

The Influence of Financial Distress and Intellectual Capital on Company Value with Company Size as a Moderating Variable in the Tourism and Recreation Industry

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ABSTRACT

This study examines company value in the tourism and recreation industry in the post-pandemic period, where tourism recovery has not increased company value, which is related to financial distress and intellectual capital management. This study uses a quantitative approach. The population consisted of 47 companies, of which 10 were selected using purposive sampling. Data were analysed using panel data and moderated regression analysis with EViews 12. The results show that financial distress negatively affects company value, while intellectual capital has no effect. Company size strengthens the effect of financial distress and weakens intellectual capital. These findings indicate that financial distress remains the dominant factor influencing company value, and intellectual capital is not fully reflected.

INTRODUCTION

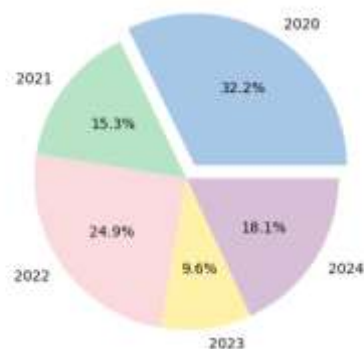
The tourism and recreation industry is a strategic sector that plays a vital role in the national economy, contributing to Gross Domestic Product, employment, and foreign exchange earnings. The government has positioned the tourism sector as a key driver of economic recovery following the COVID-19 pandemic, given its significant role in driving economic activity and job creation. (Kementerian Pariwisata Republik Indonesia, 2025)

The recovery of the tourism sector is reflected in increased tourism activity in 2023. Data from Badan Pusat Statistik 2024 shows that the number of foreign tourist visits increased by 98.30% compared to 2022, with the largest increases at Ngurah Rai Airport (143.64%) and Soekarno-Hatta Airport (108.95%). This increase indicates that demand for tourism services is starting to recover after a prolonged period of social restrictions.

However, the rise in tourist numbers hasn't necessarily led to better performance for companies in the tourism and recreation sector. Company values in this industry have declined, though they remain above one, indicating overvaluation. Yet, this doesn't always reflect a company's true health. Several studies show that high company values can sometimes be linked to financial risks. Lim & Mali (2024) found that firms with high Tobin's Q are more prone to default risk. Additionally, Song et al. (2024) explain that overvaluation might encourage management to focus on short-term decisions to protect the company's image, which can harm long-term performance.

The company's consistent negative net income over five years signals underlying health issues. High operating costs, especially for labor and fixed expenses, impede Profitability recovery despite a rebound in tourism activity. Its rigid cost structure makes short-term adjustments difficult when revenues haven't fully stabilized (Crespí-Cladera et al., 2021).

This is supported by the illustration of average financial distress in the tourism and recreation sector from 2020 to 2024, as shown below.



Source : www.idx.co.id

Figure 1. shows the average level of financial distress in the tourism and recreation industry

The graph clearly indicates that companies continue to face ongoing financial difficulties. Throughout the study period, they experienced financial distress, which peaked in 2020 and persisted through 2024, despite some signs of recovery in 2023. This indicates that tourism and recreation companies have not

fully rebounded. While the company's valuation remains above one — suggesting overvaluation — on average, these firms still struggle financially. This difference suggests that high market valuations are not entirely supported by the company's actual financial health and operational results.

Beyond financial considerations, a company's capacity to create value through intellectual capital management is vital to assessing its worth. Intellectual capital demonstrates how effectively a company uses human resources, structural assets, and productive resources to create additional value. Nonetheless, the growth of intellectual capital in the tourism and recreation sector shows variability, suggesting that intellectual resource management is still not fully optimized or sustainable (Yunita & Prastiwi, 2021; Tangngisalu, 2021)

Conversely, a company's size also affects its capacity to endure financial stress. Larger firms typically have larger land holdings and greater operational resilience, which can help mitigate the effects of financial difficulties and intellectual capital constraints on company value. (Agustina & Malau, 2023)

Despite a 98.30% rise in tourist arrivals in 2023, tourism and recreation companies did not perform as expected. Instead, their value dropped by 27.98% since 2022. Over this period, these companies experienced five consecutive years of negative net profits, with losses rising to 76.6% in 2024 and financial distress increasing to 88.2%. Additionally, fluctuations in intellectual capital values and reductions in company size were observed. These issues suggest that internal pressures, rather than increased tourist demand, may be driving the decline in company value.

Research regarding the impact of financial distress on firm value continues to produce inconsistent findings. Some scholarly works demonstrate that financial distress negatively influences firm value (Putri et al., 2025; Monica & Sulfitri, 2023; Yadav, 2025), suggesting a decline in investor confidence. Conversely, other studies indicate that financial distress does not significantly affect firm value (Silitonga et al., 2025; Sudarma & Sari, 2020; Agustina & Malau, 2023), implying that investors do not invariably consider distress the primary criterion for evaluating a company's value. These divergent results underscore the ongoing ambiguity in the relationship between financial distress and firm value, thereby necessitating further investigation.

Furthermore, intellectual capital also yields mixed results. Most studies have found that intellectual capital has a positive effect on firm value because it can increase efficiency and competitive advantage (Jaunanda et al., 2024; Soewarno & Ramadhan, 2020; Gantino & Alam, 2020; Yunita & Prastiwi, 2021; Tangngisalu, 2021). However, Ningrum and Sapari (2021) found that intellectual capital has a negative effect on firm value, indicating that not all investors respond positively to such information. This inconsistency suggests that the role of intellectual capital in increasing firm value requires further study.

Furthermore, firm size is suspected to influence this relationship; however, prior research has not yielded consistent conclusions. Agustina and Malau (2023), Setiawan and Arismaya (2025), and Ariasinta et al. (2024) have demonstrated that firm size can augment the impact of financial distress and intellectual capital on firm value. Conversely, Suripto and Islami (2024) found

that firm size did not moderate this relationship. This discrepancy in findings indicates that the role of firm size as a moderating factor remains uncertain.

Given this trend and the variations in prior research findings, there is a clear research gap, particularly in the tourism and recreation sector following the COVID-19 pandemic. Consequently, this study examines how financial distress and intellectual capital affect company value, with company size serving as a moderating factor, for the years 2020–2024.

THEORETICAL REVIEW

Signaling Theory

This theory describes how information is communicated between parties to reduce information asymmetry (Spence, 1978). In capital markets, a company's value serves as an indicator of its health and future prospects. Investors use company value to gauge performance, stability, and growth potential. According to signaling theory, a high company value signals positive prospects to investors, while a low value signals concerns (Cahyani et al., 2024). Nonetheless, company value may not always accurately reflect a company's true condition since it can be affected by market perceptions and expectations, which might not align with the company's internal financial situation.

Pecking Order Theory

Myers and Majluf (1984) proposed this theory, which explains financing decisions through information asymmetry – a factor not addressed in the trade-off theory. Financial distress is linked to this model because reduced internal funding compels firms to depend more on debt, heightening the risk of financial distress (Myers & Majluf, 1984). When a company lacks adequate equity, it relies more heavily on debt, which can further strain its financial health and increase the likelihood of distress.

Stakeholder Theory

This theory highlights that organizations need to perform activities valued by stakeholders and communicate their actions. In the realm of intellectual capital, stakeholder theory stresses that management has a duty to manage the company ethically and fairly for the benefit of all stakeholders (Deegan, 2004). Proper management of intangible assets enables companies to generate added value that benefits multiple parties, promoting sustainability and fostering long-term stakeholder relationships.

Legitimasi Theory

Legitimacy theory suggests that companies should engage in and reveal activities aligned with societal values and expectations to earn social acceptance (Deegan, 2004). Regarding intellectual capital, managing and disclosing intangible assets enables companies to showcase their value creation and sustain their business operations (Ulum, 2013). Such disclosure of intellectual capital allows companies to demonstrate that their actions and performance meet societal expectations, helping to preserve social trust and support.

Company Value

Company value represents the total current worth of all expected revenues from the company's operational activities (Dang et al., 2020). In this research, Tobin's Q is used as a proxy for company value because it captures the link between a company's market value and its assets, also indicating market confidence in the company's future prospects (Suhendar & Santi Paramita, 2024). Unlike PER, which emphasizes earnings per share, and PBV, which compares market price to book value, Tobin's Q reflects a company's capacity to generate added value from its managed assets (Chung & Pruitt, 1994) The formula used is:

$$Q = \frac{(EMV + D)}{(EBV + D)}$$

Financial Distress

Financial distress occurs when a company cannot fulfill its financial obligations, often serving as the initial step before bankruptcy. This situation not only affects the company's finances but can also disrupt its overall operations, potentially leading to liquidation if not swiftly addressed (Kristanti, 2019). It is typically marked by a prolonged decline in financial performance and raises the risk of bankruptcy (Khasanah et al., 2024). In this research, financial distress is measured using the Springate (S-Score) model, which effectively detects potential financial problems by analyzing profitability, liquidity, and operational efficiency ratios (Simatupang et al., 2024) . Companies with an S-Score below 0.862 are classified as experiencing financial distress, whereas those with an S-Score of 0.862 or higher are deemed financially healthy. A lower S-Score signifies a greater level of financial distress.

$$S = 1,3A + 3,7B + 0,66C + 0,4D$$

Intellectual Capital

Intellectual capital encompasses the total value created from three crucial organisational components: human capital, structural capital, and customer capital, all rooted in knowledge and technology. These components enhance value by improving the quality of human resources, organisational efficiency, and the strength of customer relationships (Arifin et al., 2021). To evaluate intellectual capital more accurately, this study employs the Value Added Intellectual Capital (VAIC) method developed by Pulic (1998). VAIC's strength lies in its use of standardised, readily available financial statement data, making assessments objective and allowing for comparisons between companies and over time. Consequently, VAIC is suitable for measuring how effectively intellectual assets are utilised to generate company value. The VAIC formula is shown below.

$$VAIC = VA + VACA + VAHU + STVA$$

Company Size

Company size refers to a company's total assets, typically measured as the natural logarithm of total assets (Hartono, 2012). This method is popular in financial research because it more accurately reflects a company's scale in a

proportional manner (Nuur et al., 2024). According to Law Number 20 of 2008, Article 6, Indonesian businesses are categorized as micro, small, or medium enterprises based on their net assets and annual sales. Micro enterprises have net assets up to IDR 50 million or sales up to IDR 300 million. Small enterprises have net assets between IDR 50 million and IDR 500 million, or sales between IDR 300 million and IDR 2.5 billion. Medium enterprises have net assets of IDR 500 million to IDR 10 billion or sales of IDR 2.5 billion to IDR 50 billion. The formula applied in this study is as follows:

$$Size = \ln (\text{Total Aset})$$

The Relationship between Financial Distress and Company Value

Financial distress indicates a company's financial difficulties and signals to investors its ability to sustain operations. When a company faces challenges meeting its financial obligations, the perceived risk of bankruptcy rises, reducing investor confidence. This situation causes the market to devalue the company. According to the pecking order theory, companies prefer to finance themselves internally before seeking external funds. During financial distress, internal funding options become limited, forcing the company to depend more on debt. This increases its financial burden and risk, which investors view negatively. As a result, rising financial distress diminishes market confidence and reduces the company's valuation.

Research by Sudarma and Sari (2020), Putri et al. (2025), Selvia & Virna Sulfitri (2023), Saputra et al. (2021), and Kusumawati & Haryanto (2022) confirms that financial distress has a negative effect on company value, as rising financial strain sends adverse signals to investors, thereby eroding market confidence and decreasing company value.

H1: Financial distress negatively impacts company value

Relationship between Intellectual Capital and Company Value

Intellectual capital indicates a company's capacity to manage knowledge resources, human resources, and organizational systems to generate added value. Effective management of intellectual capital can enhance operational efficiency, foster innovation, and boost competitiveness, thereby improving overall company performance and future opportunities. According to stakeholder theory, companies are responsible for managing resources, including intangible assets, to serve stakeholders' interests. Proper intellectual capital management demonstrates a company's ability to produce value that benefits various parties. Legitimacy theory further suggests that managing and disclosing intellectual capital can help companies gain social acceptance by showing their activities align with societal values and expectations. Research from Tangngisalu (2021), Gantino & Alam (2021), Soewarno et al. (2020), and Yunita & Prastiwi (2021) confirms that intellectual capital positively influences company value. These studies indicate that strong intellectual capital management, as seen in the VACA, VAHU, and STVA components, can enhance market perception, as companies with robust intellectual capital are viewed as having greater value creation potential and promising prospects.

H2: Intellectual capital has a positive effect on company value

The Relationship between Financial Distress and Company Value and Company Size as a Moderating Variable

Company size affects how much financial distress impacts a company's value. Larger firms typically possess stronger assets, greater access to funding, and more flexibility in making operational adjustments and financial restructuring during financial difficulties. Consequently, the market views large companies as more likely to recover, making the decline in their value due to financial distress generally less severe than in smaller companies.

This is supported by Agustina & Malau (2023), who found that while financial distress decreases company value, its effect is weaker in bigger companies. Therefore, company size serves as a moderating factor, reducing the negative impact of financial distress on value. Nonetheless, being large does not automatically prevent a company from facing financial distress, as both large and small firms can experience financial problems caused by other internal factors (Yosandra & Sembiring, 2022).

H3: Company size moderates the effect of financial distress on company value.

The Relationship between Intellectual Capital and Company Value with Company Size as a Moderating Variable

Large companies are generally expected to manage their intellectual capital more effectively thanks to their more developed resources, technology, and organizational structures. However, empirical evidence shows that the impact of intellectual capital on company value does not always grow with company size. Studies such as Suropto & Islami (2024) and Setiawan & Arismaya (2025) have found that larger size does not consistently enhance the link between intellectual capital and company value. This suggests that in large companies, value is often more influenced by financial stability and tangible assets than by intellectual capital management. Although some research presents conflicting results, the overall trend indicates that company size does not necessarily strengthen, and may even diminish, the effect of intellectual capital on a company's valuation.

H4: Company size moderates the influence of intellectual capital on company value.

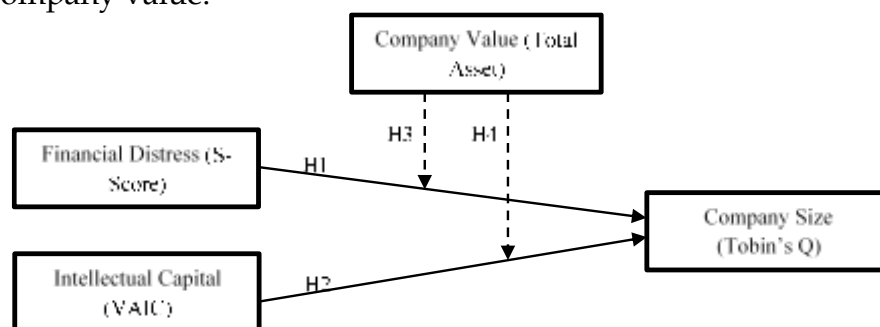


Figure 2. Conceptual Framework

METHODOLOGY

This study employs a quantitative approach utilizing panel data from the financial reports of tourism and recreation companies listed on the Indonesia Stock Exchange from 2020 to 2024. It examines how financial distress and intellectual capital influence company value, with company size acting as a moderating variable. The population includes all tourism and recreation firms listed on the exchange. This study uses a non-probability sampling technique, specifically purposive sampling, due to data constraints and inconsistencies. Purposive sampling was applied by selecting samples based on predetermined criteria relevant to the research objectives. Ten companies were selected based on criteria such as continuous listing, complete quarterly financial reports, at least three consecutive net losses indicating financial distress, full data availability for all variables, and no delisting, yielding 200 quarterly observations. The data were sourced from financial reports published by the Indonesia Stock Exchange. The analysis utilized panel data regression and Moderated Regression Analysis (MRA) to assess the impact of financial distress and intellectual capital on company value, considering company size as a moderating factor. The testing process included descriptive statistics, classical assumption tests, selection of the panel model (Chow, Hausman, and LM tests), and hypothesis testing using t-test, F-test, and the coefficient of determination, all conducted with EViews 12.

RESULTS

Descriptive Statistical Analysis

Table 1. Results of the descriptive statistical analysis

Variable	Mean	Std. Dev	Max	Min	Obs.
Tobin's Q	1.7861	1.4645	7.0446	0.2735	200
FD	-0.0109	0.4510	3.4268	-2.3782	200
IC	-1.4085	42.2557	63.8022	-589.3326	200
SZ	25.9622	2.3709	28.3881	19.7756	200

Source: Data processed with Eviews 12, 2026

Table 1 shows the data characteristics of each research variable. Financial variables have a minimum value of -2.3782 and a maximum value of 3.4268. This minimum value indicates that some companies are under significant financial stress, as a lower Springate value indicates a higher risk of financial distress. Meanwhile, the maximum value reflects companies with relatively better financial conditions during the research period. The average financial distress value was -0.0109, indicating that companies were generally in financial distress.

The intellectual capital variable had a minimum value of -589.3326 and a maximum value of 63.8022. The very low minimum value indicates that some companies have not been able to optimally create value from managing their intellectual capital and even exhibit inefficiencies in using intellectual resources. Conversely, the maximum value indicates that some companies manage their intellectual capital very well, resulting in high added value. The average

intellectual capital value was -1.408527, indicating that companies, overall, have not optimally created added value through intellectual capital.

The company size variable ranges from 19.7756 to 28.3881. The minimum value indicates companies with relatively small asset scales, while the maximum value reflects companies with large asset scales. The average company size is 25.9622, indicating that companies are generally medium to large.

The company value variable ranges from 0.2735 to 7.0446. The minimum value indicates that some companies are undervalued by the market, indicating low investor confidence in their prospects. Conversely, the maximum value indicates that some companies have very high market valuations relative to their assets, reflecting investor optimism about their performance and growth prospects. The average Tobin's Q value is 1.7861, indicating that companies' market values generally exceed the book values of their assets.

Panel Data Regression Analysis

Table 2. Results of the panel data regression analysis

Dependent Variabel: Tobin's Q				
Sample: 2020Q1 2024Q4				
Method: Panel EGLS (Cross-section random effects)				
Periods Included: 20				
Cross-sections Included: 10				
Total panel (balanced) observations: 200				
Variabel	Coefficient	Std. Error	t-statistic	Prob.
Tobin's Q	1.7824	0.1564	11.3951	0.0000
FD	-0.6143	0.2268	-2.7081	0.0074
IC	0.0021	0.0024	0.8825	0.3786
Weighted Statistics				
R-squared		0.0397	Mean Dep Var	1.1415
Adjusted R-squared		0.0300	S. D dep var	1.4285
F-statistic		4.0766	Durbin-watson staat	0.5925
Prob (F- statistic)		0.0184		

Source: Data processed with Eviews 12, 2026

Table 2 shows the results of a panel data regression analysis performed using the Panel EGLS method with a random effects approach for companies in the tourism and recreation sectors. The dependent variable examined is company value. The partial test results reveal that financial distress has a negative impact on company value, with a p-value of 0.0074, which is less than 0.05. This suggests that higher levels of financial distress significantly lead to a lower company value. This outcome demonstrates that the market reacts negatively to financial distress, as it raises perceptions of risk and uncertainty about the company's sustainability. Conversely, intellectual capital does not significantly influence company value, with a p-value of 0.3786, above the 0.05 threshold. This indicates that, during the study period, investors did not view intellectual capital as a key factor in evaluating tourism and recreation companies. Market valuations

appeared to be more affected by immediate, observable financial conditions rather than long-term assets. The Adjusted R-squared of 0.0397 shows that financial distress and intellectual capital together explain only about 3.97% of the variation in company value, suggesting that most of the variation is driven by factors outside the model. Nonetheless, the F-test p-value of 0.0184, below 0.05, confirms that the overall model is statistically significant and appropriate for analyzing the relationships among the variables.

F-test (simultaneous)

Table 3. F-test results

F _{count}	F _{table}	Prob. F	α	Decision	Conclusion
4.0766	3.04	0.0184	0.05	H ₀ rejected	Significant

Source: Data processed with Eviews 12, 2026

The test results indicate that the calculated F value exceeds the F table value. According to the F-test criteria, this suggests that the independent variables collectively affect company value, as measured by Tobin's Q. Therefore, the regression model is deemed feasible and capable of explaining the combined effect of the independent variables on company value, although the influence of each variable may differ.

Moderate Regression Analysis

Table 4. Results of Moderate Regression Analysis

Dependent Variabel: Tobin's Q				
Sample: 2020Q1 2024Q4				
Method: Panel Least Squares				
Periods Included: 20				
Cross-sections Included: 10				
Total panel (balanced) observations: 200				
Variabel	Coefficient	Std. Error	t-statistic	Prob.
Tobin's Q	0.7677	0.0427	17.9800	0.0000
FD	0.0223	0.0195	1.1448	0.2538
IC	0.0000	0.0000	-0.2944	0.7688
SZ	-0.0325	0.0016	-20.3794	0.0000
FD* SZ	0.0406	0.0001	349.6460	0.0000
IC* SZ	-0.0007	0.0003	-2.3767	0.0185
Cross-section fixed (dummy variables)				
R-squared	0.9990		Mean Dep Var	1.7861
Adjusted R-squared	0.9990		S. D dep var	1.4645
F-statistic	13709.88		Durbin-watson staat	0.7599
Prob (F- statistic)	0.0000			

Source: Data processed with Eviews 12, 2026

Table 4 presents the results of a moderated regression analysis examining how company size moderates the relationship between financial distress and intellectual capital on company value in the tourism and recreation sector listed

on the Indonesia Stock Exchange for 2020–2024. The FD*SZ variable reflects the interaction between financial distress and company size. The results indicate a p-value of 0.0000, which is less than 0.05, suggesting that company size significantly moderates the link between financial distress and company value. A positive coefficient shows that larger firms experience a stronger effect of financial distress on their value. Conversely, the IC*SZ variable represents the interaction between intellectual capital and company size. Its p-value of 0.0185, which is also below 0.05, confirms the moderating effect. A negative coefficient suggests that as company size increases, the impact of intellectual capital on company value diminishes, indicating that the influence of intellectual capital is less in bigger companies.

DISCUSSION

The Effect of Financial Distress on Company Value

This study demonstrates that financial distress negatively affects company value in the tourism and recreation sector from 2020 to 2024. The findings suggest that higher levels of financial distress correspond to lower company valuation, as financial stress—marked by an inability to meet obligations—diminishes investor confidence. This condition indicates that investors interpret financial distress as a negative signal regarding the company's financial stability and future prospects. Investors tend to view financially distressed companies as high risk, which reduces their market valuations. This decline indicates the market's negative response to the company's internal financial health and reflects investor concern about business continuity.

Additionally, tourism and recreation firms rely on continuous financing and incur high fixed costs. When distressed, limited funds hinder their ability to maintain facilities and service quality, which can lead to declines in performance and competitiveness. Such circumstances reinforce investors' negative outlook, making financial distress a signal of lower company value and increasing uncertainty regarding future returns.

These findings align with research by Putri et al. (2024), Selvia & Virna Sulfitri (2023), and Yadav & Asongu (2025), who noted that rising financial stress diminishes investor confidence, thereby lowering company value. Conversely, the results contrast with studies by Maulina Silitonga et al. (2025), Sudarma & Sari (2020), and Agustina & Malau (2023), which suggest that financial distress does not significantly impact company value because investors expect financial risks. This difference indicates that financial distress remains an important consideration in market valuation in the tourism and recreation sector.

The Influence of Intellectual Capital on Company Value

The test results indicate that, from 2020 to 2024, intellectual capital does not influence company value in the tourism and recreation sector. This suggests that the impact of intellectual capital has not yet been fully captured in market valuations during this period. This condition indicates that investors may not immediately recognize intellectual capital as a factor that directly improves company performance or financial outcomes. During the recovery phase, investors

tend to prioritize a company's ability to sustain operations and improve financial health, especially after the pandemic period.

Market valuations are more heavily influenced by direct, observable indicators such as revenue generation and cash flow than by the long-term, less visible benefits of intellectual capital. As a result, the contribution of managing intellectual capital has not become a key factor in enhancing company value, and investors may focus more on short-term financial performance.

Additionally, the reliance of tourism and recreation companies on physical services and facilities makes their value more responsive to current operational performance than to the development of internal knowledge or systems. Until companies focus more on boosting financial results, the market has yet to fully recognize the benefits of intellectual capital in terms of increased company valuation. This indicates that intellectual capital is not yet considered a dominant factor in determining company value in this sector.

This finding contrasts with most previous studies that reported a positive link between intellectual capital and company value (Jaunanda et al., 2024; Soewarno et al., 2020; Gantino & Alam, 2021; Yunita & Prastiwi, 2021; Tangngisalu, 2021). However, it is consistent with research by Ningrum & Sapari (2021), which suggests that in certain sectors, investors do not yet fully perceive intellectual capital as a key driver of company value.

The Effect of Financial Distress on Company Value with Company Size as a Moderating Variable

The results show that company size amplifies the negative effect of financial distress on company value in the tourism and recreation sector from 2020 to 2024. Larger firms experience a more pronounced decline in value during financial distress. This indicates that company size plays an important role in strengthening the market reaction to financial distress.

Larger companies typically have more complex operations and greater funding requirements. When these firms face financial difficulties, the market more readily detects distress because of higher asset values, liabilities, and risk exposure. This heightened visibility prompts greater investor focus on the company's ability to maintain financial health and business continuity, which in turn increases perceptions of financial distress.

Additionally, large companies attract more attention from investors and the public, so financial trouble in these firms often triggers stronger market reactions compared to smaller companies. Consequently, their value tends to decline more significantly, indicating that company size amplifies the adverse effects of financial distress and makes it a more dominant factor in determining company value.

Contrary to Agustina & Malau (2023), who claimed that company size diminishes the negative impact, this study finds that larger companies are more sensitive to financial distress, which leads to a stronger decline in company value due to market perceptions.

The Effect of Intellectual Capital on Company Value with Company Size as a Moderating Variable

The results show that company size moderates and diminishes the impact of intellectual capital on company value in the tourism and recreation sector for 2020–2024. This indicates that larger firms see a weaker link between intellectual capital and company value, and intellectual capital becomes less influential as company size increases.

Larger companies typically possess well-established physical assets, operational systems, and resources. In such cases, company value is more affected by tangible assets and financial stability than by intellectual capital management. This condition indicates that investors may rely more on financial strength and asset size in assessing large companies.

As a result, increases in intellectual capital do not lead to immediate market recognition of higher company value. Additionally, the organizational complexity of large companies can obscure the benefits of intellectual capital, making their impact less visible in performance and market valuation.

Investors generally assess large firms based on their scale and efficiency, which weakens the influence of intellectual capital on company value. Therefore, company size reduces the effect of intellectual capital on company value, indicating that it is not yet a dominant factor in larger companies.

This study's findings contrast with those of Ariasinta et al. (2023), who argued that company size amplifies the influence of intellectual capital. However, they agree with Suropto & Islami (2024) and Setiawan & Arismaya (2025), who found that company size does not consistently strengthen the link between intellectual capital and company value.

CONCLUSIONS AND RECOMMENDATIONS

This study indicates that companies in the tourism and recreation sector are valued by both their financial health and company-specific traits. Financial distress highlights the importance of financial pressure as a key factor for investors when evaluating a company's outlook. Meanwhile, intellectual capital has yet to significantly influence a company's value, suggesting that its advantages are not fully reflected in market valuations in this industry. Market assessments remain more focused on tangible assets, operational efficiency, and financial stability than on intellectual capital management. Additionally, company size moderates these effects: it amplifies the impact of financial distress on company value but reduces the influence of intellectual capital. This underscores the need for tailored strategies based on a company's financial status and scale, as market reactions to financial pressure and intellectual capital vary with company characteristics. For tourism and recreation firms, prioritizing sound financial management is essential to lower the risk of financial distress, especially for larger companies. Moreover, the ongoing development of intellectual capital is crucial to ensure its benefits are reflected in higher company value. Investors should consider both financial health and company size when making investment decisions.

FURTHER STUDY

Further research should consider including additional variables that affect company value, such as profitability, liquidity, leverage, ESG factors, or good corporate governance. These could enhance the model's accuracy in explaining variations in company value. Additionally, future studies might explore other industry sectors or extend the observation period to gather more comprehensive data and improve generalizability. Using different analytical methods can also provide deeper insights into the factors that affect a company's value in the capital market.

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