PREDICTING FIRM VALUE IN THE JAKARTA ISLAMIC INDEX WITH PROFITABILITY AS A MEDIATING VARIABLE

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Abstract
The purpose of this study is to analyze and empirically examine profitability in predicting a firm value in the sector of companies listed on the Jakarta Islamic Index (JII). The research sample consisted of 40 annual reports of sector companies listed on the Jakarta Islamic Index from 2017 to 2019, which were analyzed using AMOS software. This study found that Intellectual Capital positively affects firm value, but Management Statement Disclosure and Corporate Social Responsibility are not proven to affect firm value. Furthermore, profitability mediates the relationship between intellectual capital, Corporate Social Responsibility, and Management Statement Disclosure on firm value.

Keywords: Corporate social responsibility; Firm value; Intellectual capital; Management statement; Profitability

Abstrak

Kata kunci: Corporate social responsibility; Intellectual capital; Management statement; Nilai perusahaan; Profitabilitas

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INTRODUCTION
The digitalization era impacts changes in business management and the development of increasingly competitive strategies. Therefore, companies need to adapt to these developments to increase firm value (FV). FV is an investor's perception of the company's level of success which is reflected in the stock price (Husnan, 2012). As the share price rises, it indicates greater prosperity for shareholders, which improves investor confidence. Therefore, increasing FV is the shareholders' goal in achieving prosperity. Thus, the greater the market price of the stock, the greater the prosperity of shareholders (Anggraeni et al., 2018). FV is commonly reflected by the price to book value (PBV). Brigham, Augene F., and Houston (2011: 152) believed that PBV is a confrontation of the stock price and book value of the company. The book value of the company (book value per share) is the ratio of the equity of ordinary shares to some outstanding shares. According to Sabrin et al. (2016), FV turns out to be a concern for a company owner because it shows the prosperity of investors. Many studies focus on determining what factors can affect FV. Some phenomena happened in the company result in a decrease in profit or loss which then negatively affect FV. Optimization of FV can be influenced by several factors, including management statement disclosure, intellectual capital, and the significance of the company's role in corporate social responsibility.

Management statement disclosure (MSD) is considered as information for investors to consider in decision-making. To ensure that information presented in financial statements is understood and not misinterpreted, financial statements must be accompanied by disclosures that are neither excessive nor lacking to avoid misleading (Statement of Financial Accounting Concepts (SFAC) No. 1). As voluntary disclosures increase in number, the market perception will increase, and so will the FV. If the information contained in the management disclosure is complete and open, it can then be used to predict the company’s performance (Sriwidodo, 2017). The disclosure’s content is a repetition of the information in the company's annual report, so it is quite informative for investors (Li, 2019). The more complex the information conveyed is, the more likely the company will exceed profits in the previous periods (Li et al., 2019). Today, few public companies in Indonesia submit management reports (Imaningati Sri, 2016), as disclosure is based primarily on the financial position and management's strategic plan for the next 1 (one) period. The components disclosed take account of business operations, social, environmental, and financial aspects, corporate governance, international standards, human resources development, work safety, strategy, and business prospects.

Based on the phenomenon, CSR has become the focus of the company. (Trafalgar & Africa, 2019). Companies must develop a strategy to create FV in order to pay attention to CSR, according to Park et al. (2014). Kim (2016) also stated that CSR initiation positively affects firm value because the implementation of CSR improves the company’s reputation. Park et al. (2014) states that companies need to develop some strategies by creating FV and CSR. Kim (2016) also believed that CSR initiation affects positively FV because CSR implementation improves the company's image. Intellectual capital is defined as the result of the three main elements of an organization, including human capital, structural capital, and customer capital. These elements correlate to the added value of knowledge and technology in the form of an organization's competitive advantage. (Ulum, 2017). The presence or absence of Intellectual capital disclosure in the annual report is used to make measurements.
Ardila & Christiana (2018) conducted a study on companies listed on the Jakarta Islamic Index (JII) from 2014 to 2017, discovering that intellectual capital influences FV. In banking sector companies on the IDX from 2012 to 2016, in manufacturing sector companies on the IDX from 2014 to 2016, and in food & beverage sector companies on the IDX from 2014 to 2018, Kurniawan & Muslichah (2019) found something similar, namely the relationship of intellectual capital and firm value (FV).

Based on the findings above, there has been considerable literature that discusses the relationship between intellectual capital (IC) and FV. Yet, some researchers are still using the Jakarta Islamic Index (JII) as an object of study. In addition to MSD and IC, CSR plays an important role in increasing FV. As a result of increasing company sales, CSR activities in the company's surrounding environment must be carried out in accordance with community needs. Potential investors will consider what the company will achieve in terms of increasing the FV. Companies that carry out CSR are not limited to ordinary CSR programs to increase FV but are also concerned with environmental and social responsibility in the company's immediate vicinity. The results indicated that CSR positively affect FV, indicating that the more companies disclose their responsibilities, the higher the impact on FV (Nasaruddin, 2020).

FV can be increased through profitability (Setiabudi & Dian, 2012) and Rizqia et al. (2013). Profitability is very vital for companies to maintain long-term business sustainability. This is because profitability indicates whether or not a company has promising prospects in the future. Thus, profitability is a factor that can affect firm value. If the manager manages the company effectively, the profit generated will be greater, affecting the value of the company. Several studies on firm value have been conducted, but those investigating the mediating role of profitability ratios with the variables of Management Statement Disclosure (MSD), CSR, and IC with the Jakarta Islamic Index (JII) as an object of the study have not been widely carried out. The model in this study was developed for three reasons. First, previous studies in the literature only investigated how CSR and IC directly affected firm value and found inconsistent results. Second, MSD and corporate social responsibility issues are pretty familiar in Indonesia. Investors identify environmentally sensitive industries to make investment decisions. This study broadens the literature and provides something new with the Management Statement Disclosure (MSD) variable as additional information that can increase firm value. Third, this study focuses on JII-registered Islamic banking. Companies registered with the JII must meet strict criteria for investors to feel secure investing their capital.

The Jakarta Islamic Index is used as a research object because sharia-based companies’ activities and business governance are based on sharia principles. Therefore, companies with shares in the Jakarta Islamic Index (JII) have been screened according to sharia and listed for the last six months in the Indonesian Sharia Stock Index (ISSI) constituents. Based on these characteristics, a positive company image supported by market capitalization growth will drive companies indexed in the Jakarta Islamic Index to compete with one another to increase their firm values.

**LITERATURE REVIEW**

**Knowledge-Based View (KBV)**

Knowledge-based view of the firm is a recent extension of the firm's resource-based view that is well suited to the economic environment today. Knowledge becomes a unique strategic resource and can increase returns. In addition, knowledge also does not degenerate like traditional economic factors.
The RBV of the firm focuses particularly on the company, resources, and capabilities to explain the organizational profit and value (Penrose (1980); Wernerfelt (1984); Barney (1991); Grant (1991); Peteraf (1993); Makhija (2003)). This theory is different from the performance in an industry (Hoopes et al., 2003). In RBV, organizational success is realized when it has qualified resources, so it gets a quasi-monopoly opportunity (Wernerfelt, 1984). Organizational strengths and weaknesses fall within strategic thinking and RBV analysis. Resources are included in the value creation strategy, which provides space for the organization's characteristics. Barney (1991) described that company resources are divided into tangible and intangible, which can be physical, human, or organizational (Hoskisson et al., 1999; Hannes, K. and Fjedstad, (2000); Gupta & Roos (2001); Spanos, Y. & Lioukas (2001); Mathews (2003)).

Because knowledge is considered a company asset, it is regarded as a strategic resource. The success of the company is determined by its ability to transform its knowledge and apply it to strategic activities. The company's ability to effectively manage its resources can provide a competitive advantage, allowing it to create firm value. Based on this theory, good management of resources and capabilities gives companies a competitive advantage in contending with each other. According to Brigham, E. F., & Houston (2017), Signaling Theory is the theory of signals that become an indication from management about the company's prospects. This signal may contain information about what management has done in its business activities. Investors will respond to this information, which can serve as the foundation for investment decision-making.

**Legitimacy Theory**

In legitimacy theory, the company's activities will be voluntarily reported considering community expectations (Chintrakarn et al., 2016). Furthermore, Miotto et al. (2020) explain that having the same perception of an entity's actions for an organization or company is crucial. These actions must be under the norms, values and beliefs of the community within the company.

Company policies, decisions and operations affect explicit agreements between business institutions (internal stakeholders) and the public (external stakeholders). Based on the legitimacy theory, various stakeholder interests are balanced with going concerns and company growth. Market share growth, sales and profits can increase if the company can balance stakeholders' interests (Li & Xia, 2018). Legitimacy is important for the company because it becomes a strategic factor for the company's future development.

In terms of the positive response, it will be able to create a good value for the company in the eyes of the community and can automatically increase the company’s profit achievement (Lanis, R. & Richardson, 2012). Legitimacy theory recommends companies to ensure that their activities and performance can be accepted by the community. The public's perception of management's responsibility for environmental problems can be seen from public awareness of CSR and the important role of paying taxes for the community. Legitimacy is considered important for the company because the community's legitimacy of the company is a strategic factor for the company's future development.
Firm Value
Firm value is defined as a condition where the company has achieved public trust in the company since the company was established until today (Safitri, V. A., Sari, L., & Gamayuni, 2019). Stock market prices reflect investment decisions, asset management and financing. It also describes the shareholders' prosperity (Irwaniaawati, 2014).

The price to book value (PBV) was used as a proxy for firm value in time units. If the PBV value is more than 1, it is said to be overvalued, indicating that the company's shares are valued higher than its book value. A PBV value of less than one is undervalued, indicating that the company's shares are valued lower than its book value. A PBV value equal to 1 show that the company's shares are valued at the same as their book value. PBV can be calculated by the following formula:

$$\text{PBV} = \frac{\text{market price}}{\text{book value of company}}$$

Profitability
Profitability is a ratio used to measure the company's ability to generate profits. As stated by (Harahap, 2011), the profitability ratio can also demonstrate the company’s ability and success based on business activities such as sales, cash, capital, number of branches, and so on. Therefore, this ratio can provide significant benefits to company owners, management, and other stakeholders, and it can be stated that the profitability ratio can show a company’s success in generating profits over a certain time (Funawati & Kurnia, 2017).

One of the profitability ratios is Return on Assets (ROA) which can be calculated by Earning After-Tax compared to total assets. The higher a company's ROA is, the more efficient it will be in utilizing its assets. Thus, the greater the profits that the company can achieve, the higher the firm value will be.

$$\text{ROA} = \frac{\text{net profit after tax}}{\text{total assets}}$$

Management Statement Disclosure
Management statement disclosure commonly consists of forecasting financial position and disclosing management's strategic plans for the upcoming period (Imaningati Sri, 2016). Management strives to provide the information required by the company’s external parties.

Management Statement Disclosure (MSD) is measured through content analysis of the components disclosed by the board of directors. Information contained in the annual report is divided into two categories, namely mandatory disclosure and voluntary disclosure. Management Statement Disclosure is measured by business operations, social, environment, finance, corporate governance, international standards, human resources improvement, work safety, strategy, and business prospects.

Intellectual Capital
Intellectual capital is an intangible asset that combines human, process, and customer factors to provide the company with a competitive advantage. Intellectual capital denotes a valuable resource as well as the ability to act on knowledge (Heryustriasputri, A., & Suzan, 2019). In addition, intellectual capital is a set of intangible assets such as resources, abilities, and competencies that drive organizational performance and value creation (Puspita, 2014).

If an entity utilizes intellectual capital efficiently, it will increase the market value. An entity has a high value if the company's performance is also good. The following formula expresses intellectual capital:

$$\text{VAIC} = \text{HCE} + \text{SCE} + \text{CEE}$$

Corporate Social Responsibility
CSR disclosure applies a multidimensional concept where investors, regulators, employees, customers, communities, and the environment as stakeholders are at the center. As a result, CSR commitment
positively impacts society, and employees also build a sustainable economy (Liu et al., 2019). The implementation of CSR is a form of commitment made by the company to contribute to improving the quality of life. The level of accountability, transparency, and responsibility of a company towards investors and stakeholders is reflected in the disclosure of its social and economic environmental performance. The disclosure is in the form of an annual or separate report. CSR performance is measured through its activity reports, particularly the content analysis method, which is a method of scoring on the measurement of the disclosure of the annual report, which is carried out by observing the presence or absence of an item of information specified in the annual report.

$$\text{CSRD} = \frac{\text{number of CSR information items disclosed}}{\text{CSR information items according to GRI}}$$

Hypothesis Development

The Effect of Management Statement Disclosure on Profitability

As the information in the management disclosure is complete and open, it can be used to predict the company's performance (Sriwidodo & Sumaryanto, 2017). This is due to the fact that the disclosure content enriches the information obtained by investors (Li, 2017). The components disclosed include business operations, social, environment, finance, corporate governance, international standards, human resources improvement, work safety, strategy, and business prospects. As a result, the more items disclosed are, the better the response from investors will be, resulting in an increase in profitability. The more voluntary disclosures are, the higher the market perception of profitability will be, and so will the firm value.

Based on the description above, this study proposed the following hypothesis:

$$H_1: \text{Management statement disclosure has a positive effect on profitability}$$

The Effect of Intellectual Capital on Profitability

Intellectual capital is recognized as a company asset to generate competitive advantage and financial performance. The better a company manages the three components of intellectual capital, the better it manages assets. Good asset management can increase the return on the number of assets owned by the company. This indicates that good intellectual capital management can generate value-added that can be used to increase profitability, as reflected in the resulting ROA. Knowledge-Based View suggests that firm performance should be defined as a function of the effective and efficient use of the company’s tangible and intangible assets or intellectual ability (Firer and Williams, 2003). If the company has more intellectual capital, it is more likely to have better future performance, which is reflected in its profitability.

This statement is in line with the studies conducted by Faza & Hidayah (2014) and Kuspinta & Husain (2018), which found out that intellectual capital has a positive and significant effect on profitability. The following hypothesis is proposed:

$$H_2: \text{Intellectual capital has a positive effect on profitability}$$

The Effect of Corporate Social Responsibility on Profitability

CSR can be sustainable if the program made by a company is strictly a joint commitment from all elements within the company. The implementation of CSR will increase the firm value seen from the company's profit as a result of investors who invest in the company and will have a positive impact and greater benefits for the company and stakeholders, as well as create a more prosperous and independent community life (Murad, 2020).
Legitimacy theory explains that disclosing corporate social responsibility must be carried out as well as possible so that the company's activities and performance receive a positive response from the community later on. As a result of CSR activities, public trust in the company's products grows, and the company's reputation grows in the public's eye. People are eventually becoming more familiar with the company's products and are more willing to use them, increasing the company's profits, which is reflected in the increased ROA. Hamdani (2014), Waddock and Graves (2007) stated that social responsibility has a positive effect on profitability, so the following hypothesis is proposed:

H3: Corporate Social Responsibility has a positive effect on profitability.

The Effect of management statement disclosure on Firm Value

Based on the Signaling Theory, company managers typically provide a signal to investors in the form of disclosure of complete and transparent information about the company's condition in order to maximize the shares of firm value. This can send a positive signal to investors, allowing stock prices in the capital market to rise as a reflection of the firm value (Nurchanifia, 2012). The need for comprehensive financial statement information is increasingly required by stakeholders, especially investors. Several studies have found that the more the company's voluntary disclosure is, the greater the firm's market perception of the firm value (Imaningati Sri & Mekani Vestari, 2016).

Similarly, the disclosure of management reports (MSD) has resulted in increased value, particularly if more components or items are provided. Therefore, the following hypothesis is proposed:

H4: Management statement disclosure has a positive effect on firm value.

The Effect of Intellectual Capital on Firm Value

Maximizing intellectual capital is one way for companies to increase their firm value. When a company has good intellectual capital, it has an impact on the company because it can increase the company’s competitiveness, which increases the firm value. Therefore, it will attract investors to companies with strong intellectual capital. Knowledge-based human capital has an effect on company performance (Sáenz, & Aramburu, 2017). Education and training are needed in creating intellectual human resources (Ramadhan, Abdurahim, & Sofyani, 2018). According to signaling theory, intellectual capital is a source of company strength that allows it to compete and gain a competitive advantage. Companies that can effectively manage their intellectual capital will increase the market perception of the firm value. Therefore, Intellectual capital is believed to play an important role in increasing the firm value.

Company activities need to be supported by knowledge-based organizations, innovation development, good company external relations, and employees’ capabilities and knowledge (Delgado-Verde, Martín-De Castro & Amores-Salvado, 2016). The following hypothesis is proposed:

H5: Intellectual capital has a positive effect on firm value.

The Effect of Corporate Social Responsibility on Firm Value

CSR has goals and benefits, not only for the company but also for the environment around the company. The purpose of CSR is to satisfy stakeholders and be responsible socially. Therefore, while CSR is beneficial for building a holistic and sustainable economy, it also maximizes reputational income (Liu, M., & Lu, 2019). It will lead stakeholders, particularly the community, to believe that the company has good business ethics, resulting in a positive image.
Chi et al. (2020) and Wirawan et al. (2020) found that the company's reputation and performance improved due to CSR disclosure. In addition, CSR can provide satisfaction to investors, specifically foreign investors, and strengthen employee commitment.

Legitimacy theory explains that disclosing corporate social responsibility must be carried out as well as possible so that the company’s activities and performance receive a positive response from the community later on. In terms of the positive response, it will increase the company’s value in the eyes of the community and will automatically increase profit achievement (Lanis & Richardson 2012).

Through empirical evidence, Cui et al. (2018) demonstrated that CSR initiation could enhance a company's image. It can be realized because initiating CSR reduces the company's information asymmetry and conflicts between managers and other stakeholders. Therefore, the following hypothesis is proposed:

H6: Corporate Social Responsibility has a positive effect on firm value.

The Effect of Profitability on Firm Value

Profitability plays an important role in the company's business because it can demonstrate the company’s efficiency and reflect its performance. Companies with high profits will pique the interest of potential investors. Therefore, companies that generate high profits can demonstrate that they can pay out large dividends to investors (Suwardika, I. A., & Mustanda, 2017). The profitability indicator in Dwiastuti, D. S., & Dillak, (2019)’s study shows the effect of profitability on firm value. This is supported by a study conducted by Ratnasari et al. (2017), which found that profitability significantly affects firm value. According to Sebastian Gryglewicz (2011) in Cahyani & Wirawati (2019), profitability is an important factor for a company if it pays out dividends to investors.

This is because profitability reflects the company’s ability to generate profits to increase firm value. Profitability at a high level indicates that the company's performance and prospects are excellent. If the company's profitability is higher, it will pique the interest of investors who are considering investing in the company. As a result, the company's stock price rises, and the firm's value rises as well. Therefore, the following hypothesis is proposed:

H7: Profitability has a positive effect on firm value.

The Role of Profitability in Mediating Management Statement Disclosure, Intellectual Capital, and Corporate Social Responsibility on Firm Value

Statements from management, in the form of management statements, can be considered competent information for investors' decision-making. To ensure that information presented in financial statements is understood and not misinterpreted, financial statements must be accompanied by disclosures that are neither excessive nor lacking in order to avoid misleading the reader (Statement of Financial Accounting Concepts (SFAC) No. 1). The greater the number of voluntary disclosures is, the better the market perception of financial performance and the firm value. The results of this study are supported by Mainatul Ilmi et al. (2017), who found that management statement disclosure has a positive effect on financial performance and firm value. Accordingly, disclosure of management statement can affect the firm's value through financial performance.

The Knowledge Based View (KBV) assumes that a company can stay competitive if it can manage and use resources within its capabilities. This will resources is supported by the company's
strong intellectual abilities. When resources are managed effectively and efficiently, the company performance improves, which stakeholders, such as investors, will respond to positively. According to Belkaoui (2003), an increase in the distinction between market and book values of financial statements results in the company's investment in intellectual capital. Investors' high firm value and IC result from an efficient market. IC, a quantifiable resource, supports economic performance and firm value (Chen et al., 2005). Previous studies conducted by Belkaoui (2003), Chen et al. (2005), and Tan et al. (2007) prove that intellectual capital has an effect on firm value through firm profitability.

CSR disclosure is carried out by companies to gain legitimacy and a positive assessment from the community (Maryanti, Eny & Tjahjadi, 2013). The public will regard the company as a good entity because it is not only profit-oriented but also concerned with social and environmental issues (Haryati and Rahardjo, 2013). A positive response will pique the interest of investors, encouraging them to invest in the company. One of the factors that investors consider in making investments is the level of return that the company will provide, as measured by the level of ROE. The higher this ratio is, the more likely investors will invest in shares, raising the share price and demand for shares. Maryanti & Tjahjadi (2013) found that CSR has a significant effect on financial performance and financial performance has a significant effect on firm value with ROA as a proxy for financial performance. This means that CSR can affect the firm value through financial performance. Therefore, based on the description and previous studies, the following hypothesis is proposed:

H8a: Profitability mediates the relationship between Management Statement Disclosure and firm value
H8b: Profitability mediates the relationship between Intellectual Capital and firm value
H8c: Profitability mediates the relationship between Corporate Social Responsibility and firm value

Research Framework
The following framework explains the concept of analyzing the factors in determining firm value:

![Figure 1. The Proposed Study](image-url)
RESEARCH METHOD
The population in this study were all companies listed on the Jakarta Islamic Index (JII) and the sample period used was from 2017 to 2019. This purposive sampling technique was used in this study, which is a sample selection based on specific considerations or criteria. The considerations or criteria used in sampling are as follows (a) Manufacturing companies listed on the Indonesia Stock Exchange, (b) Manufacturing companies that consistently publish annual reports and complete good corporate governance reports, (c) Manufacturing companies that publish annual reports in rupiah currency (IDR), and (d) Manufacturing companies that present complete data related to research data.

RESULTS
Descriptive Statistics
Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSD</td>
<td>40</td>
<td>5</td>
<td>9</td>
<td>7.38</td>
<td>1.148</td>
</tr>
<tr>
<td>IC</td>
<td>40</td>
<td>3.0029</td>
<td>64.4296</td>
<td>19.302951</td>
<td>18.0873929</td>
</tr>
<tr>
<td>CSR</td>
<td>40</td>
<td>.1429</td>
<td>.1429</td>
<td>.230769</td>
<td>.0568560</td>
</tr>
<tr>
<td>Profitability</td>
<td>40</td>
<td>.0204</td>
<td>.0204</td>
<td>.118859</td>
<td>.0864232</td>
</tr>
<tr>
<td>Firm Value</td>
<td>40</td>
<td>.5672</td>
<td>.5672</td>
<td>3.717837</td>
<td>4.0695565</td>
</tr>
<tr>
<td>Valid N</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: output from Amos 2021.

Based on the table above, it shows that The Disclosure of Management Statement (X1) variable has a minimum score of 5, a maximum score of 9, a mean or average value of 7.38, a standard deviation of 1.148, with a total data of 40. Because of the mean value > Std. Deviation, meaning that the deviation of the data is lower. Then, the distribution of data for the X1 variable is evenly distributed.

The variable Intellectual Capital (X2) has a minimum value of 3.0029, a maximum value of 64.4296, a mean or average value of 19.3029, a standard deviation of 18.0874, with a total data of 40. Because of the mean value > Std. Deviation, indicating that the deviation of the data is higher, then the distribution of data for the X2 variable is evenly distributed.

The Corporate Social Responsibility (X3) variable has a minimum value of 0.1429, a maximum value of 0.3407, a mean or average value of 0.2308, a standard deviation of 0.0569, with a total data of 40. Because of the mean value > Std. Deviation, it indicates the deviation of the data is lower, then the distribution of data for the X3 variable is evenly distributed.

Profitability variable (Yb1) has a minimum value of 0.0204, a maximum value of 0.34157, a mean or average value of 0.1189, a standard deviation of 0.0864, with a total data of 40. Because of the mean value > Std. Deviation, it means the deviation of the data is lower, then the distribution of data for the Y1 variable is evenly distributed.

Firm Value variable (Y2) has a minimum value of 0.5672, a maximum value of 23.7885, a mean or average value of 3.7178, a standard deviation of 4.0686, with a total data of 40. Because of the mean value < Std. Deviation, it indicates the deviation of the data is higher, then the distribution of data for the Y2 variable is not evenly distributed.
Based on the table above, it shows that the Variables of Management Statement Disclosure (X1), Intellectual Capital (X2), Corporate Social Responsibility (X3), and Profitability (Y1) are evenly distributed, indicating that the mean value is greater than the Standard deviation. In the case of the Firm Value Variable (Y2), the mean value is smaller than the standard deviation, indicating that the deviation of the data that occurs is higher, then the distribution of data for the Y2 variable is not evenly distributed. In this case, however, the data can still be used for further analysis.

**Goodness of Fit**

Based on the results of data processing, it is clear that all goodness of fit criteria have been met.

<table>
<thead>
<tr>
<th>Index Match</th>
<th>Model Results</th>
<th>Recommended value</th>
<th>Model Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>0.8387</td>
<td>9.488</td>
<td>Good</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>2.976</td>
<td>5</td>
<td>Good</td>
</tr>
<tr>
<td>Probability</td>
<td>0.036</td>
<td>0.05</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td>0.923</td>
<td>0.9</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>0.953</td>
<td>0.9</td>
<td>Good</td>
</tr>
<tr>
<td>CFI</td>
<td>0.933</td>
<td>0.9</td>
<td>Good</td>
</tr>
<tr>
<td>NFI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.215</td>
<td>0.08</td>
<td>Good</td>
</tr>
</tbody>
</table>

Source: primary data processed.

Based on table 2 above, the goodness of fit model analysis results indicate that the research model is fit.

**Data Analysis**

Based on Table 3, the equation for the random effect panel data regression model is obtained as follows:

ROA = -0.046 DMS -0.002IC + 0.373 CSR + e  
PBV = – 0.537 ROA + 0.029 DMS – 14.034 CSR + e
Table 4. Indirect Effect Testing

<table>
<thead>
<tr>
<th></th>
<th>CSR</th>
<th>IC</th>
<th>MSD</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability y1</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Firm Value y2</td>
<td>11.687</td>
<td>-.064</td>
<td>-1.435</td>
<td>.000</td>
</tr>
</tbody>
</table>

Based on table 4, profitability has been proven to mediate the relationship between Management Statement Disclosure, Intellectual Capital, and Corporate Social Responsibility on firm value.

**DISCUSSION**

The first hypothesis of this study states that Management statement disclosure has a positive effect on profitability with a significance value of 0.000 (less than 0.05) with a path coefficient value of 0.046 in a negative direction. These results indicate that Management Statement Disclosure is not proven to have a positive effect on profitability. Financial statements must be accompanied by neither excessive nor lacking disclosures to avoid being misleading (Statement of Financial Accounting Concepts (SFAC) No. 1). Meanwhile, the company's profitability is not only influenced by the Management Statement Disclosure.

The second hypothesis of this study states that intellectual capital has a positive effect on profitability with a significance value of 0.000 (less than 0.05) with a path coefficient value of 0.002 in a negative direction, indicating that Intellectual Capital is not proven to have a positive effect on Profitability. Based on the Knowledge-Based View theory, if assets in the form of knowledge are managed properly, they can improve financial performance and firm value. Rahman. S. (2012) and Ousama et al. (2019) stated that the company is not required, and the difficulty in finding reports related to Intellectual Capital in the company's annual reports implies that the identification and measurement of Intellectual Capital within the company is not easily accommodated by traditional accounting practices (Ulum, 2017). Therefore, Intellectual Capital Disclosure (ICD) is difficult for companies to do.

The third hypothesis of this study states that Corporate Social Responsibility has a positive effect on Profitability with a significance value 0.024, which means it is smaller than 0.05 with a path coefficient value of 0.373 in a positive direction. These results indicate that Corporate Social Responsibility has a positive effect on profitability. Companies that are hesitant to engage in CSR activities because the costs will inevitably become a burden that must be incurred by the company thereby reducing revenue, and resulting in a decrease in the company's profit level. The results of this study proved that Corporate Social Responsibility (CSR) has a positive effect on profitability, as companies commit to continuously acting ethically, legally and contributing to economic improvement, as well as improving the quality of life of employees and their families, in addition to improving the quality of local communities and society at large (Wibisono, 2017: 7).

The fourth hypothesis of this study stated that Management statement disclosure has a positive effect on firm value with a significance value of 0.020, which is less than 0.05 with a path coefficient value of 0.537 in a negative direction. These results indicate that management statement disclosure is not proven to have a positive effect on firm value. This contradicts to the study conducted by Nurchanifia (2012), stating that Management Statement Disclosure can trigger an increase in stock prices in the capital market as a reflection of the firm value.

The fifth hypothesis of this study stated that Intellectual capital has a positive effect on firm value with a significance value of 0.032, which is less than 0.05 with a path
coefficient value of 0.029 in a positive direction, indicating that Intellectual Capital has a positive effect on firm value. Based on the investors' points of view, intellectual capital is a source of company strength that can be used to gain a competitive advantage. Thus, companies that can effectively manage intellectual capital will increase market perceptions of firm value. This is in line with the study by Fitriyani and Amalia, (2018); Anggraini, et al. (2018); Sudibya & Restuti (2014); Hidayat & Hairi, (2016), suggesting that the effective management and the use of intellectual capital are proven to increase firm value.

The sixth hypothesis of this study stated that Corporate Social Responsibility has a positive effect on firm value with a significance value of 0.000, which is less than 0.05 with a path coefficient value of 14.034 in a negative direction. Therefore, corporate social responsibility is not proven to affect firm value. The results of this study are in line with the study carried out by Susilawati (2019) and Fajari, M. A., & Isynuwardhana D. (2019).

The seventh hypothesis of this study stated that Profitability has a positive effect on firm value with a significance value of 0.000, which is less than 0.05 with a path coefficient value of 31.37 in a positive direction. These results indicate that profitability has a positive effect on firm value. Profitability shows the company's ability to earn a net profit and is used to measure management's ability to carry out its operational activities.

The eighth hypothesis of this study stated that Profitability mediates the relationship between Management Statement Disclosure, Intellectual Capital, Corporate Social Responsibility on firm value with a significance value of 0.000 which is less than 0.05, indicating that profitability is proven to mediate the relationship between Management Statement Disclosure, Intellectual Capital, Corporate Social Responsibility on firm value.

CONCLUSION
The study's empirical findings conclude that there are determinants of firm value and profitability in mediating the sector companies listed on the Jakarta Islamic Index for the 2016-2019 period. Corporate social responsibility has a significant positive effect on profitability, yet Management Statement Disclosure and Intellectual Capital do not. Profitability and Intellectual Capital have a significant positive effect on firm value, but Management Statement Disclosure and Corporate Social Responsibility do not. Profitability mediation reinforces all independent variables, resulting in a positive effect on firm value for Management Statement Disclosure, Intellectual Capital, and Corporate Social Responsibility.

This study also has some limitations that serve as an initiative for future studies. This study only examined Jakarta Islamic Index, wherein the sample size obtained was relatively small. Future studies should broaden their scope by examining more companies. Furthermore, future studies should elaborate on this study by employing various models, such as good corporate governance and environmental performance as mediating variables.

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Winarsih, Khoirul Fuad
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