

Original Article

Intellectual Capital with its Disclosure and Other Factors as Strategic Signals: Implications for Market Performance Evidence from Indonesia

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Abstract: *This study examines the factors influencing the market performance of financial companies listed on the Indonesia Stock Exchange (IDX). Using a purposive sampling method, 388 firm-year observations were obtained from 97 companies over the 2021–2024 period. Data were analysed using multiple regression analysis. The results indicate that: (1) intellectual capital has a positive effect on market performance; (2) intellectual capital disclosure, profitability, and company size have a negative effect on market performance; and (3) corporate governance and revenue growth do not have a significant effect on market performance. These findings suggest that while tangible assets remain important, the strategic management and optimal utilization of intellectual capital are key drivers of market performance. Furthermore, the study emphasises the importance of standardised regulations for ICD reporting and the provision of high-quality intellectual capital disclosures to ensure stakeholders receive accurate information, thereby supporting improved market performance.*

Keywords: *Market Performance, Intellectual Capital, Intellectual Capital Disclosure, ROA, VAIC, Tobin's Q.*

I. INTRODUCTION

In today's markets, investors no longer rely solely on financial statements; they increasingly prioritize a firm's intellectual capital as a source of value. The firm's success is largely determined by its ability to apply and leverage knowledge assets effectively (Nuryaman, 2015). As a primary driver of sustainable competitive advantage, intellectual capital enhances operational efficiency and fosters innovation, both of which contribute to enhanced market performance (Intara & Suwansin, 2024). According to PSAK 238, intangible assets are identifiable non-monetary assets without physical substance that are controlled by the entity. The intangible nature of intellectual capital makes it difficult for external stakeholders to assess its quality and economic potential. This creates an information gap between the company and its investors. To bridge this gap, firms utilize intellectual capital disclosure as a strategic signal to communicate their intrinsic value (Widarjo, 2011). These signals enable investors to conduct a more reliable analysis of a firm's future prospects.

Firms' annual reports contain mandatorily disclosed and voluntarily disclosed information. Mandatory disclosure consists of information required by law to meet legal compliance, while voluntary disclosure refers to the additional information other than that required in the standard, which is intended to enhance transparency and organizational legitimacy (García-Tabuyo et al., 2016). Through voluntary disclosure, firms can differentiate themselves from lower-quality firms by providing more transparent and credible information to the market (Ihya'ul Ulum, 2015).

Intellectual capital and its disclosure have been widely studied in developed countries, yet research in emerging economies like Indonesia remains limited (Guthrie et al., 2004). This gap is significant because investor decisions are increasingly influenced by both financial and non-financial information. However, a standardized framework for reporting and measuring intellectual capital disclosure has not yet been established (Thuy et al., 2024). In Indonesia, regulations such as LK No. Kep-431/BL/2012 specifies which disclosure items should appear in annual reports, but does not indicate which components of IC must be reported, even though some items are related to IC. Therefore, this study aims to empirically examine the effect of intellectual capital and its disclosure on market performance in Indonesian financial companies, while also considering the roles of profitability, revenue growth, corporate governance, and company size. By analysing these factors, the study provides possible insights into how both financial and non-financial strategic signals influence market performance.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A) Signalling Theory

Signalling theory was first introduced by Spence (1973), who emphasized that when a firm's true capabilities are unknown, investors are forced to make decisions under conditions of uncertainty. This uncertainty can lead to poor and



unprofitable decision-making because investors must rely on their own judgment without adequate supporting records. To address this issue, companies utilize disclosures and other factors as signals to reduce information asymmetry and demonstrate their actual performance. Consequently, investors interpret these signals as a means to understand a firm's past performance and future prospects.

Liu et al. (2024) argue that a firm can increase its market value by sending positive signals to stakeholders through knowledge disclosure. By disclosing open knowledge, firms showcase their innovation capacity and strategic commitment, thereby signalling credibility to external parties and strengthening market performance. This disclosure aims to reduce information asymmetry between management and investors by providing more comprehensive insight. Information asymmetry occurs when one party has more information than the others because some attributes are not directly observable. This idea aligns with signalling theory, which suggests that the relationship between intellectual capital and market performance depends on a firm's ability to signal information regarding its assets, profitability, and financial policies to investors (Indriastuti et al., 2025).

B) Resource-Based View (RBV) Theory

While signalling theory explains how value is communicated, the resource-based view explains how that value is created. Within the resource-based view, market performance is explained by the extent to which a company effectively utilizes and manages its resources (Barney, 1991). Firms are viewed as bundles of resources, and variations in how these resources are combined explain differences in firms' competitive advantages (Taher, 2012; Madhani, 2014; Lonial & Carter, 2015). To achieve superior financial performance, firms must prioritize investment in intellectual capital as a strategic intangible asset. The use of the term 'capital' stems from the fact that organizational growth and output are fundamentally rooted in knowledge and intelligence, acting as the primary resource for the business. This resource is considered a key source of competitive advantage because its rarity and complexity make it challenging for other firms to replicate (Madhani, 2014; Soewarno & Tjahjadi, 2020). When the resources are utilized optimally, they enhance the value creation process and improve firm performance as the resulting output.

C) Market Performance

Market performance describes how well a firm is considered to perform in the market as evaluated by market participants. In this context, the term performance refers to the economic results that flow from the industry as an aggregate of firms (Clodius & Mueller, 1961). When a firm performs well, the market tends to respond positively because the firm is viewed as capable of sustaining its operations and competing effectively with other firms in the industry. As a result, this positive market response increases investor confidence and encourages higher levels of investment in the firm.

Joo & Dafydd (2024) note that firms with higher market performance are more likely to survive business cycles, reinforcing the importance of market-based evaluations. Because such evaluations are formed through market valuation, they incorporate both expected returns and perceived risk. Unlike accounting-based measures that emphasize historical outcomes, market performance reflects expectations regarding a firm's future growth, sustainability, and risk profile. Compared to other performance measures, market performance therefore provides a more complete assessment by capturing both return and risk factors (Nuryaman, 2015).

D) Intellectual Capital

Intellectual capital (IC) is a strategic weapon that enables a company to enhance its overall value through future economic benefits. It represents the intangible assets and proprietary information of a firm, which are not reported in financial statements that focus on tangible assets (Roos, Göran, 1997; Davey, 2016). Intellectual capital consists of three main pillars: human capital, structural capital, and relational capital (Chen, 2008; Fariha & Sofian, 2012; Wang et al., 2014). Human capital is the knowledge owned by the firm through its employees, in the form of intellectual ability, creativity, and innovation. Therefore, firms tend to recruit highly qualified employees and provide regular development programs to enhance the quality of human capital. Structural capital is the knowledge and resources within a firm, such as procedures, databases, routines, technology, and organizational culture, that support its operations (Meles et al., 2016; Boris & Danie, 2017). Despite high individual intelligence, intellectual capital cannot perform optimally in the absence of clear organizational structures and systems. On the other hand, relational capital can be defined as the firm's ability to establish and maintain relationships with the external stakeholders that are essential to the firm's well-being (Meles et al., 2016).

Human capital, structural capital, and relational capital complement each other and are equally important. Human capital builds the organization with essential skills and expertise, structural capital embeds these capabilities within organizational systems and culture, and this internal alignment supports the development of strong external relationships through relational capital. From a broader perspective, the integration of these elements strengthens a firm's capacity to create long-term value and stabilize its operations, which makes intellectual capital particularly relevant for evaluating market-based performance. Tan et al. (2002), Chen et al. (2005), and Ulfa & Prasetyo (2018) empirically demonstrate that intellectual capital

has a positive effect on firms' financial performance. Because market performance reflects investors' expectations regarding future returns and risk, firms with stronger intellectual capital are more likely to be valued more by the market. Therefore, the following hypothesis is proposed.

H1: Intellectual capital has an effect on market performance.

E) Intellectual Capital Disclosure

Intellectual capital disclosure (ICD) is defined as the voluntary reporting of qualitative and quantitative information related to intellectual capital in annual reports. Since intellectual capital is not fully captured in financial statements, companies disclose it to provide a clearer picture and ensure its value is known to external stakeholders. Firms disclose human, structural, and relational capital through specific items, reflecting managerial discretion in determining both the scope and depth of intellectual capital information made available to users of annual reports. Through improved transparency and credibility, ICD reduces information asymmetry and enables investors to better assess a firm's future value creation, thereby limiting misperceptions of firm performance (Kucera & Dvorakova, 2023; Thuy et al., 2024). Effectively disclosing IC improves market perception and reinforces the company's market position as an innovative leader (Singhania & Panda, 2023). Empirical evidence shows that firms with higher ICD levels are perceived as more transparent and credible, which can positively influence investor confidence and market evaluations. The studies by Saftiana et al. (2023) and Widarjo (2011) also provide empirical evidence that ICD has a positive effect on market performance. Therefore, the following hypothesis was proposed.

H2: Intellectual capital disclosure has an effect on market performance.

F) Profitability

Profitability is a key indicator used to assess a firm's ability to generate profits from its operational resources. It is measured by return on assets (ROA), which reflects how efficiently a company utilizes its assets to produce profits. Research by Appah et al. (2023) and Jonnius & Marsudi (2021) indicates that rising ROA signals improved asset utilization and is perceived positively by investors, thereby enhancing the firm's market performance. ROA is typically measured as a company's return on investment because capital assets typically account for the largest share of its invested funds. High profitability signals healthy firm performance and the firm's ability to achieve its goals as well as maximize shareholder wealth. Other studies by Sucuahi & Cambarihan (2016), Umar et al. (2020), Ghani et al. (2023), and Firdaus & Tanjung (2022) also prove a positive relationship between profitability and market performance. Accordingly, the following hypothesis was proposed.

H3: Profitability has an effect on market performance.

G) Revenue Growth

Revenue growth reflects the expansion of income-generating activities, indicating effective past investments and operational efficiency. In financial companies, revenue growth reflects the firm's capacity to generate income from core financial services while expanding its customer portfolio. This metric also serves as a key performance indicator, reflecting the firm's ability to maintain its income-generating base sustainably over time and to predict potential future growth (Hou et al., 2025). Empirical studies by Chinedu (2021) have found a positive relationship between revenue growth and market performance. Thus, the following hypothesis is proposed.

H4: Revenue growth has an effect on market performance.

H) Corporate Governance

Corporate governance refers to a system of principles and practices that govern how a firm is controlled in an accountable manner. It defines the allocation of rights and responsibilities among various stakeholders within the firm and outlines the rules and procedures for corporate decision-making (Khan, 2011). The G20/OECD Principles of Corporate Governance (2023) provide guidance for enhancing corporate governance frameworks to support market confidence and sustainable growth. The board of commissioners is one of the main organs of corporate governance, responsible for supervising the board of directors, providing strategic advice, and ensuring that the company operates in accordance with stakeholders' interests.

Additionally, good corporate governance provides an efficient monitoring process that helps companies use their resources at an optimal level and face lower risk compared to firms with weaker corporate governance. It serves as a validation mechanism that transforms subjective intangible claims into credible market signals, thereby encouraging investors to invest in the company (Amalia, 2021). This statement is supported by research conducted by Juwita (2019) and Latif et al. (2017), who found that better corporate governance leads to higher market performance. Therefore, we propose the following hypothesis.

H5: Corporate governance has an effect on market performance.

I) Company Size

Company size refers to the scale of a firm's operations and resources, which reflects its economic capacity. Firm size influences a company's ability to obtain capital market funding and strengthens its bargaining power (Radja & Artini, 2020).

Larger firms tend to be perceived as growing, leading to positive investor responses and higher firm value (Radja & Artini, 2020). Conversely, smaller firms often face greater challenges in attracting investor attention due to limited resources and lower public exposure. Research conducted by Sari (2020) and Intara & Suwansin (2024) showed that company size has a positive effect on market performance. Therefore, we propose the following hypothesis.

H6: Company size has an effect on market performance.

Based on the formulated hypothesis, the following conceptual framework is developed.

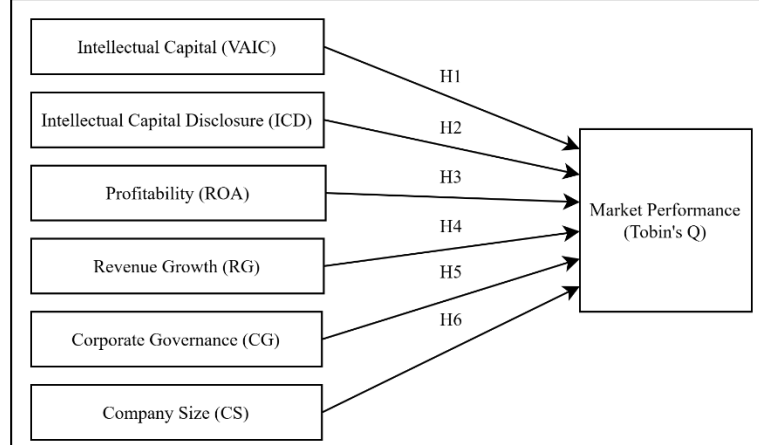


Figure 1. Research Model

III. RESEARCH METHODOLOGY

The study examined all financial sector companies that were consistently listed on the Indonesia Stock Exchange (BEI) from 2021 to 2024. The sampling technique for this study is based on a purposive sampling method, where samples are selected according to specific criteria. The inclusion criteria for the samples in this study are defined as follows.

Table 1: Sample Selection Criteria

No.	Sample Criteria	Amount of Companies	Amount of Data
1	Financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2021–2024.	100	400
2	Companies whose financial statements and annual reports were not publicly available on a consecutive basis during the period 2021–2024.	(2)	(8)
3	Companies whose financial statements were not published with a 31 December fiscal year-end during the period 2021-2024.	(1)	(4)
Total sample used in the research		97	388

This study employs a quantitative research method and uses secondary data from financial statements and annual reports. The research model consists of seven variables, each measured using a single proxy. The research was conducted with descriptive statistical analysis, classical assumption testing, and multiple regression. The research hypotheses are accepted when the significance level is at or below 0.05 ($\alpha \leq 0.05$). The following regression model is estimated using a multiple linear regression approach:

$$\text{TOBIN'S Q} = 13,052 + 0,047 \text{ VAIC} - 4,042 \text{ ICD} - 22,311 \text{ ROA} + 0,010 \text{ SG} + 0,095 \text{ CG} - 0,298 \text{ SIZE} + \varepsilon$$

A) Market Performance

Market performance is measured by Tobin's Q proxy, which was developed by Tobin (1969). Later, the proxy has been modified by Lindenberg & Ross (1981), Chung & Pruitt (1994) and Perfect & Wiles (1994). According to Tobin's Q, the valuation of a company includes both its tangible and intangible components. A value between 0 and 1 reflects an unfavorable market view, as the cost of replacing assets is higher than the firm's market worth. In contrast, a value above 1 suggests that the market prices the company higher than its actual asset book value.

$$\text{Tobin's Q} = \frac{\text{Market Value of Equity} + \text{Total Liabilities}}{\text{Total Assets}}$$

B) Intellectual Capital

Intellectual capital in this research is measured using value-added intellectual capital (VAIC) model developed by Pulic (1998). VAIC is the total of human capital efficiency (HCE), structural capital efficiency (SCE) and capital employed efficiency (CEE).

$$VAIC = HCE + SCE + CEE$$

Each component is calculated by:

$$HCE = \frac{VA}{HC}$$

$$SCE = SC/VA$$

$$CEE = VA/CE$$

The calculation begins with determining the value added (VA), which is the sum of operating profit (OP), employee costs (EC), depreciation (D), and amortization (A). Subsequently, human capital (HC) is proxied by the total cost for employees, including salaries and wages expense, education and training, recruitment, post-employment benefits, pension contribution and other related costs. Structural capital (SC) is derived by subtracting from value added (VA). Finally, capital employed (CE) represents the book value of the firm's total assets.

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

$$HC = \text{total cost for employees}$$

$$SC = VA - HC$$

$$CE = BV \text{ of total assets}$$

C) Intellectual Capital Disclosure

This study quantifies ICD using a content analysis approach, examining a total of 36 items from firms' annual reports. Each disclosed item is scored and summed to obtain a firm-level ICD score, then the score is divided by the maximum possible score (64) to produce the ICD index.

$$ICD \text{ Index} = \frac{\text{Total Score of Disclosed Items}}{\text{Maximum Disclosure Score}}$$

The scoring of each disclosure item using a four-way numerical system (scale 0-3), consistent with prior ICD conducted by Haji & Ghazali (2012), Ihyaul Ulum (2015), and Guthrie et al. (2005). Specifically, a score of 0 indicates the absence of information, 1 if there is a disclosure in narration or description form, 2 is given when disclosure includes numerical data, and 3 is given for the information followed by financial numbers (currency). A higher ICD index reflects a greater number of items disclosed and a higher quality of intellectual capital information. Table 2 shows the detailed specifications of all intellectual capital items and their corresponding indicators.

Table 2: Intellectual Capital Disclosure Items

Category	Disclosure Items	Scale	Cumulative Score
Human Capital	Number of Employees	0-2	2
	Educational Level	0-2	4
	Employee Qualifications	0-2	6
	Employee Knowledge	0-1	7
	Employee Competency	0-1	8
	Education and Training	0-2	10
	Related Training Type	0-2	12
	Employee Turnover	0-2	14
Structural Capital	Vision and Mission	0-2	16
	Code of Ethics	0-1	17
	Patent	0-2	19
	Copyright	0-2	21
	Trademarks	0-2	23
	Management Philosophy	0-1	24
	Organizational Culture	0-1	25
	Management Process	0-1	26
	Information System	0-2	28
	Network System	0-2	30
	Corporate Governance	0-2	32
Relational Capital	Violation Reporting System	0-1	33
	Comprehensive Financial Performance Analysis	0-3	36
	Debt Paying Ability	0-3	39
	Capital Structure	0-3	42
	Brand	0-1	43

	Customer	0-2	45
	Customer Loyalty	0-1	46
	Company Name	0-1	47
	Distribution Network	0-2	49
	Business Collaboration	0-1	50
	License Agreement	0-3	53
	Favorable Contracts	0-3	56
	Franchise Agreement	0-2	58
	Award	0-2	60
	Certification	0-1	61
	Magnification Strategy	0-1	62
	Market Share	0-2	64

Source: (Ihya'ul Ulum, 2015)

D) Profitability

Profitability is measured by Return on Assets (ROA). ROA is obtained by net income divided by total assets, multiplied by 100.

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

E) Revenue Growth

Revenue growth measures the rate at which a company's revenue increases or decreases over two or more comparable fiscal periods (Steve et al., 2017).

$$\text{Revenue Growth} = \frac{\text{Revenue } t - \text{Revenue } t - 1}{\text{Revenue } t - 1}$$

F) Corporate Governance

Corporate governance is measured using the total number of commissioners on the board (Lajmi & Yab, 2021).

G) Company Size

Company size is measured by the total assets of each company and was reduced to the natural log (Thuy et al., 2024).

$$\text{Company Size} = \ln \text{Total Assets}$$

IV. RESULTS AND DISCUSSION

A) Descriptive Statistics

The descriptive statistics for all variables are provided in Table 3. This panel includes the descriptive parameters of all dependent and independent variables, consisting of the value of minimum, maximum, mean and standard deviation.

Table 3: Descriptive Statistics Result

Variables	N	Minimum	Maximum	Mean	Standard Deviation
TOBINSQ	388	0,0329	89,6701	2,1894	6,5713
VAIC	388	-151,5082	358,4593	3,5427	26,4814
ICD	388	0,2813	0,8281	0,6858	0,0886
ROA	388	-3,8092	0,6860	-0,0124	0,2604
RG	388	-100,0412	10,3096	-0,31	6,1637
CG	388	2	11	4,0979	2,0118
SIZE	388	21,9080	35,4255	29,9503	2,4204

Source: Data processed, 2025

Market performance (TOBINSQ) has a mean value of 2,1894, indicating that, on average, the market values of the firms are above their book values, suggesting positive growth expectations. Intellectual capital (VAIC) shows a mean of 3,5427, with extreme minimum and maximum values, indicating significant differences in IC efficiency among firms. This variation may be associated with differences in managerial practices and resource management. Negative VAIC values suggest that value creation from intellectual capital has not been optimal.

Intellectual capital disclosure (ICD) has a mean of 0,6858, implying that, on average, firms disclose around 69% of the total items. This shows that intellectual capital disclosure is not yet comprehensive and highlights the need for greater managerial awareness to enhance disclosure quality. Specifically, the average level of intellectual capital disclosure varies across each component. Human capital disclosure shows the highest average at 89,34%, indicating that firms tend to disclose human capital information more extensively. Structural capital disclosure records an average of 61,35%, while relational capital disclosure averages 63.56%. The results indicate that disclosures concerning organizational structures, systems,

processes, and external relationships are relatively more limited than those related to human capital. The most frequently disclosed items regarding human capital were the number of employees, educational level, education and training, employee competency, employee knowledge, and employee qualifications. For structural capital, the most frequently disclosed items were vision and mission, code of ethics, organizational culture, management process, corporate governance, and violation reporting system. Lastly, the most frequently disclosed items related to relational capital were comprehensive financial statement analysis, debt-paying ability, capital structure, company name, customers, distribution network, and magnification strategy.

ROA records a slightly negative mean ($-0,0124$), suggesting that, on average, firms experienced marginal profitability pressure during the observation period. Revenue growth (RG) has a negative mean ($-0,31$), indicating that, on average, sample firms faced declining revenue growth, signalling unstable growth conditions. Corporate governance (CG) has a mean of 4,0979, reflecting moderate governance quality among firms. Lastly, company Size (SIZE) has a mean value of 29,9503, suggesting that the sample is dominated by relatively large firms.

B) Normality Test

This study utilizes the Kolmogorov–Smirnov test to assess the normality of the data. The results in Table 4 show an Asymp. Sig. (2-tailed) value of 0,000, which is below the significance level of 0,05. Therefore, it indicates that the data is not normally distributed. This lack of normality may be attributed to the presence of outliers and extreme data, particularly in 2022, when firm performance was adversely affected by the COVID-19 pandemic. Despite the removal of seven outliers, the data still failed to meet the normality requirement.

Table 4: Normality Test Result

	Unstandardized Residual
N	388
Asymp. Sig. (2-tailed)	0,0000

Source: Data processed, 2025

Table 5: Normality Test After Outlier Result

	Unstandardized Residual
N	381
Asymp. Sig. (2-tailed)	0,0000

Source: Data processed, 2025

C) Classical Assumptions Test

Before running the multiple regression analysis, a classical assumption test was conducted. First, a multicollinearity test was performed to analyse whether there is a high correlation among the independent variables in the regression model. The results in Table 6 show that all independent variables have Tolerance values above 10 and Variance Inflation Factor (VIF) values are below 10. Therefore, it can be concluded that there is no multicollinearity among the research variables.

Table 6: Multicollinearity Test Result

Variable	Collinearity Statistics	
	Tolerance	VIF
IC	0,671	1,491
ICD	0,564	1,773
ROA	0,751	1,331
RG	0,678	1,474
CG	0,517	1,934
SIZE	0,457	2,190

Source: Data processed, 2025

Second, Table 7 shows the results of the heteroscedasticity test using the Glejser method. The results show that Intellectual Capital Disclosure (ICD), Corporate Governance (CG), and company size (SIZE) have heteroscedasticity problems because their significance values are less than 0,05. This happens because there are large differences in company characteristics in the financial sector. On the other hand, intellectual capital (VAIC), profitability (ROA), and revenue growth (RG) do not have a heteroscedasticity problem because their significance values are more than 0,05. The sample includes both very large and very small companies, which creates a wide variation in company size.

Table 7: Heteroscedasticity Test Result

Variable	Sig.
VAIC	0,313
ICD	0,000
ROA	0,155
RG	0,260
CG	0,014
SIZE	0,000

Source: Data processed, 2025

Third, an autocorrelation test was conducted to check if there is a correlation between the error terms in period t and period t-1. Table 8 shows the results of the test using the Breusch-Godfrey (Lagrange Multiplier) method. The significance value of RES_2 is 0,638, which is greater than 0,05. This shows that the regression model does not have an autocorrelation problem.

Table 8: Autocorrelation Test Result

Variable	Sig.
RES_2	0,638

Source: Data processed, 2025

D) Multiple Regression Test

Table 9 presents the result of the correlation coefficient and the coefficient of determination result. The correlation coefficient (R) is 0,923. The value falls within the range of 0,80 to 0,999, implying a very strong correlation between the dependent variable, namely market performance (TOBINSQ) and the independent variables: intellectual capital (VAIC), intellectual capital disclosure (ICD), profitability (ROA), revenue growth (RG), corporate governance (CG), and company size (SIZE). Furthermore, the value of the coefficient of determination (Adjusted R Square) is 84,9%. This conveys that the percentage of variation in independent variables that can explain the variation in the dependent variable is 84,9%, and the remaining 15,1% is explained by other factors that are not included in this research model.

Table 9: Correlation Coefficient & Coefficient of Determination Result

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	0,923	0,852	0,849	2,551

Source: Data processed, 2025

Table 10 shows the results of the F-test to determine the fitness of the regression model. The significance value shows the value of 0,000 (less than 0,05), meaning the regression model is fit to be used in this research.

Table 10: F-Test Result

Models	Sum of Squares	df	Mean Square	F	Sig.
Regression	14231,336	6	2371,889	364,366	.000
Residual	2480,174	381	6,510		
Total	16711,510	387			

Source: Data processed, 2025

Table 11 presents the results of the T-test to determine the relationship between all independent variables and dependent variables.

Table 11: T – Test Result

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	13,052	2,143		6,091	0,000
VAIC	0,047	0,006	0,189	7,846	0,000
ICD	-4,042	1,950	-0,054	-2,073	0,039
ROA	-22,311	0,575	-0,884	-38,821	0,000
RG	0,010	0,026	0,009	0,394	0,694
CG	0,095	0,090	0,029	1,061	0,290
SIZE	-0,298	0,079	-0,110	-3,755	0,000

Source: Data processed, 2025

For the first hypothesis, the coefficient (β) is 0,047 with a probability value of 0,000, which is below the significance level of 0,05. Based on the results, intellectual capital has a positive effect on market performance. It indicates that the higher

the intellectual capital, the higher the market performance. The results of the study are in line with the results of research by Indriastuti et al. (2025), Dogan & Kevser (2020), Hejazi et al. (2016) and Ulfa & Prasetyo (2018). It is proven that intellectual capital as a strategic asset is essential to achieving competitive advantage and surviving in a dynamic business environment. Therefore, H1 is accepted.

For the second hypothesis, the coefficient (β) is -4,042 with a probability value of 0,039, which is below the significance level of 0,05. The results show that intellectual capital disclosure has a negative effect on market performance. One possible explanation is that investors may pay limited attention to detailed intellectual capital disclosures and focus more on general information that directly influences their decisions. Additionally, the quality of the disclosed information may not be sufficient to influence the market response. This situation likely occurs because, until now, there is still no clear regulation or reporting standard for IC information in annual reports, and the scope of disclosure remains very limited (Widiatmoko et al., 2020). As a result, the actual intellectual capital owned by the company may exist but is not fully disclosed due to unclear reporting guidelines. Prior studies by Hatane & Angeline (2018) and Shella & Wedari (2016) have also found a negative relationship between ICD and market performance. Therefore, H2 is accepted.

For the third hypothesis, the coefficient (β) is -22,311 with a probability value of 0,000, which is below the significance level of 0,05. The results show that profitability has a negative effect on market performance. This finding is consistent with prior research by Sari (2020), who found that profitability negatively impacts market performance. The results suggest that investors do not necessarily view profitability as a primary component when assessing market performance. One possible explanation is that investors may prioritize growth potential and future prospects over short-term profitability when evaluating Tobin's Q. As a result, even firms with higher profitability may not receive a proportionally higher market valuation if investors perceive limited growth or inefficiencies. Therefore, H3 is accepted.

For the fourth hypothesis, the coefficient (β) is 0,010 with a probability value of 0,694 which is greater than the significance level of 0,05. The results indicate that revenue growth has no significant effect on market performance, suggesting that higher revenue growth is not associated with higher market performance. This finding is consistent with prior research by (Ulfa & Prasetyo, 2018). One possible explanation is that, particularly in financial companies, investors tend to place greater emphasis on risk management quality and financial stability rather than year-to-year revenue. As a result, revenue growth alone does not provide sufficient information to influence market valuation and cannot be relied upon as the only consideration in investment decisions. Therefore, H4 is rejected.

For the fifth hypothesis, the coefficient (β) is 0,095 with a probability value of 0,290 which is greater than the significance level of 0,05. The results indicate that corporate governance has no effect on market performance, suggesting that any increase in corporate governance will not be accompanied by an increase in market performance. This finding is consistent with previous studies by Laksono (2021) and Malini et al. (2021). One possible explanation is that inadequate or insufficiently transparent governance disclosures limit investors' ability to accurately assess governance quality. Moreover, firm success is not solely determined by the presence of the board of commissioners, but also by the overall quality of human resources within the company. The number of commissioners alone does not guarantee effective oversight if it is not supported by adequate competence, knowledge, experience, and educational background, as well as a strong commitment to perform monitoring effectively (Laksono, 2021). Therefore, H5 is rejected.

For the sixth hypothesis, the coefficient (β) is -0,298 with a probability value of 0,000 which is below the significance level of 0,05. The results indicate that company size has a negative effect on market performance. The research is consistent with Ghani et al. (2023), which also documents a negative relationship between company size and market performance. One possible explanation is that firms with larger total assets may experience inefficiencies due to idle or unproductive assets, which fail to generate optimal returns. This operational efficiency limitation can restrict growth, eventually resulting in a lower Tobin's Q, as management is perceived as less effective at generating value from company assets. Therefore, H6 is accepted.

V. CONCLUSION AND RECOMMENDATION

Based on the results of the analysis and discussion, it can be concluded that: (1) intellectual capital has a positive effect on market performance; (2) intellectual capital disclosure, profitability, and company size have a negative effect on market performance; and (3) corporate governance and revenue growth do not have an effect on market performance. These findings suggest that market performance is influenced by a broader set of factors. Based on the resource-based view, intellectual capital serves as a strategic internal resource that enhances market performance when effectively utilized. However, from a signalling theory perspective, the negative impact of intellectual capital disclosure suggests that ICD practices in Indonesia have not yet functioned as credible signals, as the disclosed information is perceived by investors as insufficiently relevant or standardized. This may also reflect a lack of managerial awareness regarding the depth and scope of intellectual capital information to be disclosed. Therefore, there is an urgent need to establish a mandatory ICD reporting framework to ensure more accurate and standardized measurement in the future.

This study has several limitations that should be acknowledged. First, the scope is restricted to financial sector companies in Indonesia within the 2021–2024 period. Second, there is a degree of subjectivity in the scoring of the intellectual capital disclosure (ICD) items, which may affect measurement consistency. Based on these limitations, future researchers are advised to conduct a larger and more diverse sample by including various industrial sectors to enhance the quality of the findings. Furthermore, extending the observation period or conducting a cross-country analysis would provide a more comprehensive understanding of the factors influencing market performance.

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