8.676756	Log likelihood	-290.8799
Hannan-Quinn criter.	8.598625	F-statistic	11.70669
Durbin-Watson stat	1.935221	Prob(F-statistic)	0.000003

Source : Data Processed with Eviews 12

- *Test Coefficient of Determination (R^2)*

Table 6 gives a determinant coefficient of R2 of 0.3208 or 32.08%. The results show that Sustainability Reports, intellectual capital and profitability affects the company's value by 32.08%. The remaining 67.92% came from factors beyond the scope of this study.

- *Simultaneous Test (Test F)*

Table 6 explains that the influence of Sustainability ReportProfitability intellectual capital Against the value of the company, the value of GIS is obtained. 0.000003 < probability value 0.05. Shows simultaneously Sustainability ReportProfitability intellectual capital affect the value of the company.

- *Partial Test (Test t)*

From table 6 the conclusion:

✓ *The Effect of Sustainability Report on Company Value*

The effect of the Sustainability Report on the Company's Value obtains an extraordinary value. 0.3928 exceeding 0.05 indicates that sustainability reports have no effect on company value. It rejects H1.

✓ *The Effect of Profitability on Company Value*

By comparing the probability value of 0.05 with the effect of profitability on business value (sig. 0.0018), it is found that profitability has a positive influence on the value of the company. Consequently, receive H2.

✓ *The Influence of Intellectual Capital on Company Value*

When compared with a probability value of 0.05 so sig. 0.0002 shows that intellectual capital has an effect on the value of the company. So receive H3.

- *Partial Test of Moderation (Moderation t Test)*

Table 6 Partial Test Results of Moderation

Dependent Variable: Y
Method: Panel Least Squares
Date: 08/22/23 Time: 10:00
Sample: 2019 2021
Periods included: 3
Cross-sections included: 23
Total panel (balanced) observations: 69

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.761222	17.67337	0.156236	0.8763
X1	37.92011	88.96862	0.426219	0.6714
X2	-20.35281	14.58579	-1.395386	0.1677
X1Z	2.749502	0.888776	3.093582	0.0029
X2Z	1.977165	1.119207	1.766576	0.0821

Root MSE	16.10908	R-squared	0.372895
Mean dependent var	18.41241	Adjusted R-squared	0.333700
S.D. dependent var	20.49134	S.E. of regression	16.72651
Akaike info criterion	8.541570	Sum squared resid	17905.66
Schwarz criterion	8.703462	Log likelihood	-289.6842
Hannan-Quinn criter.	8.605798	F-statistic	9.514050
Durbin-Watson stat	1.781278	Prob(F-statistic)	0.000004

Source : Data Processed with Eviews 12

➢ *Table 6 Concludes:*

- *The Effect of Sustainability Report on Company Value with Intellectual Capital as a Moderation Variable*

Based on table 6 explains that the sustainability report on the value of the company with intellectual capital as a moderation variable obtained a sig value. 0.0029 < a probability value of 0.05, indicating that intellectual capital can moderate, meaning that intellectual capital strengthens the influence of sustainability reports on company value. In conclusion, H4 is accepted.

- *The Effect of Profitability on Company Value with Intellectual Capital as a Moderation Variable*

Based on table 6 explains that the effect of profitability on the value of the company with intellectual capital as a moderation variable obtained the value of sig. 0.0821 > a probability value of 0.05, indicating that intellectual capital cannot moderate, meaning that intellectual capital cannot strengthen and weaken the effect of profitability on company value. The conclusion H5 was rejected.

VI. DISCUSSION

➢ *Here's the Discussion that the Author got:*

- *The Effect of Sustainability Report on Company Value*

In this study will evaluate the hypothesis that sustainability reports increase the value of a company. Based on Table 6, the company's sustainability reports have significant value. It is more likely that 0.3928 will occur versus 0.05. As a result, the conclusion is that H1 is wrong and sustainability reports have no impact on company value. It can be seen that stakeholders outside the corporation do

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not give too much weight to the disclosure of sustainability reports. As stated in OJK regulation number 51 of 2017 concerning the Application of Sustainable Financial Statements for Financial Service Institutions, Issuers, and Companies, disclosure of sustainability reports is now a must. In other words, because it has become an obligation, investors no longer see the sustainability report as a consideration in assessing a company.

In line with the research, and which get the results that (Nuraisah, 2022) (Hartawan et al., 2022) (Ningrum, 2022) (Pratami &; Jamil, 2021) (Elizabeth & Handoko, 2021) (Kartika Sari, 2021) (Fitriyah, 2019) Sustainability Report It does not affect the value of the company, the higher and lower the disclosure of the sustainability report does not have an impact on the value of the company.

- *The Effect of Profitability on Company Value*

The second hypothesis of the study examines the relationship between financial success and the value of a company. Based on the data in table 6, the GIS value represents the effect of profitability on the value of a company. A probability value of 0.0018 < a threshold value of 0.05. As a result, we receive H2, which indicates that profit increases the value of the business. The amount of money a business earns from its profits can be a benchmark to value the business in the eyes of investors. Investors are more likely to put their money on companies that have large profit margins because they believe the company will continue to make profits in the future. The study used ROA as its primary profitability metric. A greater return on equity indicates that the business is more profitable. Increased ROA means that companies can manage their assets well while efficiently creating profits. Profitability allows a business to attract investors by outlining promising future plans, in which the future will drive up its share price.

As per research, and which found that profitability has an effect on the value of the company (Jawas &; Sulfitri, 2022) (Pratami &; Jamil, 2021) (Elizabeth & Handoko, 2021) (Dwi et al., 2020) (Pratami, 2019) (Fitriyah, 2019).

- *The Influence of Intellectual Capital on Company Value*

This study aims to test the impact intellectual capital to business value (H3 research). Table 6 shows that sig. 0.0002 < a probability value of 0.05 when calculating the influence intellectual capital against the value of the company. So, H3 is correct and intellectual capital contribute positively to the value of a company. The larger the intellectual property of a company, the more valuable the intellectual property.

Effective use of a company's potential, including physical and intangible assets, is essential to increase the value of the company. This goal aligns with the overarching goals of stakeholder theory. Management The right intellectual capital has the potential to increase the value of the company. Companies that manage their intellectual capital well often get higher valuations from investors. Proof that the company can generate value, which ultimately benefits interested parties with its success.

The findings line up on, and all of which conclude that (Setyawati, 2023) (Dewi &; Dewi, 2022) (Putri et al., 2019) intellectual capital positively affect the value of the company.

- *The Effect of Sustainability Report on Company Value with Intellectual Capital as a Moderation Variable*

Hypothesis 2 tests how Sustainability Reports Influencing the value of the company by using intellectual capital as moderator. Table 6 shows that Sustainability Reports Company value with intellectual capital as a moderation variable has a sig value. 0.0029 < 0.05 signify intellectual capital Strengthening influence Sustainability Reports against the value of the company. Receiving H4 is obvious. Optimize intellectual capital, like innovation and creativity, will increase the value of the company.

- *The effect of profitability on company value with intellectual capital as a moderation variable*

Hypothesis 2 aims to see the effect of profitability on company value by intellectual capital as a moderation variable. Based on table 6 explains that the effect of profitability on company value with intellectual capital as a moderation variable, a sig value is obtained. 0.0821 > a probability value of 0.05, indicating that it cannot moderate its meaning intellectual capital Unable to strengthen and weaken the effect of profitability on the value of the company. So it can be concluded that H5 is rejected. Intellectual capital Those who moderate profitability to company value are not necessarily able to increase company value.

VII. CONCLUSIONS, LIMITATIONS AND SUGGESTION

➢ *Conclusion*

This study aims to conduct testing on Sustainability Reports and profitability to business value, taking into account intellectual capital as a moderation variable. The analysis will focus on LQ45 companies listed on the IDX throughout the 2019-2021 period. Conclusions are drawn:

- Sustainability reports have no effect on company value. The conclusion H1 is rejected.
- Profitability has a positive effect on the value of the company. In conclusion, H2 is accepted.
- Intellectual capital has a positive effect on the value of the company. In conclusion, H3 is accepted.
- Intellectual capital strengthens the influence of sustainability reports on company value. In conclusion, H4 is accepted.
- Intellectual capital cannot strengthen and weaken the effect of profitability on the value of the company. The conclusion H5 was rejected.

➢ *Limitations and Suggestion*

The authors acknowledge several limitations in this study, one of which is on sample selection.

- This research sample consists of companies listed on the IDX that are included in the LQ 45 index throughout the period 2019 to 2021. In this case, there were 22 data points that did not fit the predetermined criteria for inclusion in the research study. As a result, the sample size had to be reduced by 22 companies.
- The value of the Adjusted R-squared regression model was 32.08% which shows that the independent factors included in this study have a limited influence on the dependent variable. In addition, it turns out that there are still other independent variables that have not been included in the model.

➢ *From the Constraints Described above, Further Recommendations can be Proposed for Future Researchers:*

- Researchers are further expected to have the capacity to improve research by including research samples from companies listed on the IDX. In addition, it is recommended that the observation time be extended to provide a more comprehensive picture of the situation that exists for a longer duration.
- Future researchers are expected to have the ability to include more factors that are believed to have an impact on business value, thereby amplifying the impact of those variables beyond those considered in this study.

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