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Resource-Based View and Corporate Sustainability Performance

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Abstract: The low sustainability performance of companies in Indonesia is caused by a lack of understanding of the importance and benefits of sustainability practices, companies often view costs incurred due to environmental concerns as a reduction in income, limitations on resources (financial and labor), and lack of transparency in reporting due to shortcomings in the consistency of regulatory implementation. This study uses the concept of Resource-Based Theory (RBT) in analyzing and exploring how companies can utilize the resources they have to improve their corporate sustainability performance. The purpose of this study is to determine the effect of company size and intellectual capital on corporate sustainability performance. This research was conducted on manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. The sampling method used is a non-probability sampling method with purposive sampling technique and obtained a sample size of 202 observations. The data collection method uses documentation techniques. The results showed that company size has a positive effect on corporate sustainability performance, while intellectual capital has no effect on corporate sustainability performance. The implications of this study indicate that in line with the application of resource-based theory, where large companies are better able to implement good sustainability performance strategies. This research provides input and consideration to the company, regulators (government), and investors in paying attention to the corporate sustainability performance by looking at the potential of internal resources, both tangible and intangible assets owned by the company.

Keyword: Corporate Sustainability Performance, Company Size, Intellectual Capital.

INTRODUCTION

According to Katoppo and Nustini (2022), Corporate Sustainability Performance (CSP) can be interpreted as a long-term competitive advantage possessed by a company in obtaining economic benefits for the company by considering its impact on the environment and social and not sacrificing the needs of the company's stakeholders. Corporate Sustainability Performance (CSP) is an expression that appears in debates around business, the environment and corporate social responsibility, which is projected to continue in the long term and includes three dimensional aspects or often called the "triple bottom line", namely environmental aspects, social aspects, and economic aspects (Tjahjadi el al., 2021; Zimek & Baumgartner, 2017; Artiach el al., 2010). CSP mostly consists of activities related to Corporate Social

Responsibility (CSR), which is an act of corporate concern in setting aside a portion of its profits for the benefit of human and environmental development through appropriate and professional procedural methods and CSP is also linked to the environmental management system. According to Baumgartner & Rauter (2017) the main reason companies choose a sustainability approach is to reduce negative environmental and social impacts arising from company activities while improving (or at least not reducing) the company's economic performance. Companies that demonstrate a commitment to good sustainability performance tend to have a competitive advantage in the market, especially in the eyes of consumers, investors and the general public who are increasingly concerned about environmental and social issues (Laskar & Maji, 2018).

As industry develops, the amount of waste production also increases and industrial companies must be committed to the environment and social dimensions as an integral part of their operations (Endiana el al., 2020). These problems have encouraged the emergence of the concept of sustainable development, namely development that meets current needs without sacrificing the needs of future generations. The existence of the concept of sustainable development makes stakeholders demand that companies increase their awareness in carrying out their corporate responsibilities, including in dealing with social and environmental problems (Tjahjadi el al., 2021). Along with global concerns about resources and the environment and the widespread implementation of the concept of sustainable development, many companies are increasingly paying attention to their Corporate Sustainability Performance. Several research studies conducted by Nikolauo et al. (2018); Supadi & Sudana (2018); Crisóstomo et al. (2020); Andini et al. (2021); Daromes et al. (2023); Tarigan & Valerie (2023), found that environmental performance and environmental risk are positively correlated and have a significant effect on a corporate sustainability performance. Companies that are seen as capable of protecting the environment well will be able to be accepted by the community because their business activities do not threaten the community's environment (Daromes el al., 2023).

Indonesia is a country that is classified as bad and has the lowest ranking in environmental sustainability scores on a global scale and even on the Asia Pacific scale, with a score of 28.20 out of a scale of 100 and is ranked 164th out of 180 countries assessed, and ranked 9th. from 11 Southeast Asian countries. Apart from that, transparency and accountability in sustainability reporting in Indonesia are still very minimal, resulting in the sustainability performance of companies in Indonesia currently being considered less than satisfactory. Through research, Laskar & Maji (2018) stated that companies in Indonesia have lower corporate sustainability performance compared to India and developed countries such as Japan and South Korea. It is known that the sustainability performance of companies in Indonesia is the lowest compared to Japan, South Korea and India. Companies in Indonesia disclose around 72 percent of GRI special items, but the quality of disclosure is only 51.31 percent. Compared to India, which has a score with a total of disclosure items of 88.3 percent and a quality of disclosure of 79.51 percent. The low sustainability performance of companies in Indonesia is caused by a lack of understanding of the importance and benefits of sustainable practices, companies often view the costs arising from concern for the environment as reduced income, limited resources (financial and labor), and a lack of transparency in reporting due to deficiencies in consistent application of regulations.

The Ministry of Environment and Forestry (KLHK) assesses that compliance from manufacturing sector companies in environmental management is still quite low. KLHK said that B3 waste in Indonesia will reach 60 million tons in 2021, with the manufacturing industry contributing most of this amount. This B3 waste if disposed of carelessly and without further processing will have a negative impact on the environment. In this regard, one of the manufacturing companies in Indonesia, namely PT Mayora Indah Tbk (MYOR), was declared responsible for environmental damage such as pollution and waste disposal around the factory

area which is not far from residential areas. The Tanggerang Regency Environmental Agency (DLH) team has found signs of damaged WWTP conditions and clogged sewage lines. PT Mayora Indah Tbk (MYOR) is one of the manufacturing companies in the consumer goods industry sector which is a large company and has an important role in providing the basic needs of Indonesian consumers. However, the company should have more experience in addressing environmental issues and utilizing the resources they have in supporting the company's social and sustainability policies, one of which is preserving the environment.

In this research, corporate sustainability performance (CSP) is linked to the Resource-Based Theory (RBT) concept, because it is related to the long-term competitive advantage possessed by the company. This research uses the RBT concept to analyze and explore how companies can utilize the resources they have to improve their corporate sustainability performance. The RBT concept, according to Wernerfelt's view (1984), reveals that company resources can be defined as assets, both tangible assets (physical and financial capital) and intangible assets (human and organizational). This research wants to further examine how tangible asset resources influence a corporate sustainability performance using the RBT concept. RBT provides a strong conceptual structure for analyzing how a company's internal resources contribute and helps explain how company size (as a representation of tangible asset resources) and intellectual capital (as a representation of intangible asset resources) can influence sustainability performance. Much research has been conducted on sustainability performance before and there are variables of company size and intellectual capital that influence the corporate sustainability performance. Theoretically, previous studies adopted different theories to examine the determinants and impacts of corporate sustainability performance (CSP). Commonly used theories include stakeholder theory, agency theory, legitimacy theory, and institutional theory. This research takes a more comprehensive approach in the Resource-Based Theory (RBT) paradigm to provide a new picture of the elements that influence Corporate Sustainability Performance (CSP). This research innovatively positions company size as the main variable to represent the concept of tangible asset resources in the context of RBT. Researchers in this study not only wanted to expand understanding of how company size impacts CSP, but also simultaneously integrate analysis of tangible and intangible asset resources. Therefore, this study fills a gap in current research by offering a more comprehensive view.

Larger company sizes have the ability to manage intangible resources better, so they have better sustainability performance. This is in line with the principle of heterogeneity and strategic value of resources in RBT, where large companies are able to collect and utilize more valuable and rare resources. Company size is often considered capable of handling corporate social and sustainability policies (Crisóstomo el al., 2020). Larger company size can result in stronger CSP, but stronger CSP can also result in greater company size through competitive advantage and gaining market share over competitors. According to Barney (1991) when a company has valuable and inimitable resources in pollution prevention efforts, employee relations, and corporate governance, this can produce a sustainable competitive advantage over competitors (Ho el al., 2018). The results of research from Artiach et al. (2010), Amran et al. (2015), Lourenco & Branco (2013), Crisóstomo et al. (2020), Khaled et al. (2021), Kalbuana et al. (2022), Liana (2019), Drempetic et al. (2020), and Ho et al. (2018) regarding the influence of company size on corporate sustainability performance, stated that company size has a positive effect and has a significant relationship with corporate sustainability performance. However, this is different from research by Dewi & Ramantha (2021), Katoppo & Nustini (2021) and Natalia & Wahidahwati (2016) which shows that company size does not have a significant effect on the corporate sustainability performance. Based on this description, the hypothesis proposed in this research is:

H1: Company size has a positive effect on corporate sustainability performance

In RBT's view, the presence of high intellectual capital performance can indicate that the company is able to effectively manage strategic resources within a company, so that it is able to direct the company towards good sustainability performance. According to Avino et al. (2021), intellectual capital (IC) is part of intangible assets that are not specified in financial budget documents, but determine long-term value creation, which is important for sustainability, economic development and societal welfare. Intellectual capital, especially human capital and structural capital, plays a key role in encouraging sustainable innovation. Companies that manage their intellectual capital effectively will have a competitive advantage and be able to disclose information about their capacity to carry out their operations.

Several studies conducted by Alvino et al. (2020); Fajriyanti et al. (2021); Gangi et al. (2019); Cavicchi & Vagnoni (2017); Hashim et al. (2015); Yusliza et al. (2020); Wilang Ica Swari & Ratna Sari (2023) regarding the influence of intellectual capital (IC) on corporate sustainability performance shows that there is a positive and significant relationship. According to Wilang Ica Swari & Ratna Sari (2023) and Fajriyanti et al. (2021) revealed that the higher the value of intellectual capital owned by a company, the better the corporate sustainability performance, so that the company has a competitive advantage in carrying out its business activities. Contrary to Nazra & Suazhari (2019) and Riyandini et al. (2016) which show that IC has a negative effect on corporate sustainability performance. Riyandini et al. (2016) explains that large amounts of investment in intellectual capital will not necessarily improve company performance, but there can be a decline in company performance due to its use and management not being optimal (Wilang Ica Swari & Ratna Sari, 2023). Research by Morariu (2014) and Salehi et al. (2020), show that IC has no effect on the company's sustainability performance. Based on this description, the hypothesis proposed in this research is:
H2: Intellectual Capital has a positive effect on Corporate Sustainability Performance.

METHOD

This research uses quantitative methods to determine the influence of company size and intellectual capital on company sustainability performance. This research was conducted at manufacturing companies in the consumer goods industry sector listed on the IDX during the 2019-2023 period. In this research, there are 7 variables used, namely the dependent variable is the corporate sustainability performance, the independent variables are company size and intellectual capital, and the control variables are profitability, leverage, public ownership and size of the board of directors.

This research uses a measurement method based on research references from Aggarwal (2013), Nasseri (2019), and Pinem & Aulia (2023), namely CSRHub criteria indicators to measure a corporate sustainability performance through 4 components. The components in CSRHub are the community component, employees component, environmental component and governance component. The measurement is carried out using dummy variables by giving scores in each sub-category of each component which can be seen in table 1. Then the scores obtained from each component of Corporate Sustainability Performance are added up and calculated using the following formula.

$$CSPzj = \frac{\Sigma_i^n=1\ Xij}{Nzj} \quad \ldots\ldots(1)$$

Description:
CSPzj = CSP of variable element z in company j
Xij = Dummy variable; 1 = if the item is disclosed, 0 = if the item is not disclosed
Nzj = The number of items that should be disclosed by variable z in company j.

After the scores of each component have been summed up and calculated, then corporate sustainability performance is calculated by summing up all the scores of the four components.

$$CSP = Comm + Emp + Env + Gov \quad (2)$$

Description:
CSP = Total of all Corporate Sustainability Performance components
Comm = Community component
Emp = Employees component
Env = Environmental component
Gov = Governance component

Table 1. The Components in CSRHub

Community Component	Support or grants to community
	Awarding grants to charities
	Supporting industries and local communities
	Financing of projects related to public health
	Connection with scientific centers, research, adn participate in academic and professional conferences
	Observing and compliance with laws and regulation and civil society
Employees Component	Profit sharing programs and rewards to employees
	Loans and other benefits for employees
	Education and empowerment in social and environmental areas
	Programs related to sports, entainment, adn recreation staff
	Programs related to safety physical and mental health staff
	Observing and compliance eith laws and regulation of Labour and Social Welfare
Environmental Component	Recycling by reusing discarded materials
	Efficient use of natural resources in order to reduce potential waste
	Granting financial assistance for Conservation of Nature and the Environment
	Pollution control (air, water, land)
	Investments undertaken in order to reduce the damaging environmental effects
	Cooperation with institutions or organizations environmentalists
	Energy saving
	Having standards ISO 14001, ISO 50001, and OHAS 18001
	Observing and compliance with environmental laws and regulations
Governance Component	The ratio of non-executive members of the Board of Directors
	Dual role of Director
	Institutional ownership
	Public or private ownership
	Being the parent company
	The type of auditor
	The percentage of free float shares

Source: Nasseri, 2019

Company size is the capacity and ability of an organization to utilize resources to achieve strategic goals. Company size is measured using the natural logarithm (Ln) of totalcompany assets.

$$Size = Ln\ (Total\ Assets) \quad (3)$$

Intellectual capital (IC) is a company's intangible assets consisting of human capital, structural capital and relational capital. In this study, the variable of IC is measured using the M-VAIC value instrument. The M-VAIC calculation formula (Ulum et al., 2014) is as follows:

$$M\text{-}VAIC = HCE + SCE + RCE + CEE \quad (4)$$

$$VA = OP + EC + D + A \quad (5)$$

$$HCE = \frac{VA}{HC} \quad (6)$$

$$SCE = \frac{VA}{SC} \quad (7)$$

$$RCE = \frac{RC}{VA} \quad \text{.....(8)}$$

$$CEE = \frac{VA}{CE} \quad \text{.....(9)}$$

Description:

M-VAIC = Modified Value-Added Intellectual Coefficient
HCE = Human Capital Efficiency
SCE = Structural Capital Efficiency
RCE = Relational Capital Efficiency
CEE = Capital Employed Efficiency
VA = Value Added
OP = Operating profit
EC = Employee expenses
D = Depreciation
A = Amortization
HC = total wage and salary
SC = Structural Capital: VA - HC
RC = Relational Capital: marketing cost
CE = Book value of total assets

The control variables used in this study are leverage, profitability, public ownership, and board size. The following measurements of control variables are presented in Table 2.

Table 2. Measurement of Control Variables

Control vaiables	Measurements	Definition
Leverage (C_1)	$DAR = \frac{Total\ debt}{Total\ assets}$	Leverage in this case is calculated as the ratio between total debt and total assets. (Crisóstomo *el al.,* 2020; Ho *el al.,* 2018; Khaled *el al.,* 2021; Zaid *el al.,* 2020)
Profitability (C_2)	$ROA = \frac{Net\ profit}{Total\ assets}$	ROA is a financial ratio that describes the company's ability to earn profits through assets or measures how efficiently a company uses its assets to generate profits. (Crisóstomo *el al.,* 2020; Ho *el al.,* 2018; Hussain *el al.,* 2018; Zaid *el al.,* 2020)
Public ownership (C_3)	$KP = \frac{Total\ number\ of\ public\ shares < 5\%}{Total\ number\ of\ shares} x\ 100\%$	Public share-holding is the proportion of share ownership owned by the public or the community of the company's shares. (Puspita & Daljono, 2016; Rahayu & Anisykurlillah, 2015; Indraswari & Mimba, 2017; Hamdani *et al*., 2017)
Size of the Board of Directors (C_4)	Σ Total number of board members on the corporate governance board	Board size refers to the total number of members sitting on the board of directors of a company that is officially listed at the end of the fiscal year or on a specific date. (Hussain *el al.,* 2018; Zaid *et al.,* 2019; Cancela *el al.,* 2020; Bashiru *et al.*, 2022)

The population in this research is manufacturing companies in the consumer goods industry sector listed on the IDX during the 2019-2023 period. The sample selection technique used is a non-probability sampling method with a purposive sampling method to obtain samples according to predetermined criteria. Purposive sampling is a sample determination method that

is carried out by determining criteria (Sugiyono, 2019). This research contained 102 companies as samples as of December 31 and obtained a total of 202 observations. The data used in the research is secondary data with quantitative data type. The data collection method used in this research is the documentation method. According to Sugiyono (2018:476), the documentation method is a method of collecting data and information from sources such as books, archives, documents, written figures and images in the form of reports and information that can help research.

The data used in this research are financial reports, sustainability reports and annual reports of manufacturing companies in the consumer goods industry sector obtained by accessing the official website of the Indonesian Stock Exchange or from the official website of each company. The analysis technique used in this research is panel data regression analysis technique using Eviews (Econometric Views) software. The analytical methods used in this research are descriptive statistical analysis, estimation of panel data regression models, selection of panel data regression models, classical assumption tests, multiple linear regression tests, then hypothesis testing is carried out. The following is the multiple linear regression equation model in this research:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 C1 + \beta_4 C2 + \beta_5 C3 + \beta_6 C4 + \varepsilon \quad \text{.....(14)}$$

Description:

Y : Corporate Sustainability Performance
α : Constant
β_1-β_6 : Coefficient of multiple regression
X_1 : Company size
X_2 : Intellectual Capital
C_1 : Leverage (control variable)
C_2 : Profitability (control variable)
C_3 : Public Ownership (control variable)
C_4 : Board Size (control variable)
ε : Standard Error

RESULTS AND DISCUSSION

Before testing the hypothesis, descriptive statistical analysis is carried out to determine the description or distribution of the data until the research.

Table 3. Descriptive Statistics Test Results

Variable	Observation	Minimum	Maksimum	Mean	Standard Deviation
Y	202	0,393	0,929	0,715	0,105
X_1	202	24,381	36,788	29,498	1,963
X_2	202	-11,212	33,308	8,168	5,144
C_1	202	0,035	2,058	0,433	0,255
C_2	202	-0,949	0,944	0,070	0,137
C_3	202	0,000	0,574	0,229	0,138
C_4	202	1,000	11,000	4,926	2,032

Source: Secondary data processed, 2024

Based on Table 3, the number of observation data in the research was 202 observations. The Corporate Sustainability Performance variable (Y) has a minimum value of 0.393. The minimum value of 0.393 is owned by PT Mayora Indah Tbk (MYOR) for 1 year from 2019. Furthermore, the maximum value of 0.929 is owned by PT Unilever Indonesia Tbk (UNVR) in 2019-2022. The Company Sustainability Performance variable has a mean value of 0.715 and a standard deviation value of 0.105. The company size variable (X1) has a minimum value of 24,381 and a maximum value of 36,788. The minimum value is owned by PT Hassana Boga

Sejahtera Tbk (NAYS) in 2022 and the maximum value is owned by Austindo Nusantara Jaya. (ANJT) in 2022. The Company Size variable has an average (mean) of 29.498 and a standard deviation of 1.963. The Intellectual Capital variable (X2) has a minimum value of -11.212. The minimum value of -11,212 is owned by PT Prasidha Aneka Niaga (PSDN) for 1 year in 2022. Furthermore, the maximum value of 33,308 is owned by PT MAP Boga Adiperkasa Tbk (MAPB) in 2021. The Intellectual Capital variable has an average (mean) of 8.168 and standard deviation 5.144.

Table 4. Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	10.766853	6	0.0959

Source: Secondary data processed, 2024

Because the Chow test results select a fixed effect model, the next step is to carry out a Hausman test to determine whether the most appropriate model is a fixed effect or a random effect. Based on the results in Table 4, the random cross-section probability value is 0.0959, which is greater than 0.05. Thus, H_0 is accepted, and it can be concluded that the appropriate model to use is the Random Effect Model (REM). Therefore, the next step is to continue with the Lagrange Multiplier (LM) test to confirm whether the REM model is indeed more appropriate than the Common Effect Model.

Table 5. Lagrange Multiplier Test Result

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	158.2690 (0.0000)	1.057922 (0.3037)	159.3269 (0.0000)

Source: Secondary data processed, 2024

Based on the results obtained in Table 5, the type of panel data regression model that has been determined through the three tests of the Chow test, Hausman test and Lagrange multiplier test is the Random Effect Model (REM). This is because the Breusch-Pagan cross-section probability value is 0.0000, which is smaller than 0.05. Thus, H_0 is rejected and it can be concluded that the appropriate model to use is the Random Effect Model (REM). Because the model results obtained are random effects, the classical assumption test is no longer needed, this is because the random effect model is a Generalized Least Square (GLS) estimation method. Previous research such as Melati & Suryowati (2018) and Kosmaryati et al. (2019), shows that testing classical assumptions is not necessary when using random effect models (REM).

Table 6. Panel Data Regression Test Results with REM Estimator

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.029565	0.170771	-0.173128	0.8627
SIZE	0.024559	0.006065	4.049528	0.0001
IC	0.001009	0.001210	0.833939	0.4053
LEV	0.045032	0.032617	1.380635	0.1690
PROF	0.000254	0.039145	0.006489	0.9948
KP	0.013597	0.072651	0.187149	0.8517
DIR	-0.002957	0.004396	-0.672562	0.5020
Effects Specification				
			S.D.	Rho

Cross-section random		0.081554	0.7631
Idiosyncratic random		0.045438	0.2369
Weighted Statistics			
Root MSE	0.044966	R-squared	0.099995
Mean dependent var	0.197753	Adjusted R-squared	0.072302
S.D. dependent var	0.048700	S.E. of regression	0.045766
Sum squared resid	0.408432	F-statistic	3.610897
Durbin-Watson stat	1.240765	Prob(F-statistic)	0.002032

Source: Secondary data processed, 2024

Based on the results presented in Table 6. the multiple linear regression equation model used in this study is:

$$Y = -0{,}029565 + 0{,}024559X_1 + 0{,}001009X_2 + 0{,}045032C_1 + 0{,}000254C_2 + 0{,}013597C_3 - 0{,}002957C_4 + \varepsilon \quad (15)$$

From the regression model equation above, it can be interpreted that the constant α value of -0.029565 states that if the variable X is constant, then the corporate sustainability performance variable is -0.029565. The company size regression coefficient of 0.024559 states that every 1% increase in the company size variable will increase the corporate sustainability performance variable by 0.024559 assuming the other variables are constant. The intellectual capital regression coefficient of 0.001009 states that each addition of the intellectual capital variable by 1% will increase the corporate sustainability performance variable by 0.001009 assuming the other variables are constant.

Based on the results in Table 6, it is known that the calculated F value is 3.610897 > F table is 3.20 with a value of Prob. (F-statistic) of 0.002032 ≤ 0.05. This means that the company size and intellectual capital variables simultaneously have a significant effect on the corporate sustainability performance variable. Furthermore, the coefficient of determination test results can be seen in Table 7. It is known that the Adjusted R2 value is 0.072302. From this value, it can be interpreted that the influence of the company size and intellectual capital variables on the corporate sustainability performance is 7.2302%. Thus, it can be concluded that the ability of company size and intellectual capital variables on company sustainability performance, with leverage, probability, public ownership, and size of the board of directors as control variables, is able to explain variations in company sustainability performance of 7.2302%, while the remaining 92, 7698% is influenced by other factors outside the model.

The results of the hypothesis test (t test) can be seen in Table 6. It shows that the company size variable (X1) has a calculated t-value of 4.049528 and a probability value of 0.0001 which is smaller than sig. 0.05, meaning that Company Size (X1) has a significant positive effect on Company Sustainability Performance (Y), so it can be concluded that the results of the second hypothesis H1 are accepted. This shows that larger companies are able to display better corporate sustainability performance. This is in line with the theory used in this research, namely resource-based theory. Based on the Resource-Based Theory perspective (Wernerfelt, 1984, and Barney, 1986) that companies have tangible resources that can make the company have competitive quality and are able to direct the company to have good long-term performance, so that they are able to direct the company to be sustainable continously. In this case, the tangible resource is in the form of a large company size. This is also in line with research from Artiach et al. (2010), Amran et al. (2015), Lourenco & Branco (2013), Crisóstomo et al. (2020), Khaled et al. (2021), Kalbuana et al. (2022), Liana (2019), Drempetic et al. (2020), and Ho et al. (2018) regarding the influence of company size on corporate

sustainability performance, states that company size has a positive effect and has a significant relationship with company sustainability performance. Therefore, this research adds empirical evidence to the positive influence of company size on corporate sustainability performance. The intellectual capital variable (X2) has a t-calculated value of 0.833939 and a probability value of 0.4053 which is greater than sig. 0.05, meaning that Intellectual Capital (X2) has no significant effect on Corporate Sustainability Performance (Y), so it can be concluded that the results of the second hypothesis, H2, are rejected. The control variables leverage (C1), profitability (C2), public ownership (C3), and size of the Board of Directors (C4) do not have a significant effect on the Corporate Sustainability Performance (Y).

The findings in this research are not in line with the theory used, namely Resource-Based Theory. Resource-based theory according to the perspective (Barney & Arikan, 2001) which shows that sustainable competitive advantage in company performance results from the effective use of tangible and intangible resources. In this case, Intellectual Capital is an intangible resource owned by the company. Intellectual capital, which consists of human capital, structural capital and relational capital, does not always have a direct impact on a corporate sustainability performance due to several factors. One reason is that although intellectual capital is important in creating innovation and efficiency, the process of implementing and utilizing it requires adequate management. Companies often face challenges in exploring the knowledge and skills of their resources, which becomes an obstacle to their optimal utilization to support the company's sustainability performance. In addition, without a holistic strategy and continuous investment in intellectual capital development, the potential of this resource may not be fully utilized to achieve long-term sustainability goals. These results are in line with the research of Morariu (2014) and Salehi et al. (2020), that intellectual capital has no effect on the company's sustainability performance. This is supported by (Wilang Ica Swari & Ratna Sari, 2023) that the amount of investment in intellectual capital does not always necessarily improve the company's sustainability performance, but it can decrease due to its not optimal utilization and management. So, even though the company's intellectual capital is high or low, it does not affect the corporate sustainability performance..

CONCLUSION

Based on the results of the discussion, it can be concluded that company size has a positive effect on the sustainability performance of companies in the consumer goods industry sector listed on the IDX for the 2019-2023 period. This is in line with the theory used, namely Resource-Based Theory, which shows that large companies are better able to implement good sustainability performance strategies. In other words, larger companies are able to display better corporate sustainability performance, this is because the resources the company has to participate in sustainability activities will improve the corporate sustainability performance. This shows that sustainability performance is greatly influenced by the resources owned by the company, so that companies with a relatively small scale will find it difficult to achieve good corporate sustainability performance. Therefore, regulators need to design policies that encourage large companies to lead in sustainability. Regulations related to sustainability reporting (for example, ESG reporting) could be strengthened to ensure that large companies are more transparent in demonstrating their environmental and social commitments. Meanwhile, intellectual capital has no effect on the sustainability performance of manufacturing companies in the consumer goods industry sector listed on the IDX during the 2019-2023 period. The level of intellectual capital cannot affect the corporate sustainability performance.

This research is still far from perfect, because it still has several limitations. Future research with the same theme scope is expected to use other measurement indicators that can be used to measure company size and intellectual capital variables. This is intended as a comparative material, whether using other measurement indicators will produce different

research output results or not. Measurement indicators that can be used to measure company size other than total assets, namely total revenue, market capitalization, number of employees, and added value. These measurements can also be combined, for example by combining measurements of total assets, total income and market capitalization. Future research is expected to analyze the relationship between each component of M-VAIC, namely human capital efficiency (HCE), structural capital efficiency (SCE), relational capital efficiency (RCE), and capital employed efficiency (CEE) with the corporate sustainability performance separately. Thus, future researchers can understand the specific contribution of each component to sustainability performance and help identify in finding which components have the most significant influence, as well as the exact contribution that each component makes to sustainability performance. Then, several measurement models that can be used to measure intellectual capital variables, namely The Balanced Scorecard (Kaplan & Norton, 1992), The Skandia IC Report Method (Edvinsson & Malone, 1997), The Intellectual Capital Index (Ross, 1998 in Van Berg , 2007), VAIC model (Pulic, 2000), Extended VAIC (Nazari & Herremans, 2007), Intellectual Capital Disclosure (ICD) (IFAC, 1998 and Guthrie et al., 1999), Market-To-Book Ratio (Stewart, 1997). The research population used is manufacturing companies in the consumer goods sector registered on the IDX during the 2019-2023 period, so future researchers are expected to be able to change the research object or expand the research population Furthermore, according to Abdullah & Sofian (2015) for future research to investigate the effect of IC on the sustainability performance of companies in various industries or change the population and research samples, for example in the trade and service industries. Investors are advised not only to focus on financial information, but also to carry out a comprehensive analysis of information related to sustainability performance which will be taken into consideration in assessing the company's potential sustainability performance in making investment decisions and can help investors in assessing the long-term growth potential and resilience of the company. towards social and environmental responsibility.

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