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Research Article

The Effect of Intellectual Capital and Sustainability Reporting Disclosure on Financial Performance with Corporate Governance Mechanism as Moderating Variable (Empirical Study on Companies Listed on the Indonesia Stock Exchange in 2017-2021)

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Abstract.
This study aims to analyze the effect of Intellectual Capital and Sustainability Reporting Disclosure on the Financial Performance with Corporate Governance Mechanisms as Moderating Variables on companies listed on the Indonesia Stock Exchange for the 2017–2021 period. This study uses 125 sample firms selected through a purposive sampling method. Data were analyzed using the Partial Least Square (PLS) model. The results of this study indicate that Intellectual Capital has no significant effect on Financial Performance and Sustainability Reporting Disclosure has a significant positive effect on Financial Performance. Corporate Governance Mechanisms can moderate the influence of Intellectual Capital and Disclosure of Sustainability Reporting on Financial Performance. The results of this study have implications for companies to pay more attention to investment through intellectual capital and sustainability reporting, and maintain good corporate governance as a form of internal supervision, because it can affect company performance.

Keywords: intellectual capital, sustainability reporting disclosure, corporate governance mechanism and financial performance

1. Introduction

The level of competition in the business world is a very important issue for every company. High competition requires companies to innovate so that they still get profits and can maintain their financial performance (Meini et al. 2018; Sidiq and Azmi 2022). Companies that are able to compete and survive in the midst of intense competition will certainly be given positive value by investors, so investors are interested in investing in the company. Thus, the company's performance becomes one of the references for investors to invest, so it is important for the company to continue to improve its performance (Pamungkas & Meini, 2023).

If a company succeeds in becoming a leader in a particular field and its competitors find it difficult to imitate it, then the company can be said to be superior. This advantage can be achieved only if the company has resources known as Intellectual Capital. Intellectual Capital is an intangible asset consisting of resources, knowledge, skills, and information that can support company activities and create added value so as to provide competitive advantage, which has the potential to improve company performance.

At the beginning of the current era of globalization, Intellectual Capital has become a very important need for companies, because when a company has Intellectual Capital then they can produce high-quality products and have a positive impact on the company's internal processes. Strong intellectual capital management can improve a company's ability to manage its resources and increase its financial success (Asmapane et al., 2021). Previous research has confirmed that companies are beginning to realize that sustainable profits will depend on intellectual capital, namely intangible resources (Johanson et al., 1999a). However, there are also studies that show that the existence of Intellectual Capital still does not affect the company's performance (Saputri, n.d.) .

Another factor that can affect company performance is how a company is able to provide information that can provide trust to stakeholders. One useful piece of information is the disclosure of Sustainability Reporting (Pambudi & Meini, 2023). The purpose of Sustainability Reporting disclosure to stakeholders is to show them how committed the company is to economic, environmental, and social responsibility (Xu et al., 2021). When the company gains the trust of stakeholders, one of which is investors, it can encourage them to invest in the company so that it will ultimately improve performance. Thus, the disclosure of sustainability reporting has a positive effect on the company's financial performance (Sawitri and Setiawan 2018) & Jumadi and Sjarief 2021). However, Pujiningsih, (2020) research provides different results, where not all components of information contained in Sustainability Reporting can affect investors' views so that they do not affect the company's financial performance.

There are still differences in research results, making it interesting to reexamine how the influence of Intellectual Capital and Sustainability Reporting Disclosure on the company's Financial Performance. In contrast to exisiting study, we considers that there are other factors that may strengthen the influence of both on the company's financial performance, namely the Corporate Governance mechanism Implementing effective corporate governance can strengthen the ability of the company's internal components to collaborate and interact with stakeholders. Fostering positive relationships can lead to companies acquiring intellectual property. Apart from that, it can have a positive impact on the company's financial value and performance. Thus, the purpose of this study is to analyze the Effect of Intellectual Capital and Disclosure of Sustainability Reporting on Financial Performance with Corporate Governance Mechanism as a Moderation Variable.

2. Literature Review and Hypothesis Development

2.1. Resource Based -- Theory

Companies must stick to good planning, perform better, and demonstrate competitive advantage. Resource Based Theory (RBT) states that companies that are able to manage and utilize Intellectual Capital tend to create added value (VA), besides that this can also increase and strengthen competitiveness. The benefits of Intellectual Capital as evidenced by the high value of VAICTM are expected to affect financial performance. When the performance of Intellectual Capital increases, financial performance also increases. (Jumadi & Sjarief, 2021)

2.2. Stakeholder Theory

The theory that is used as a basis for explaining the relationship between Intellectual Capital and Sustainability Reporting Disclosures on Financial Performance is one of the Stakeholder Theory. Stakeholder-Theory states that a company is not an entity only operating for its own benefit, but must benefit stakeholders (Asmapane et al., 2021). According to (Rhennata & Kurnia, 2022). stakeholders have a desire to help the management team maximize all organizational potential. Companies that are able to manage tangible and intangible assets have the potential to create added value and improve company performance. Stakeholders are the main factor that must be considered in providing information in financial and non-financial statements (Rhennata & Kurnia, 2022). Transparency about a company's financial performance and commitment can benefit both the company and stakeholders.

2.3. Financial Performance

Financial performance is data about a company's financial condition that can be described by analyzing its financial ratios (Jumadi & Sjarief, 2021). One of the company's performance indicators is profitability, that is, the company's ability to earn profits. The higher the profitability ratio, the more effectively and efficiently the company uses its assets to generate net profit after tax. According to Khairuni, Zahara, and Santi (2019) the company's potential to generate added value for the continuation of its existence in the future can be used to measure its.

2.4. Intellectual Capital

Intellectual Capital is an intangible asset consisting of resources, knowledge, skills, and information that can support company activities and create added value so as to provide competitive advantage, and improve company performance. Intellectual Capital can be in the form of intellectual material, knowledge, intellectual property rights, information and experience that can be used in creating wealth Intellectual (Santoso & Ramadhan, 2020). Every company has a different component of Intellectual Capital that is influenced by the beliefs and culture of each company.

According to Jumadi and Sjarief (2021)there are three main components that make up Intellectual Capital needed by companies to improve company performance, namely:

1. Human Capital is the difference in knowledge, skills and inventiveness as well as the ability of employees can be used in a company to create added value

2. Structural Capital refers to the corporate culture, infrastructure and information systems that promote employee productivity to maximize Intellectual Capital.

3. Relational Capital/Customer Capital is a relationship owned by the company with shareholders both from loyal and satisfied customers and from qualified suppliers.

2.5. Sustainability Reporting Disclosure

Sustainability Reporting is the practice of transparent reporting by organizations about their economic, social and environmental impacts, and their positive or negative impacts on sustainable development (Jumadi & Sjarief, 2021). According to its requirements, Sustainability Reporting must cover three main areas, including:

1. GRI 200- Economics deals with standards for disclosure of corporate economic impacts which include economic performance, market presence, indirect economic impacts, procurement practices, anti-corruption, anti-competitive behavior and taxes.

2. GRI 300- Environment deals with environmental impact disclosure standards covering energy, materials, water and effluents, biodiversity, wastewater and wastewater, environmental compliance and supplier environmental assessments.

3. GRI 400- Social relates to corporate social disclosure standards covering employment, occupational safety and health, labor relations, education and training, diversity and equal opportunity, non-discrimination, collective bargaining and freedom of association, child labor, forced or compulsory labor, security practices, community rights, human rights assessments, local communities, supplier social assessments, public policy, customer safety and health, defenders and marketing of customer privacy.

2.6. Corporate Governance Mechanism

Corporate Governance is a system created to oversee professional management of the company based on the values of responsibility, accountability, transparency, independence, fairness and equality. In theory, the implementation of good corporate governance can improve financial performance and shareholder value, reduce the risk of the board of commissioners making decisions that are in their best interests, and generally increase investor confidence (Rhennata & Kurnia, 2022). There are several indicators of Corporate Governance Mechanism, including Managerial Ownership, Institutional Ownership, Audit Committee, Independent Board of Commissioners, and Board of Directors. This research will use the Audit Committee and the Independent Board of Commissioners as well as the Audit Committee.

1. Audit Committee

The audit committee established by the board of commissioners with the aim of assisting in carrying out its functions. The task of the audit committee is to provide advice to the board of commissioners on reports or matters submitted by the board of directors to the board of commissioners and carry out duties related to the board of commissioners.

1. Independent Board of Commissioners

Independent board of commissioners is a member of the board of commissioners who is not affiliated with management, shareholders and other members of the board of commissioners as well as business relationships in any form to maintain independence (National Committee on Governance Policy, 2006 in (Asmapane et al., 2021).

3. Hypothesis Development

3.1. The Effect of Intellectual Capital on Financial Performance

Resource Based Theory (RBT) states that companies that are able to manage and utilize Intellectual Capital tend to create added value (VA) besides that this can also increase and strengthen competitiveness. The benefits of Intellectual Capital as evidenced by the high value of VAICTM are expected to affect the company's financial performance. When Intellectual Capital performance increases, financial performance also increases (Jumadi & Sjarief, 2021).

The result of Rhennata and Kurnia (2022) research show that Intellectual Capital which includes Capital employed efficiency (VACA), Human capital efficiency (VAHU) and Structure capital efficiency (STVA) affects financial performance (ROA). Intellectual Capital measured by VACA identifies that the company can maintain good relations with external parties so that external parties can provide a more assessment of the company. Intellectual Capital assessed by VAHU shows that companies that use human resources effectively can increase their productivity in their financial operations by ensuring that employees have the knowledge and skills needed for their jobs, as well as the skills needed for teamwork and innovation. Based on this description, it can be hypothesized:

H1: Intellectual Capital has a positive effect on Financial Performance.

3.2. The Effect of Sustainability Reporting Disclosure on Financial Performance

Sustainability Reporting is the practice of transparent reporting by organizations on economic, social and environmental impacts, and their positive or negative impacts aimed at improving company performance towards sustainable development (Khairuni et al., 2019). Legitimacy theory focuses on the interaction or social contact between the company and the relevant community of society which suggests that the growth and survival of the company depends on how the company benefits the society in which the company operates. Sustainability Reporting is useful to prove to stakeholders, especially

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the community, that the company cares about stakeholder protection and provides added value that is beneficial to stakeholders.

Research conducted by AHMAD, (2022) proves that the disclosure of Sustainability Reporting in the economic, environmental and social dimensions simultaneously affects financial performance. That way the impact for companies that have published sustainability reporting will get a positive influence from the public, because there is already trust from the public about corporate governance not only in its economic aspects but also in its environmental and social aspects, which will later become a special attraction for investors and the company will have positive implications on the company's profitability. Based on the above, it is hypothesized:

H2: Sustainability Reporting Disclosure has a positive effect on Financial Performance

3.3. The Effect of Moderation of Corporate Governance Mechanism on the Relationship between Intellectual Capital and Financial Performance

Corporate Governance is a system created to supervise professional company management based on the values of responsibility, accountability, transparency, independence, fairness and equality. In theory, the implementation of good corporate governance can improve financial performance and shareholder value, reduce the risk of the board of commissioners making decisions that are in their best interest, and generally increase investor confidence (Rhennata & Kurnia, 2022). The better and maximum decisions taken by the Board of Commissioners are certainly policies that support value addition for the company, in this case policies related to investment in Intellectual Capital. Good governance will definitely support policies that provide competitive advantage, as it will improve the overall performance of the company. The results of research conducted by Nurhasanah, (2021)prove that Corporate Governance has an influence in moderating the relationship between Intellectual Capital and Financial Performance, so it can be hypothesized:

H3: Corporate Governance mechanism can moderate the relationship between Intellectual Capital variables and Financial Performance.

3.4. The Effect of Moderation of Corporate Governance Mechanism on the Relationship between Sustainability Report and Financial Performance.

The information contained in the sustainability report (Sustainability Reporting) gives a positive signal to stakeholders because the company is not only responsible for economic, but also social and environmental values. With the support of good corporate governance, the company will get effective and efficient supervision in all fields. The implementation of effective corporate governance can strengthen the ability of internal components of the company to collaborate and interact with stakeholders. Thus, Sustainability Reporting supported by good governance mechanisms increasingly has a positive impact on the company's financial value and performance.

The results of research conducted by Muntiah, (2014) prove that Sustainability Reporting moderated by Corporate Governance affects financial performance because Non-executive Directors (independent commissioners) can act as mediators in disputes that occur among internal managers and supervise management policies and provide advice to management. Independent commissioners are the best position to carry out monitoring functions in order to create a good corporate governance company and the more audit committee composition, the financial performance will be well supervised so that performance will increase. The audit committee is placed as an oversight mechanism between management and external parties, so that the audit committee is seen as being able to improve financial performance through such supervision. Based on the description above, it is hypothesized:

H4: Corporate Governance mechanism can moderate the relationship between Sustainability Reporting variables and Financial Performance

4. Research Methodology

This research is a quantitative approach. Companies that are the object of research are all companies listed on the Indonesia Stock Exchange in 2017-2021. The technique used in sampling in this study is using the purposive sampling method, which is a sampling technique with consideration of the following criteria:

1. Companies listed on the Indonesia Stock Exchange for the period 2017-2021 bercause because the time span is large enough so that researchers can compare years where the research results are inconsistent.
2. Companies reporting annual reports from 2017-2021.

3. Companies that publish annual reports and Sustainability Reporting consistently and completely in 2017-2021.

This study contained two independent variables, one dependent variable, and one moderation variable. Data processing is carried out with the Partial Least Square (PLS) program and using SmartPLS tools. PLS (Partial Least Squares) is an application used as an alternative method of Structural Equation Modeling (SEM) which serves to overcome problems in the relationship of each variable. Model evaluation in PLS-SEM will go through two stages, namely evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The outer model is used to assess the reliability and validity of construct-forming indicator variables, while the inner model is used to predict the relationship between variables by seeing how much variance can be explained and to determine the significance of the p-value.

Table 1: Variable Operationalization.

Variable	Indicator	References
Financial Performance (Dependent Variable)	$ROA = \frac{\text{Net income after tax}}{\text{Total Asset}} \times 100\ \%$ $ROA = \frac{\text{Net income after tax}}{\text{Total Asset}} \times 100\ \%$	Sidiq & Azmi (2022)
Intellectual Capital (Independent Variable)	$VAIC^{TM} = VAHU + STVA + VACA$ Where: $VAHU = \frac{VA}{HC}$; $STVA = \frac{SC}{VA}$; $VACA = \frac{VA}{CE}$ Notes VAHU : Value Added Human Capital VACA : Value Added Capital Employee STVA : Structural Capital Value Added VA : Value Added HC : Human Capital, beban karyawan SC : Structural Capital, Value Added-Human Capital	Khairuni, Zahara,& Santi (2019)
Sustainability Reporting Disclosure (Independent Variable)	$SRD = \frac{n}{k}$	Sidiq & Azmi (2022)
Independent Board of Commissioners (Moderating Variabel)	$DKI = \frac{Jumlah\ Dewan\ Komisaris\ Independen}{Jumlah\ Total\ Dewan\ Komisaris\ Perusahaan} \times 100\ \%$	Khairuni, Zahara & Santi (2019)
Audit Committee (Moderating Variabel)	$Jumlah\ Komite\ Audit = \sum Anggota\ Komite\ Audit$	Muntiah (2014)

Research Model

To test Hypotheses 1 to 4 the following rgression equation is used:

KK = α + β1IC + β2SR + β3CG + β4IC*CG + β5SR*CG + e

Notes:

KK : Financial Performance

IC : Intellectual Capital

SR : Sustainability Reporting Disclosure

CG : Corporate Governance Mechanism (measured by Independent

Board of Commissioner and Audit Committee)

α : Constant

β : Coefficient

e : Error

5. Results and Discussion

5.1. Descriptive Statistical Analysis

The number of companies sampled in this study is 25 companies with a span of 5 years, so the total sample is 125 companies-years. Descriptive statistical analysis can be seen in Table 1.2 which provides an overview and description of a data consisting of minimum value, maximum value, average value and standard deviation value of the data used in the study, namely Financial Performance, Intellectual Capital, Sustainability Reporting Disclosure, and Corporate Governance Mechanism.

Table 2: Statistic Descriptive.

Keterangan	N	Min.	Maks.	Average	Standard Deviasion
Financial Performance	125	2,63	80,27	10,3761	14,14855
Intellectual Capital	125	0,04	0,81	0,2324	0,14359
Sustainability Reporting Disclosure	125	0,00	0,47	0,0561	0,07777
Independent Board of Commissioners	125	0,00	0,80	0,4230	0,14092
Audit Committee	125	2,00	10,00	3,8480	1,23821

a) **Outer Model Evaluation**

This study uses formative construct indicators, therefore evaluation of measurement models or outer models for formative construct indicators can be carried out with weight significance. If the resulting weight value is significant ($p<0.05$) then the indicator/item meets the criteria of the reliability indicator. And the model should not occur multi-collinearity seen from VIF. The model is said to have no multicollinearity if the VIF value is <3.3.

b) **Outer Weights Test**

The calculation results of outer weight are presented in the following table:

Table 3: Outer Weights Test Results.

	P-Value
X1 <- IC	0.000
X2 <- SR	0.000
Y – KK	0.000
Z <- DKI	0.000
Z <- KA	0.811

Sources: Data processed, 2022

Based on the results of the weight significance test on the outer model above, it shows that the significance of the Intellectual Capital indicator, Sustainability Reporting Disclosure, Financial Performance of the Independent Board of Commissioners has a p value of < 0.05, so these indicators can be used in research. However, the p value of the Audit Committee indicator is not significant because it > 0.05, the outer loading value is seen. If the outer loading is significant then Audit Committee indicators can be used in the study (Sholihin & Ratmono, 2020).

Table 4: Outer Lading Test Results.

Variabel	P Values
DKI -> Z	0.000
KA -> Z	0.000

Sources: Data processed, 2022

Based on the results of the weight significance test on the outer model above, showing that the significance of the Audit Committee indicator has a value of 0.000 less than 0.05, it can be said that the Audit Committee indicator can be used for this study.

c. **Multicollinearity Test**

The results of multicollinearity testing are presented in the following table:

Multicollinearity testing for research indicators, showed that the value of Variance Inflation Factor was below 3.3. The Intellectual Capital (IC) variable has a VIF value of 1,000; The Sustainability Reporting (SR) Disclosure variable has a VIF value of 1,000; The Financial Performance variable has a VIF value of 1,000; The variable of the Independent Board of Commissioners (DKI) has a value of VIF 1,100; and the Audit Committee (KA) variable has a value of 1,100. The conclusion of the results of the outer model test,

Table 5: Multicollinearity Test.

Variabel	VIF
DKI	1.100
IC	1.000
KA	1.100
KK	1.000
SR	1.000
X1 * Z	1.000
X2 * Z	1.000

Sources: Data processed, 2022

namely the outer weight significance test and the multicollinearity test, shows that the model is feasible to be used in research.

5.2. Inner Model Evaluation

a. **Coefficient of Determination Test (R^2)**

To assess a model with PLS starts by looking at the R-square for each dependent variable. The following table is the result of R-square estimation using SmartPLS.

Table 6: Inner Model Test Result (R^2).

Variable	Adjusted R-Square
Financial Performance	0.871

Sources: Data processed, 2022

The table above shows the Adjusted R-square value for the Financial Performance Variable of 0.871, this means that the variation for the variable in the form of Financial Performance which can be explained by the variables Intellectual Capital, Sustainability Reporting Disclosure, and Corporate Governance Mechanism moderation is 87.1%. While the remaining 12.9% was explained by other variables that were not contained in this study.

b. **Hipotesis Test**

The results of hypothesis testing in this study can be presented in tables and figures as follows:

The Effect of Intellectual Capital on Financial Performance

Table 7: Direct Hypothesis Test Results and Moderation Test.

	Nilai Koefisien	T Statistics	P Values
X1 -> Y	0,222	1,832	**0,068**
X1*Z -> Y	-0,296	2,785	**0,006**
X2 -> Y	0,472	3,325	**0,001**
X2*Z -> Y	0,234	2,425	**0,016**

Sources: Data processed, 2022

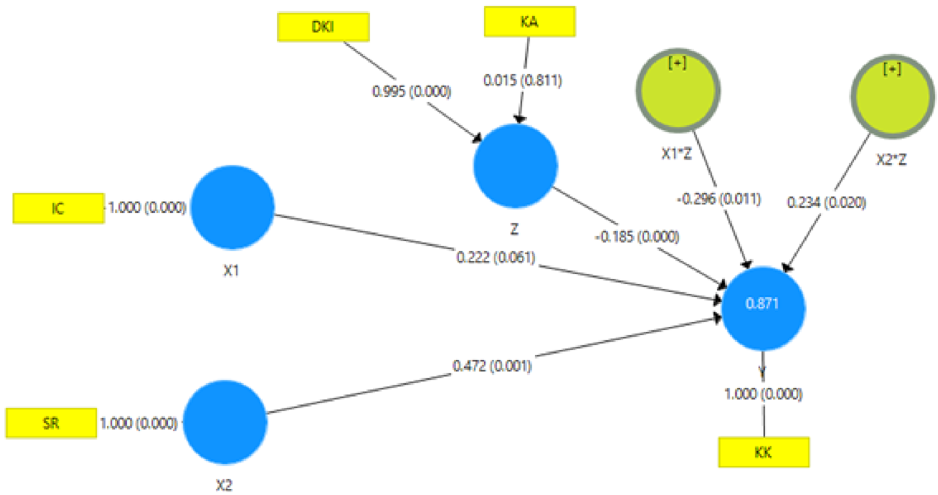

Figure 1: Table of Direct Hypothesis Test Results and Moderation. Source: Output SmartPLS 3.29 (2023).

The research results of Khairuni et al., (2019) say that Intellectual Capital (VAIC) has a significant positive effect on financial performance (ROA). In this research, it was concluded that good management of Intellectual Capital in companies produces added value which is useful for increasing company productivity.Based on the results of the first hypothesis test using SmartPLS version 3.29 in the table above, it is known that Intellectual Capital (X1) P value is 0.068 > 0.05 and t value is 1.832< 1.96; and a coefficient value of 0.222. Therefore, H1 is rejected, so it can be concluded that Intellectual Capital has no effect on Financial Performance. The results of this study indicate that companies in this research sample generally have not managed their Intellectual Capital effectively and efficiently so that they have not had an impact on the company's financial performance, even though investors will give a high assessment of companies that have good Intellectual Capital Usman & Mustafa, (2019) Thus, it is expected that the company's management will continue to strive to improve the company's performance and value by paying more attention to Intellectual Capital.

The Effect of Sustainbility Reporting on Financial Performance

Research conducted by AHMAD, (2022) proves that disclosure of Sustainability Reporting in the economic dimension, environmental dimension and social dimension simultaneously influences financial performance. Based on the results of the second hypothesis test using SmartPLS version 3.29 in the table above, it is known that Disclosure Sustainability Reporting (X2) P value value of 0.001< 0.05 and t value of 3.325> 1.96; and a coefficient value of 0.472. Therefore, H2 is accepted, so it can be concluded that Sustainability Reporting Disclosure has a positive effect on Financial Performance. The second hypothesis that Sustainability Reporting Disclosure has a positive effect on Financial Performance is accepted. This result means that the more the value of a company's Sustainability Reporting Disclosure, the higher the value of the company's financial performance. This result is in line with findings that found that Sustainability Reporting Disclosure has a positive and significant effect on Financial Performance (Khairuni et al., 2019).

The Effect of Moderation of Corporate Governance Mechanisms on the relationship between Intellectual Capital and Financial Performance.

The results of research conducted by Nurhasanah, (2021) prove that Corporate Governance has an influence in moderating the relationship between Intellectual Capital and Financial Performance. Based on the results of the third hypothesis test using SmartPLS version 3.29 in the table above, it is known that X1*Z → Financial Performance P value value of 0.006 < 0.05 and t value of 2.785> 1.96; and a coefficient value of -0.296. Therefore, H3 is accepted, so it can be concluded that the Corporate Governance Mechanism can moderate between Intellectual Capital and Financial Performance.

The third hypothesis that states the Corporate Governance Mechanism can moderte the relationship between Intellectual Capital variables and Financial Performance is accepted with a negative moderation coefficient, meaning that Corporate Governance proxied by the existence of an Independent Board of Commissioners turns out to weaken the positive influence of Intellectual Capital on the company's Financial Performance. This result indicates that the Independent Board of Commissioners, which represents the interests of minority shareholders in the company, considers that investment in the form of intangible assets is costly, so they consider Intellectual Capital to reduce the company's Financial Performance.

The Effect of Moderation of Corporate Governance Mechanisms on the Relationship between Sustainability Reporting Disclosure and Financial Performance

Based on the results of the fourth hypothesis test using SmartPLS version 3.29 in table 4.9 above, it is known that X2*Z (Financial Performance P value of 0.016 < 0.05

and t value of 2.425> 1.96; and a coefficient value of 0.234. Therefore, H4 is accepted, so it can be concluded that the Corporate Governance Mechanism can moderate the influence between Sustainability Reporting Disclosure and Financial Performance.

The fourth hypothesis that Corporate Governance Mechanisms can moderate the relationship between Sustainability Reporting Disclosure variables and Financial Performance is accepted. In the results of this study, the moderation coefficient is positive, which means that the Corporate Governance mechanism strengthens the positive influence of Sustainability Reporting Disclosure on Financial Performance. The better the Corporate Governance Mechanism, it can encourage companies to carry out Sustainability Reporting Disclosure which can improve Financial Performance. The existence of an Independent Board of Commissioners that reflects oversight of corporate governance strongly supports the importance of Sustainability Reporting Disclosure, and in the end can improve the company's financial performance.

6. Conclusions

Based on the research and discussion that has been done, it can be concluded that Intellectual Capital has no effect on Financial Performance. This means that the size or size of Intellectual Capital has no influence on financial performance. These results show that the value added of the funds issued by the company to its employees does not contribute to improving the company's financial performance.

Furthermore, the disclosure of Sustainability Reporting has a positive and significant effect on financial performance. This shows that disclosure through sustainability reports is useful because it can prove to stakeholders, including the community and investors, about the company's concern in protecting the environment and providing added value that is beneficial to stakeholders, so that more complete disclosure of Sustainability Reporting can improve financial performance.

The Corporate Governance mechanism moderates the relationship between Intellectual Capital variables and Financial Performance with a negative moderation coefficient with the support of good corporate governance, the company will receive effective and efficient supervision in all fields. Implementing effective corporate governance can strengthen the ability of the company's internal components to collaborate and interact with stakeholders. Fostering positive relationships can lead to companies acquiring intellectual property. Apart from that, it can have a positive impact on the company's financial value and performance.The results of this study show that the Corporate Governance mechanism proxied by the Independent Board of Commissioners weakens the relationship between Intellectual Capital and Financial Performance. Based on these results, it indicates that the Independent Board of Commissioners in this research sample considers that intellectual capital is less effective and has high costs so that it will actually reduce the company's performance.

The Corporate Governance mechanism is able to moderate the relationship between the variables of Sustainability Reporting Disclosure and Financial Performance with a positive moderation coefficient. This means that the better the Corporate Governance Mechanism, the more it can encourage companies to make Sustainability Reporting Disclosures that can improve Financial Performance.

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