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The Effect of Corporate Health Accounting Disclosure and Profitability on Firm Value with Governance as a Moderating Variable: A Quantitative Study of Healthcare Companies in Indonesia

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Abstract
Mental health awareness has risen as a strategic priority in the Indonesian healthcare sector post-COVID-19 pandemic, yet Corporate Health Accounting (CHA) disclosure remains minimal despite its potential to reduce employee burnout costs. This study examines the effect of CHA disclosure and profitability (ROE) on firm value (Tobin's Q), with governance as a moderating variable, in healthcare companies listed on the Indonesia Stock Exchange (IDX). Using a quantitative descriptive-verification approach with panel data regression (Eviews v14), purposive sampling yielded 14 companies (70 observations) from a population of 35 healthcare issuers listed on the IDX (2019-2023). Instruments included the GRI 403-based CHA index (scale 0-6), the OJK governance score (0-5), the ROE formula, and Tobin's Q. The results show that CHA has no significant direct (p=0.7160) or moderated (p=0.4816) effect on firm value, while profitability has a significant positive effect (p=0.00295). The conclusion emphasizes the market's preference for financial metrics over premature social disclosures, recommending improvements in the quality of CHAs and ESG regulatory mandates for long-term value creation.

INTRODUCTION

Employee mental health has become a strategic global issue, particularly in the healthcare sector, which faces extreme pressures, such as during the COVID-19 pandemic. Disorders such as stress, anxiety, and burnout not only reduce work productivity but also increase absenteeism and employee turnover. The World Health Organization (WHO) reports that mental disorders cause 12 billion lost workdays annually globally, with economic losses reaching US$1 trillion (World Health Organization, 2024). In Indonesia, this situation is even more severe, with 83% of medical personnel experiencing prolonged burnout (Liputan6.com, 2021).

This phenomenon has a direct impact on company performance, including a decline in stock prices in the healthcare sector following the release of financial reports (Setiawati, 2023). Recent research shows that employee mental health impacts hospital operational efficiency, with burnout contributing to a decline in nurse performance post-pandemic (Hapsari, 2024). Furthermore, another study confirmed that severe work pressure drives healthcare worker resignations, which in turn undermines service continuity (Kompas, 2021).

However, mental health management through Corporate Health Accounting remains minimally implemented in Indonesia, where healthcare companies tend to neglect reporting costs related to employee well-being. This approach should capture the costs of absenteeism and turnover due to mental health issues, but social stigma and a lack of regulation often overlook this issue. As a result, investors struggle to assess a company's commitment to non-financial aspects, potentially depressing long-term company value (Pilonato & Ricceri, 2015, as cited in the original text).

The problem is further complicated by weak corporate governance hampering the effectiveness of Corporate Health Accounting disclosures. Research by Collins G. Ntim found that high-quality governance strengthens the positive relationship between corporate health disclosures and firm value (Ntim, 2016). However, in developing markets like Indonesia, this practice is suboptimal, resulting in disclosures often being merely symbolic. Furthermore, low profitability limits resource allocation for mental health programs, even though highly profitable companies tend to have better market value (Umar & Tjong, 2021; Anry & Tjong, 2021).

Differences in previous research findings, such as the weak influence of non-financial disclosure on Tobin's Q amid the dominance of financial indicators, create a gap that requires further examination (Dewi, 2022). This factor is exacerbated by Indonesian investors' low sensitivity to social ESG (Morgan Stanley, 2020, as cited in the original text).

This study aims to examine the effect of Corporate Health Accounting disclosure and profitability on firm value (Tobin's Q) in healthcare companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period, with governance as a moderating variable. The urgency lies in the need to improve mental health transparency amidst the post-pandemic recovery, where the Indonesian healthcare sector remains vulnerable to high turnover that is detrimental to investors. The novelty of this study is the integration of GRI 403-based Corporate Health Accounting with OJK governance moderation, which has not been widely explored in the local context, thus contributing to the development of ESG regulations in the Indonesian capital market (Hapsari, 2024; Setyaningsih, 2023).

METHODS

Types and Methods of Research

This study adopts a quantitative approach with a descriptive verification method to objectively describe the causal relationship between the independent variables (Corporate Health Accounting disclosure and profitability/ROE), the moderating variable (corporate governance), and the dependent variable (firm value/Tobin's Q). This approach is suitable for testing the influence and moderation hypotheses through panel data regression analysis, as recommended for empirical studies in financial accounting (Sekaran & Bougie, 2016; Creswell & Creswell, 2023). The descriptive method allows mapping the actual conditions of corporate health disclosure in the Indonesian healthcare sector, while the verification aspect emphasizes empirical hypothesis testing (Sugiyono, 2023).

Data Analysis Instruments and Techniques

The main instruments include the Corporate Health Accounting disclosure index based on GRI 403:2018 (Occupational Health and Safety) with a scale of 0-6, which assesses the depth of information from past to quantitative data, as well as the governance index based on OJK Circular Letter No. 32/SEOJK.04/2015 with a scale of 0-5 based on the volume of paragraphs and diagrams. Quantitative variables are measured using the formula ROE = (Net Income / Total Equity) × 100% and Tobin's Q = (Equity Market Value + Debt) / (Equity Book Value + Debt).

Data were analyzed using Eviews version 14 through panel data regression (Random Effect Model based on the Chow, Hausman, and Lagrange Multiplier tests), classical assumption tests, and t-tests for hypotheses (Sudaryono, 2022; Emzir, 2021).

Population and Sample

The research population includes 35 healthcare sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period, with secondary data from the official website.www.idx.co.id, annual reports, and sustainability reports. The sample was selected through purposive sampling, with the criteria being actively operating companies, publishing complete reports, and having available data. This resulted in 14 companies over a five-year period (a total of 70 observations). This technique ensures representativeness and reduces bias, in accordance with standard practice in IDX panel studies (Sugiyono, 2023; Emzir, 2021).

Research Procedures

The procedure begins with secondary data collection from the IDX and company reports, followed by manual coding of the disclosure index by the researcher. The data is then imported into Eviews for cleaning, descriptive statistics, stationarity testing, and selection of the best panel model. The analysis continues with classical assumption tests (multicollinearity, heteroscedasticity, autocorrelation) and t-tests to verify direct and moderation effects. The entire process adheres to research ethics with data transparency, as outlined in contemporary methodological guidelines (Creswell & Creswell, 2023; Sudaryono, 2022).

RESULTS AND DISCUSSION

Table 1
First Hypothesis t-Test Table

Variable	*Coefficient*	*Std.Error*	*t-Statistic*	*Prob.*
C	1.147966	0.260829	4.401230	0.0000
X1	-0.386660	1.058256	-0.365375	0.7160
Z	-0.332519	0.151698	-2.191982	0.0319
X1*Z	0.410870	0.580557	0.707716	0.4816

Source: Eviews Processing Results

The results of the panel data regression test show that the best model for the first hypothesis is the Random Effect Model (REM) based on the Chow test, Hausman test and Lagrange Multiplier test. The hypothesis test produces a Prob. value of 0.7160 which is greater than 0.05, which means that Corporate Health Accounting disclosure (X1) does not have a significant effect on company value. Similarly, the t-test on the interaction variable of Corporate Health Accounting and Governance (X1*Z) obtained a Prob. value of 0.4816 > 0.05, so H0 is accepted and H1 is rejected, which means that the Corporate Health Accounting variable does not have a significant effect on the value of health sector companies in Indonesia and governance as a moderating variable does not change the relationship between the two variables.

Table 2
Results of the Second Hypothesis t-Test

Variable	*Coefficient*	*Std.Error*	*t-Statistic*	*Prob.*
C	2.139753	0.1361634	15.714602	5.41473
X2	3.536877	1.1368868	3.1110201	0.00295

Source: Eviews processing results

Meanwhile, for the second hypothesis, the t-test results on the profitability variable (X2) showed a Prob. value of 0.00295, which is less than 0.05. Therefore, it can be concluded that profitability has a positive and significant effect on company value. Thus, only the profitability variable was proven statistically significant in increasing the value of healthcare sector companies during the study period.

The results of this study indicate that Corporate Health Accounting (CHA) disclosures do not significantly impact the value of healthcare sector companies in Indonesia, although they are moderated by governance variables. This can be explained by several factors. First, most companies still provide partial and symbolic CHA disclosures, which tend not to have a significant impact on investor perceptions.(Pilonato & Ricceri, 2015)Second, the level of awareness and integration of social aspects within the ESG framework is still low in the capital markets of developing countries, such as Indonesia, so that investors have not yet used CHA disclosure as a basis for making company investment decisions.(Morgan Stanley, 2020)Third, the effects of the CHA program are long-term and not yet directly reflected in market performance as measured by the Tobin's Q ratio. Fourth, suboptimal corporate governance weakens the credibility of non-financial information such as CHA, making the market doubt the seriousness of its implementation. Finally, investors tend to respond more to traditional financial indicators such as profitability (ROE), as regression results show that profitability has a significant effect on company value. Thus, although CHA is important from a social and sustainability perspective, its impact on company value remains limited without the support of strong governance and a mature market perception of ESG issues.

CONCLUSION

This study reveals that Corporate Health Accounting (CHA) disclosure exerts no significant direct or moderated effect (via corporate governance) on firm value (Tobin's Q) among Indonesian healthcare firms listed on the IDX from 2019-2023, as evidenced by non-significant t-statistics (p=0.7160 for CHA and p=0.4816 for interaction term). In contrast, profitability (ROE) demonstrates a strong positive and significant influence (p=0.00295), underscoring the Indonesian capital market's preference for traditional financial metrics over non-financial social disclosures. These results align with agency and signaling theories, highlighting persistent investor skepticism toward symbolic CHA reporting amid weak ESG integration in emerging markets. Practically, firms should prioritize substantive CHA enhancements integrated with robust governance to foster long-term value, while regulators like OJK could mandate comprehensive social reporting standards to elevate market responsiveness.

Despite its contributions, this research faces limitations, including reliance on secondary data from 14 firms (70 observations), potentially limiting generalizability beyond healthcare, and subjective content analysis of disclosures prone to coder bias. Future studies could expand to multi-sector panels, incorporate longitudinal primary surveys on investor perceptions, or explore advanced moderators such as institutional ownership. These extensions would refine insights into

ESG's evolving role in firm valuation, guiding policymakers toward incentives for holistic sustainability reporting in Indonesia.

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