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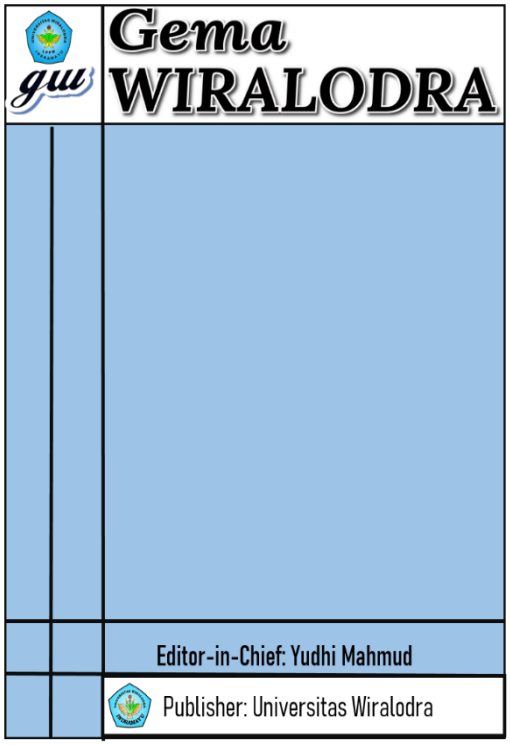

The Influence of Governance Characteristics and Enterprise Risk Management on Intellectual Capital in Banking in Indonesia

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Abstract
Intellectual capital (IC) is a crucial driver of developing knowledge-based economic value for an organization, such as a bank. With intellectual capital, company can generate knowledge-based economic value as a source of competitive advantage, influencing innovation and value for stakeholders. This research aims to analyze and explain the influence of governance characteristics and enterprise risk management on intellectual capital in banking in Indonesia. The independent variables are audit committee, board independence, institutional ownership, enterprise risk management, return on assets, leverage and corporate social responsibility as well as the dependent variable intellectual capital. The data used in this research is secondary data sourced from the annual reports of banking companies listed on the Indonesia Stock Exchange (BEI) during the period 2018 to 2022. The research sample was selected using a purposive sampling method so that 42 companies were sampled. The data analysis used to test the hypothesis is multiple regression analysis using e-views 9. The research results show that the audit committee has a positive effect, board independence has a negative effect, institutional ownership has a negative effect, enterprise risk management has no effect, return on assets has an effect positively, leverage has no effect, and corporate social responsibility has a negative effect on intellectual capital. Implications of this research to understand how bank managers affect intellectual capital, this study examines a variety of factors, including audit committee, board independence, institutional ownership, enterprise risk management, return on assets, leverage and corporate social responsibility. It suggests that managers should focus on enhancing their intellectual capital to make informed investment decisions and effectively manage their bank's resources, thereby enhancing their investment performance.
Keywords: Corporate Social Responsibility, Enterprise Risk Management, Intellectual Capital

1. Introduction

In the era of knowledge-based economics, intellectual capital has become a crucial and valuable resource for organizations, utilizing financial and physical resources (Nassirzadeh et al., 2023). It includes knowledge, skills, relationships, and other factors that contribute to organizational performance and competitiveness. Intellectual capital includes human capital, which includes education, training, experience, and adaptability to change. Capital employed capital includes financial and physical assets invested in an organization (Dashtbayaz et al., 2023). Company management has emphasized the importance of intellectual capital. The quality of human assets and innovation can be considered intellectual capital, and it can be used to enhance a company's competitive advantage (Haeruddin et al., 2023). Effective intellectual capital management can enhance organizational performance, innovation, and competitiveness (Zadeh et al., 2022). Good organizational structure can improve intellectual capital management (Nassirzadeh et al., 2023). Audit committees play a vital role in managing financial reporting quality and accountability (Zadeh et al., 2022). They oversee the management of financial reporting processes, internal control, and the Office of the Commissioner (Aslam & Haron, 2021). The committee's effectiveness can improve the credibility and integrity of financial reports (Singh & Rastogi, 2022).

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Independent directors play a significant role in the direction of the company, contributing to better compensation and solving business issues (Nassirzadeh et al., 2023). Independent directors can perform better management at the expense of the company (Abraham et al., 2023). Institutional trust plays a significant role in the management of financial reporting, as it helps optimize company performance (Abraham et al., 2023). Entrepreneur risk management is a strategic approach to managing risks within an organization (Athar et al., 2023). This involves top-down strategies to identify, analyze, and mitigate risks that could affect operations and financial performance (Chen et al., 2023).

Enterprise risk management is essential for mitigating potential risks that are not addressed by an organization (Pratama et al., 2020). Intellectual capital is a critical and valuable resource for organizations, requiring effective management and governance (Nassirzadeh et al., 2023). Success depends on the intellectual capital and decisions taken by the company (Aljuboori et al., 2022). Intellectual capital can improve company decisions (Nassirzadeh et al., 2023). Independent which forms institutional ownership, audit committee ownership, board independence, institutional ownership, business risk management, return on assets, strength and corporate social responsibility (Nassirzadeh et al., 2023).

Audit Committee

The audit committee was formed by the board of commissioners to help it carry out its duties and functions, so that the audit committee is directly responsible to the Board of Commissioners (Allan et al., 2020). An audit committee is also formed to examine independent auditors, internal control systems, financial reports, and other accounting issues. The audit committee has a relationship with intellectual capital in an organization. Research (Dashtbayaz et al., 2023) found that there is a positive and significant correlation between normal and abnormal audit fees. This suggests that auditors' risk assessments can be influenced by intellectual capital investments. Thus, the amount of audit fees can be influenced by this investment.

According to research conducted by (Tarighi et al., 2022) intellectual capital, including social capital, is correlated with audit fees. Strong social capital has the ability to increase cooperation in the supply chain and reduce audit risk, which in turn can impact the size of audit costs (Tarighi et al., 2022). Studies show that the audit committee does not have a significant influence on intellectual capital. Intellectual capital can influence risk assessment, audit complexity, and the amount of audit fees (Tee, 2018).

Thus, the audit committee can play a role in managing intellectual capital. The audit committee has a positive but not significant effect on intellectual capital. They can ensure that the organization has a good knowledge management system, invests in employee training and development, and uses adequate information technology to support intellectual capital management (Alnassafi, 2022).

Board Independence

Board independence of directors has members who do not have significant business interests with the company, so they can make decisions that are objective and based on the interests of the company and shareholders (Xu & Li, 2022). The independent focus of the board of directors is the ability and freedom of the board of directors to make decisions that are not influenced by personal or external interests (Salehi & Zimon, 2021).

According to research (Hesniati, 2021) independent commissioners do not influence intellectual assets. Board diversity and independence are much lower than intellectual capital (Farooq & Ahmad, 2023). Independent board members consider the goal of profit maximization and care about the environment and stakeholders. They also encourage broader practices in socially responsible activities (Dokas, 2023). The study (Kweh et al., 2022) found that the independence of the board of directors is very important and has a positive impact on company performance.

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Institutional Ownership

Institutional ownership of shares in a company by financial institutions, such as pension funds, insurance or investment funds, is called institutional ownership. Institutional ownership can greatly influence the policies, actions and performance of a company (William et al., 2019). With high ownership, minority shareholders can be better protected (Zhou, 2023). Business policies can also be influenced by institutional ownership (Nurwanti et al., 2022). Conservative policies, such as higher dividends and lower investment expenditure, are usually implemented by businesses with high institutional ownership (Rashid, 2020).

According to (Munir & Marina, 2022), research has shown that institutional ownership has a negative and insignificant effect on the extent of intellectual capital disclosure. Other research (Oktavian & Ahmar, 2019) found that institutional ownership has no effect on intellectual capital (Lorensa & Bangun, 2021).

Enterprise Risk Management

Enterprise risk management (ERM) is a term that refers to the strategic approach used by organizations to identify, assess, and manage risks that may affect organizational goals (Maged et al., 2019). ERM includes a systematic and integrated process that considers internal and external risks, with the aim of providing a broad picture of the risks that occur in Indonesian banking (Zhou, 2023). In addition, it includes the implementation of risk assessment and monitoring processes as well as the implementation of policies, procedures and risk management structure (Liem, 2018).

Return on Assets

Profitability of the company is uncommonly imperative and is utilized to choose the complete advantage by evaluating the beneficial position of the organization from the past year to the current year as a kind of perspective for financial supporters when assessing the organization (Safitri et al., 2023) .Return on assets (ROA) is a ratio that measures the rate of return of a business on all the assets it owns. This type of profitability ratio is intended to measure a company's ability to utilize all funds invested in the company's operational activities with the aim of generating profits by utilizing the assets it owns (Mudzakar & Wardanny, 2021).

Return on assets (ROA) is one way that can be used to show the profitability of a company. This approach calculates all the company's assets and shows the amount of profit it earns (Lin & Nguyen, 2022). ROA also takes into account the company's ability to generate profits even though it receives funding (Sausan et al., 2020). This ratio is positively correlated with how a business uses assets to obtain net profit (Afreen, 2020).

Leverage

The company's ability to meet obligations with its own capital is known as leverage focus (Arhinful & Radmehr, 2023). A study (Purwaningsih & Alliyah, 2021) found that leverage can indicate a situation where a vulnerable business cannot pay its short-term and long-term debt. An increase in this ratio indicate that operational financing is being provided by debt rather than their own financial resources (Palupi et al., 2024). However, intellectual capital can also benefit from leverage (Butt, 2020).

Financial leverage is a term used to describe how strongly a company can wield fixed income securities such as debt and equity. This shows that most organizations use externality loans (Sanyaolu & Isiaka, 2020). The study (Septiana & Subowo, 2020) found that leverage benefits intellectual capital, although not significantly. Finance costs will increase because high leverage indicates that debt is used more than equity. Due to decreasing earnings per share, high financial leverage also implies high interest payments.

Corporate Social Responsibility (CSR)

Corporate social responsibility is a company's commitment to maintaining norms, values, culture and the environment without prioritizing monetary profits (Ghardallou & Alessa, 2022).

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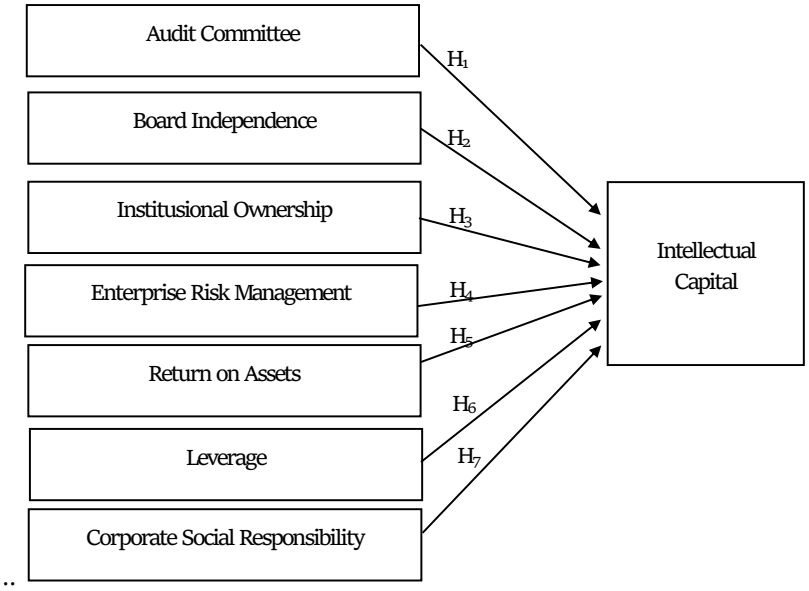
In general, social and environmental responsibility (CSR) refers to a company's commitment to participate in sustainable economic development by involving stakeholders, maintaining business activities, and improving company performance, which in turn has an impact on sustainability (Bacha et al., 2021).

Figure 1
Conceptual Framework



The research conducted by (Ha, 2022) reveals that the audit committee has an influence on intellectual capital. Audit committees have a negative effect on the level of intellectual capital disclosure because a larger number of audit committees tends to disadvantage liability (Oroud, 2019). The research (Buallay, 2018) reveals that empirical results show that there is a significant positive influence of the audit committee on intellectual capital. One audit committee or several audit committees have a positive effect on intellectual capital (Mawardi et al., 2023). The audit committee has a positive and significant effect on intellectual capital (Elly & Stanley, 2018). The audit committee has a significant positive influence due to the audit committee's financial expertise in understanding finance, reporting problems and information needed by stakeholders to encourage the company to provide high-quality intellectual capital (Widijaya & Angelica, 2021). Based on the results of the above research, the following hypothesis can be formulated:

H_1 : There is an influence of the Audit Committee on Intellectual Capital

The study (Nassirzadeh et al., 2023) reveals that the independence of the board has a positive and significant influence on intellectual capital. The independence of the board does not have a significant influence on intellectual capital (Kamath, 2019). There is a positive influence of the independence of the board on intellectual capital (Xu & Li, 2022). There is a significant negative influence between the independence of the board and intellectual capital (Asare et al., 2023). The research conducted by (Alam et al., 2022) stated that the independence of the board has a negative influence that is not significant on intellectual capital. Based on the results of the above research, the following hypothesis can be formulated:

H_2 : There is an Influence of Board Independence on Intellectual Capital

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Research conducted by stated (Nassirzadeh et al., 2023) that institutional ownership shows a positive and significant influence on intellectual capital. Institutional ownership has an influence on intellectual capital (Ramdani et al., 2022). Research conducted by (Linggahua et al., 2023) stated that institutional ownership has a significant negative influence on intellectual capital. Institutional ownership has a significant positive influence on intellectual capital (Fadrul et al., 2021). Research conducted by (Fauziah & Winarso, 2023) revealed that institutional ownership has a significant positive influence on intellectual capital (Ahmed et al., 2022). Based on the results of the above research, the following hypothesis can be formulated:

H_3 : There is an Influence of Institutional Ownership on Intellectual Capital

Enterprise risk management has a significant and positive effect on intellectual capital (Amar et al., 2022). Research conducted by (Faedfar et al., 2022) revealed that enterprise risk management has a significant positive influence on intellectual capital. The study conducted by stated that (Saeidi et al., 2021) enterprise risk management has a significant positive influence on intellectual capital. Research conducted by stated that (Muslih et al., 2020) enterprise risk management has a significant influence on intellectual capital because the higher the enterprise risk management, the higher the level of intellectual capital. Enterprise risk management has an influence on intellectual capital (Maged et al., 2019). Based on the results of the above research, the following hypothesis can be formulated:

H_4 : There is an Influence of Enterprise Risk Management on Intellectual Capital

Research conducted by stated that (Liu & Lu, 2021) return on assets has a significant positive influence on intellectual capital. Studies conducted by revealed that (Yovita & Amrania, 2018) return on assets has a significant influence on intellectual capital. Return on assets has a significant negative influence on intellectual capital (Majumder et al., 2023). Research that has been conducted reveals that (Opazo & González, 2021) return on assets has a positive influence on intellectual capital due to the function of measuring profitability on company assets. Return on assets has a significant negative influence on intellectual capital. Studies that have been conducted reveal that (Prasojo et al., 2022). Based on the results of the above research, the following hypotheses can be formulated:

H_5 : There is an Influence of Return on Assets on Intellectual Capital

Research conducted by (Adelin et al., 2022) stated that leverage has a negative and significant effect on intellectual capital. Leverage has a significant negative influence on the performance of intellectual capital (Purwaningsih & Alliyah, 2021). Based on research conducted by revealed that (Naimah & Mukti, 2019) leverage has a significant positive influence on intellectual capital. Leverage has a significant negative influence on intellectual capital (Jin & Xu, 2022). Leverage has a significant negative influence on intellectual capital (D'Amato, 2021). Based on the results of the above research, the following hypotheses can be formulated:

H_6 : There is an Effect of Leverage on Intellectual Capital

Research conducted by (Gallardo-Vázquez et al., 2019) revealed that corporate social responsibility has a significant positive influence on intellectual capital. This shows that social responsibility practices can increase the value of a company's intellectual capital. CSR has an influence on intellectual capital that indirectly affects the performance of the company, and the influence between CSR and corporate performance is partly mediated by the efficiency of intellectual capital (Shahzad et al., 2022). Based on research conducted by (Utomo, 2020) revealed that CSR has a positive influence on intellectual capital. CSR has a significant negative

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influence on intellectual capital. Based on the results of the above research, the following hypotheses can be formulated:

H_7 : There is an Influence of Corporate Social Responsibility on Intellectual Capital

2. Method

Analysis Model

Hypothesis testing focuses on the research design used to make research easier to understand. In this hypothesis, independent variables such as audit committee (KA), board independence (IDE), institutional ownership (KI), enterprise risk management (ERM), return on assets (ROA), leverage (LEV), and corporate social responsibility (CSR) assessed against the dependent variable. The panel data used in this research consists of cross-sectional and time series data from 2018 to 2022 from banking sector companies listed on the Indonesia Stock Exchange (BEI).

Quantitative descriptive methods were used in this research. By using this quantitative method, research objectives are achieved through creating mathematical models, theories and hypotheses related to societal phenomena. In this study, seven independent variables and one dependent variable were used. This research uses the panel data regression method to evaluate the direction, strength and influence of the relationship between the independent and dependent variables. They are also looking for appropriate interactive feedback.

The sampling method used for this research is purposive sampling. The data collection method used is the secondary data collection method where the data is obtained from sources that have published the data. The data source for this study was obtained from the Indonesia Stock Exchange (https://www.idx.co.id) and the website of each company that was sampled. Observational data was taken from 23 companies listed on the Indonesia Stock Exchange with an observation period of 2018 to 2022 so the total number of observations was 210.

Table 1.
Identification and Measurement of Variables

Variable	Variable Name	Definition	Reference
Dependent Variable	Intellectual Capital (Y)	VAIC= (Value Added Capital Employed) + (Value Added Human Capital) + (Structural Capital Value Added)	(Nassirzadeh et al., 2023)
Independent Variable	Audit Committee (X1)	$Total\ of\ Audit\ Committee = Audit\ Committee\ Members$	(Rinta, 2021)
	Board Independence (X2)	$IDK = \frac{Independent\ Commissioner}{Total\ Board\ of\ Commissioner}$	(Nassirzadeh et al., 2023)
	Institusional Ownership (X3)	$KI = \frac{JKSI}{JSOP}$ x 100%	(Nassirzadeh et al., 2023)
	Enterprise Risk Management (X4)	$ERMDI = \frac{\sum ij\ Ditem}{\sum ij\ ADitem}$	(Sudirman & Indrijawati, 2021)

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Return on Asset (X5)	$ROA = \frac{Net\ Profit}{Total\ Assets}$	(Nassirzadeh et al., 2023)
Leverage (X6)	$Debt\ to\ Equity\ Ratio = \frac{Total\ Utang\ (Debt)}{Ekuitas\ (Equity)}$	(Nassirzadeh et al., 2023)
Corporate Social Responsibility (X7)	EPS + (Total Tax + Staff Expenditure + Interest + Public Welfare Payout – Social Cost) / Total Equity	(Tran et al., 2022)

In this study, it is necessary to explain the measurement of the variables used in the research to facilitate the research carried out by the author. The measurement of each dependent and independent variable is as follows:

1. **Dependent Variables**
   In this study, intellectual capital focuses on intangible assets. The measurement of intellectual capital can be done using the following formula:
   VAIC = ICE + CEE
   ICE = HCE + SCE

$$HCE = \frac{VA}{H.C.}$$
$$SCE = \frac{SC}{VA}$$
$$CEE = \frac{VA}{C.E.}$$

   VAIC : Value Added Intellectual Capital
   VA : Value Added
   SC : Structur Capital
   CE : Capital Employed
   Source: (Nassirzadeh et al., 2023)

2. **Independent Variables**
   The independent variables in this study are related to the audit committee, board independence, institutional ownership, *enterprise risk management*, *return on assets*, *leverage*, and *corporate social responsibility*. The explanation of each variable is as follows:
   a. Audit Committee (KA)
      In this study, the audit committee is symbolized by KA. The audit committee can be calculated using the following formula:
      $Total\ of\ Audit\ Commitee = Audit\ Committee\ Members$ (Rinta, 2021) (i)

   b. Board Independence (IDE)
      In this study, the independence of the board is symbolized by IDE. The independence of the board can be calculated using the following formula:

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$$IDK = \frac{Independent\ Commissioner}{Total\ Board\ of\ Commissioner}$$ (Nassirzadeh et al., 2023) (ii)

c. Institutional Ownership (KI)
In this study, institutional ownership is symbolized by KI. Institutional ownership can be calculated using the following formula:
$$KI = \frac{Number\ of\ Institutional\ Share\ Ownership}{The\ number\ of\ outstanding\ shares\ owned\ by\ the\ company}\ x\ 100\%$$
(Nassirzadeh et al., 2023) (iii)

d. *Enterprise Risk Management* (ERM)
In this study, *enterprise risk management* is symbolized by ERM. *Enterprise risk management* is calculated using the following formula:
$$ERMDI = \frac{\sum ij\ Ditem}{\sum ij\ ADitem}$$ (Sudirman & Indrijawati, 2021) (iv)

e. *Return on Assets* (ROA)
In this study, return on assets is symbolized by ROA. *Retun on assets* is calculated using the following formula:
$$ROA = \frac{Net\ Profit}{Total\ Assets}$$ (Nassirzadeh et al., 2023) (v)

f. *Leverage* (LEV)
In this study, *leverage* is denoted by LEV. *This leverage* is calculated using the following formula:
$$Debt\ to\ Equity\ Ratio = \frac{Total\ Utang\ (Debt)}{Ekuitas\ (Equity)}$$ (Nassirzadeh et al., 2023) (vi)

g. *Corporate Social Responsibility* (CSR)
In this study, *corporate social responsibility* is symbolized by CSR. *Corporate social responsibility* is calculated using the following formula:
EPS + (Total Tax + Staff Expenditure + Interest + Public Welfare Payout – Social Cost) / Total Equity (Tran et al., 2022) (vii)

3. Results and Discussion

This T statistical test is used to find out how much influence the independent variable has in explaining the dependent variable. To test statistical hypotheses, this is done by looking at the probability values in the analysis results using e-views 9. Hypothesis testing can also be done based on a significance level value of 0.05 (α = 5%). Acceptance or rejection of the hypothesis is carried out with criteria, namely if the probability value is > 0.05 then the hypothesis is rejected (the regression coefficient is not significant). This means that partially the independent variable does not have a significant influence on the dependent variable. If the probability value is ⩽0.05 then the hypothesis is accepted (significant regression coefficient). This means that partially the independent variable has a significant influence on the dependent variable.

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Table 1
Test Result

Variable	Coefficient	Prob.	Decision
Constanta	1104.973	0.5775	-
KA	8280.904	0.0131	Positive influence
IDE	-3845.774	0.0142	Negative influence
KI	-1851.731	0.0000	Negative influence
ERM	4018.857	0.2585	No effect
ROA	709.0327	0.0112	Positive influence
LEV	90.30147	0.1725	No effect
CSR	-0.121090	0.0114	Negative influence

This research aims to determine the influence of the audit committee, board independence, institutional ownership, enterprise risk management, return on assets, leverage and corporate social responsibility on intellectual capital in banks in Indonesia listed on the Indonesia Stock Exchange (BEI) for the period 2018 to 2022. The constant of 1104.973 means that if the variables of audit committee, board independence, institutional ownership, enterprise risk management, return on assets, leverage, and corporate social responsibility are considered to be zero, then intellectual capital (IC) will have a value of 1104.973; So the results and discussion that can be drawn in this research are as follows:

1. The regression coefficient of the audit committee has a value of +8280.904 and has a significant value of 0.0131 less than 0.05 (0.0131 < 0.05), which means that if the audit committee variable (KA) increases, while other variables in the model do not change (fixed), then the intellectual capital (IC) variable will increase by 8280.904. The audit committee has a positive effect on intellectual capital, so the first hypothesis **(H_1) is accepted**. Audit committees have a positive impact because they have financial expertise, understand finances, and report issues and information that stakeholders need to encourage the company to provide good intellectual capital.
2. The regression coefficient of council independence has a value of -3845,774 and has a significant value of 0.0142 less than 0.05 (0.0142 < 0.05), which means that if the variable of board independence (IDE) decreases, then the independence of the board has a negative effect on intellectual capital and the independence variable will decrease by -3845.774. Board independence has a negative effect on intellectual capital, so the second hypothesis **(H_2) is accepted**. Board independence has a negative effect on intellectual capital because too much board independence can endanger the company's intellectual capital. If the board is too independent, they may not be involved with the day-to-day operations of the company and may not know the operational details necessary to fully understand the potential of intellectual capital.
3. The regression coefficient of institutional ownership has a value of -1851,731 and has a significant value of 0.0000 less than 0.05 (0.000 <0.05), which means that if the variable of institutional ownership (KI) decreases, then institutional ownership has a negative effect on intellectual capital and the variable will decrease by -1851,731. Institutional ownership has a negative effect on intellectual capital, so the third hypothesis **(H_3) is accepted**. Institutional ownership has a negative effect on intellectual capital due to the company's internal controls being poor in overcoming agency conflicts. This will have an impact on reducing supervision over company operations which are less than optimal, so that shareholders tend to reduce the amount of intellectual capital.
4. The regression coefficient of enterprise risk management has a value of +4018,857 and has a significant value of 0.2585 more than 0.05 (0.2585 > 0.05), which means that the

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enterprise risk management variable has increased, so enterprise risk management has no effect on intellectual capital. Enterprise risk management has no effect on intellectual capital, so the fourth hypothesis **(H_4) is rejected**. Enterprise risk management has no effect on intellectual capital due to matters that are not relevant to the use of intellectual capital and the inability to determine risks related to intellectual capital. Companies could be unaware of the risks that come with intellectual capital, including the loss of crucial employees, substandard knowledge transfer, or low innovation.

5. The return on asset regression coefficient has a value of +709.0327and has a significant value of 0.0112 less than 0.05 (0.0112 < 0.05), meaning that if the return on asset variable increases, while this variable does not change (fixed). An increase in return on assets of +709.0327. Return on assets has a positive effect on intellectual capital, so the fifth hypothesis **(H_5) is accepted**. Companies with a high return on assets can make the most of their intellectual capital. Companies that have large profits can have a competitive advantage because they have strong financial resources so that companies can disclose information and transparency about the maximum use of intellectual capital.
6. The leverage regression coefficient has a value of +90.30147 and has a significant value of 0.1725 more than 0.05 (0.1725 > 0.05), which means that the leverage variable has increased, so the leverage variable has no effect on intellectual capital. Leverage has no effect on intellectual capital, so the sixth hypothesis **(H_6) is rejected**. Companies are more interested in utilizing the intellectual capital they have for internal purposes rather than external benefits such as additional financing. Companies that have large amounts of debt will be more careful in providing information to the public, including information regarding intellectual capital, so as not to attract the attention of stakeholders.
7. The regression coefficient of corporate social responsibility has a value of -0.121090 and has a significant value of 0.0114 less than 0.05 (0.0114 <0.05), which means that the corporate social responsibility variable has decreased, then corporate social responsibility has a negative effect on intellectual capital and the corporate social responsibility variable will decrease by -0.121090. Corporate social responsibility has a negative effect on intellectual capital, so the seventh hypothesis **(H_7) is accepted**. The CSR implementation process still has a limited impact on increasing the company's intellectual capital.

4. Conclusion

Based on the results of the evaluation and discussion of the influence of governance and enterprise risk management on intellectual capital, it can be concluded that the audit committee has a positive influence, board independence has a negative influence, institutional ownership has a negative influence, enterprise risk management has no influence, ROA has a positive influence, leverage has no influence, and CSR has a negative effect on intellectual capital. The implications can affect company management and investors. The limitations of this research focus on the independent variables of audit committee, board independence, institutional ownership, enterprise risk management, ROA, leverage and corporate social responsibility (CSR).

There is an implication in the research by:

a) Management

For company management, the variables in this research, namely audit committee, board independence, institutional ownership, return on assets, and corporate social responsibility, can be given more attention, because in this research these variables are

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proven to have an influence on intellectual capital, company management can implement diversity in governance to be correct in decision making. Enterprise risk management and leverage based on additional debt can actually reduce intellectual capital if it is not accompanied by good intellectual capital management capabilities. Banking companies that operate through debt can reduce company profitability even though banking performance increases.

b) Investors
With this research, investors can pay attention to intellectual capital related to governance, audit committee, board independence, institutional ownership, enterprise risk management, return on assets, leverage and corporate social responsibility. This can be a consideration for investors in making the right investment decisions, and can supervise banking management so that invested capital can produce a high level of return on investment.

Suggestions and Limitations of the Study

The limitations of this research focus on the independent variables of audit committee, board independence, institutional ownership, enterprise risk management, ROA, leverage and corporate social responsibility (CSR). Recommendations for further research could be to add other independent variables outside of this research based on (Nassirzadeh et al., 2023) apart from the board and audit committee independence variables, it has been proven that these two variables have a positive effect on intellectual capital.

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