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Human Capital Efficiency, Free Cash Flow, Corporate Sustainability Performance and Internal Auditors

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ABSTRACT: Corporate Sustainability Performance is linked to the company's business strategy, which aims to benefit stakeholders while improving people's lives and protecting the environment. This study aims to examine the effect of Intelectual Capital and Free Cash Flow on Corporate Sustainability Performance with Internal Auditors as the moderating variable in this research. Intellectual Capital is proxied by Human Capital Efficiency, Structural Capital Efficiency and Capital Employed Efficiency. Meanwhile, Corporate Sustainability Performance is proxied by the CSR index which is based on the 2016 Global Reporting Initiative Standard. The population of this study are companies included in the LQ45 Index during the 2017- 2021 period. The sample was selected using purposive sampling method and 20 companies were selected as the research sample. The results of this study indicate that Human Capital, have no significant effect on the Company's Sustainability Performance. Meanwhile, Free Cash Flow has a significant positive effect on the Company's Sustainability Performance. Internal auditors can weaken the relationship between Human Capital and Corporate Sustainability Performance, the relationship between Free Cash Flow and Corporate Sustainability Performance. Meanwhile, the Internal Auditor can strengthen the relationship between Capital Employed and Corporate Sustainability Performance. The results of this study have an impact on company management to consider the company performance and as information for investors in determining investment decisions.

KEYWORDS*:* Corporate Sustainability Performance, Human Capital Efficiency, Free Cash Flow, Internal Auditor

I. INTRODUCTION

The existence of environmental issues is the background for the birth of the concept of sustainability (sustainability). This concept was first introduced by the World Commission on Environment and Development (WCED) or also known as the Brundtland Commission in 1987. WECD describes sustainability as an approach "*meeting the needs of the present without compromising the ability of future generations to meet their needs*". This concept also produces the theory of the Triple Bottom Line which was initiated by John Elkington in 1994. The Triple Bottom Line (TBL) states that companies must be committed to focusing on social and environmental issues as much as companies focusing on profits. The Triple Bottom Line theory states that instead of one bottom line, there should be three: profit, people and planet. The Triple Bottom Line seeks tomeasure the level of corporate commitment to corporate social responsibility and its impact on the environment over time (Kenton, 2022) . The sustainability report is linked to the company's business strategy, which aims to benefit stakeholders while improving people's lives and protecting the environment. As time goes by, companies are starting to realize their responsibilities in terms of sustainability because of the negative impact it has on society and the environment. With regard tosustainability, today's companies have made strategies and policies for corporate social responsibility (Vale et al., 2022). February 1997, every six months IDX will conduct an evaluation to select 45 companies that meet the criteria to into LQ45. One of these criteria is to have good financial condition and growth prospects. Companies with good conditions are considered to able to fulfill their responsibilities to shareholders, but can also fulfill their environmental and social responsibilities which can be reflected in their social responsibility reports. In Figure 1, we can see the trend of disclosure of the LQ45 corporate social responsibility report from 2017 – 2022.

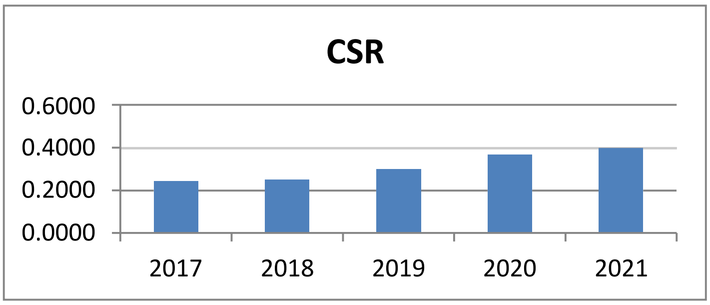

Figure 1. LQ45 Index CSR Development 2017 – 2021

Source: processed data

In 2018 the average value of the CSR Index for companies in the LQ45 Index increased by 0.44% compared to 2017. Then in 2019 and 2020 the CSR Index increased by 5% and 6.74%, respectively. Meanwhile, in 2021 there will be an increase of 3.03%. The value of the 2017-2021 CSR index for companies in the LQ45 Index increases from year to year, this shows that companiesin the LQ45 index continue to strive to implement CSR according to the General Reporting Index (CSR).

Several previous studies have been conducted to examine the factors that affect Corporate Sustainability Performance. One of them is Intellectual capital. Asif et al (2020) stated that Intellectual capital plays an important role in the strategic management of companies because its features are considered as valuable, rare, non-imitable, and non-replaceable resources. According to Bontis (1998) Intellectual capital consists of three components, there are human capital, structural capital and customer capital. Human capital is the knowledge, skills, abilities, expertise and experience of individuals in a company, which can be used to achieve company goals (Bayraktaroglu et al. 2019), structural capital is a the ability of a company to meet the structure and routine processes that can support the overall Corporate Sustainability Performance (Sawarjuwono and Kadir, 2003). While customer capital is the relationship between companies and individuals within the company with outside parties, namely suppliers, government customers, or related industry associations (Bontis, 1998).

Given the importance of intellectual capital and its intangible nature, companies need a certain methodology to determine and measure the use of intellectual capital. One of them is the methodology developed by Pulic (1998) namely the Value added Intellectual Coefficient or commonly abbreviated as VAIC. This methodology uses financial data extracted from financial statements for the calculation of the company's value creation efficiency of the company, which also makes it possible to compare companies with each other. The VAIC value consists of intellectual capital components, namely Human Capital Efficiency and Structural Capital Efficiency and Capital Employed Efficiency which shows the efficiency of an organization in creating value by using its financial capital (Bayraktaroglu et al. 2019).

Research conducted by Xu and Liu (2020) and Bayraktaroglu et al (2019) shows that Human Capital has a positive impact on Corporate Sustainability Performance. In contrast to the results of research by Surjandari and Minanari (2019) and Rosafitri (2017), it shows that Human Capital does not affect Corporate Sustainability Performance. Xu and Liu (2020) and Bayraktaroglu et al (2019) shows that Structural Capital can significantly increase Corporate Sustainability Performance. Meanwhile, Asif et al (2020) and Rosafitri (2017) found that Structural Capital did not significantly affect Corporate Sustainability Performance. Xu and Liu (2020) and Asif et al (2020) in their research found that Capital Employed had a significant and positive impact on Corporate Sustainability Performance. Meanwhile, in the research of Surjandari and Minanari (2019) and Rosafitri (2017), no significant impact of Capital Employed on Corporate Sustainability Performance was found.

Intellectual capital, in research conducted by Rambe (2020) and Syamsudin et al (2019), shows that Free Cash Flow has a significant positive effect on Corporate Sustainability Performance. Lai et al (2020) stated that Free Cash Flow is a net cash flow from operating activities after deducting capital expenditures, inventory costs, and dividend payments. Companies with a positive Free Cash Flow indicate that the company still leaves some money after all costs have been incurred. A high value of Free Cash Flow indicates that the company has experienced an increase in revenue and cost efficiency. This shows that the company has a good performance (Murphy, 2021). The results show that Intellectual Capital (VAIC) does not affect market value (MtBV), but the compilation of Intellectual Capital (VAIC)–developed by Research and Development (R&D) as full moderation– can support market value. Intellectual Capital (VAIC) affects financial performance (ROA), as well as Intellectual Capital (VAIC) supported by Research and Development (R & D) as quasi-moderation also strengthens the financial performance (Baskoro et al., 2020).

In contrast to the results of research conducted by Rambe (2020) and Syamsudin et al (2019) , research conducted by Lai et al (2020) and Catherine and Nariman (2020) shows that Free Cash Flow has a significant negative effect on Corporate Sustainability Performance. While the results of Quan and Ardiansyah's (2020) research found that Free Cash Flow had no significant effect on Corporate Sustainability Performance. In social responsibility in annual reports, companies are not required to comply with all GRI guidelines, so companies tend to only disclose information that puts them in an advantageous position. To achieve the objectives of this report, a qualified and neutral third party is required to review and ensure the accuracy and reliability of social responsibility disclosures to stakeholders.

Tumwebaze et al., (2022) found that Internal Auditors can significantly increase the disclosure of Corporate Sustainability Performance. According to Tumwebaze et al., (2022) internal audit is equipped with comprehensive knowledge and has a broader view of the company enabling them to design the most appropriate processes and controls to ensure the accuracy and validity of integrated reports. In reviewing the effectiveness of internal control and its contribution to risk management, the internal auditor makes recommendations on how to improve reporting practices. Sarbanes-Oxley Act based internal control and financial reporting reliability are positively affect the audit opinions and directly influence the audit quality. However, the independent auditor's opinion is not a moderating between other variables. The research results are expected to be used as considerations by the companies in implementation of Sarbanes-Oxley Act based internal control (Djaddang & Lysandra, 2016).

PUCI and GUXHOLLI's research (2018) entitled “Business Internal Auditing – An Effective Approach in Developing Sustainable Management Systems”, explains that the role of an organization's internal audit can support entities in determining sustainability strategies and pathways towards achieving the goals set; ascertain areas that present risks to the company as well as opportunities for development; and provide in-depth recommendations to management to direct operations effectively, increase company profitability, and improve stakeholder satisfaction. Therefore, the researcher views the importance of internal audit as strengthening the relationship between intellectual capital and free cash flow on corporatesustainability performance.

II. MATERIALS AND METHODS

A. Stakeholder Theory

Stakeholder theory is a theory that explains the company's relationship with stakeholders. Stakeholders themselves are parties with an interest in the company and can influence or be influenced by the company's business (Fernando, 2022). This theory is based on companies and their impact on society and the environment is so great that companies are not only accountable to their shareholders. According to BPP Learning Media (2014), stakeholders can be classified as direct stakeholders and indirect stakeholders. Direct stakeholders are people or groups of people who know they can influence or beaffected by the company's activities. Examples of direct stakeholders are employees, shareholders, major customers and suppliers. Meanwhile, indirect stakeholders are people or groups of people who do not know the rights they have in the organization or who cannot express their rights directly. Examples of direct stakeholders are wildlife, individual customers, individual suppliers, future generations.

B. Corporate Sustainability Performance

The use of the term sustainability was first developed in 1987 by the World Commission on Environment and Development (WCED) or also known as the Brundtland Commission. WECD describes sustainability as an approach “*meeting the needs of the present without compromising the ability of future generations to meet their needs*”. Sustainability reportingis important to discuss because this report has a strong role in disclosing and explaining company performance in terms of social and environmental aspects considering the auditor's increased responsibility. Sustainability reporting can assist the auditor in providing an opinion on a going concern audit (Oktaviani et al., 2023).

Results show that Chinese CG structure is endogenously determined by the CG mechanisms investigated: there is no relationship between board size (including independent directors) and firm performance; CEO duality has a significantly negative effect on firm performance; concentration of ownership has a significantly positive influence on firm performance; managerial ownership is negatively correlated with firm performance; state ownership has a significantly positive effect on firm performance; and a supervisory board is positively correlated with firm performance (Shao, 2019).

C. Human Capital Efficiency

Meanwhile, according to Stewart (1997), Intellectual capital is knowledge, information, intellectual property and experience that can be used to create wealth. Intellectual capital is the sum of everything that everyone in a company knows that gives it a competitive advantage. Intellectual capital is an intangible asset. In various literatures (Bontis, 1998) intellectualcapital is divided into three components, namely: (1), Human capital; Human capital is the knowledge, skills, abilities, expertise and experience of individuals in a company, which can be used to achieve company goals (Bayraktaroglu et al., 2019). (2), Structural capital; Structural capital is the ability of a company to meet the structure and routine processes that cansupport the overall Corporate Sustainability Performance (Sawarjuwono and Kadir, 2003) Structural capital belongs to the organization as a whole. Relational capital is the relationship between companies and individuals within the company with outside parties, namely suppliers, government customers, or related industry associations (Bontis, 1998). According to Stewart(1997), to understand customer capital and the wealth-building opportunities it creates for buyers and sellers, companies must look at the intangible value chain, not the tangible one. The cause of inefficiency is because most of the resources have not been able to generate net profit and are wasteful on other costs. Third party funds, channeling of funds and switching strategies helped to increase potential improvements (Muhammad Nugraha, et al, 2023).

D. Free Cash Flow

Free cash flow is the actual cash flow available for distribution to all investors and creditors after the company has made all investments in fixed assets, new products, and working capital needed to maintain ongoing operations (Brigham and Houston, 2007).

E. Internal Auditor

Based on the regulation of the Financial Services Authority Number 56 /POJK.04/2015 concerning the Establishment and Guidelines for the Preparation of the Internal Audit Unit Charter, Internal Audit defines as follows; "*Internal audit is an activity of providing assurance and consulting that is independent and objective, with the aim of increasing value and improving company operations, through a systematic approach, by evaluating and improving the effectiveness of risk management, control, and corporate governance processes*."

F. Influence of Human Capital Eficiency on Corporate Sustainability Performance

Human capital consisten of individuals who is the employee of company and runs the company's operations with their knowledge, expertice and skills. Companies can produce qualified products or services if they have skilled and competent human resources. Employees in the company can be a cog that can determine the good and bad of a company. Good employees not only work for the benefit of themselves and the company, but also realize the importance of their presence in the environment and society that can increase sustainability. Employees are parties who can formulate and implement corporate strategies that can add value not only to the company, but also to the environment and the surrounding community. Because of that, expenditures for employees should be treated as investments and companies should effectively use these human resources to create more benefits in the long run (Xu and Liu (2020).

In the concept of human capital efficiency, employees who can provide added value are key employees of the Company. Companies that generate more added value with a minimum or the same amount can be said to be more efficient than other companies. The more efficient the company in managing its human resources, the better the company's sustainability performance will be. Research by Xu and Liu (2020) and Bayraktaroglu et al. (2019) shows that Human Capital Efficiency has a significant positive effect on Corporate Sustainability Performance. Based on the analysis and logic above, the following hypotheses can be formulated:

H1: Human Capital Efficiency has a significant effect on Corporate Sustainability Performance

G. The Influence of Free Cash Flow on Corporate Sustainability Performance

Companies that have free cash flow indicate that the company has excess cash from its operational activities after deducting capital expenditures. This means that the company generates high cash income and costs incurred more efficiently. company that has free cash flow can use the excess cash for future operations or expand or carry out social responsibility that can be added value to the company for investors, customers, communities, and other stakeholders. Research conducted by Rambe (2020) and Syamsudin et al (2019) has proven that the existence of Free Cash Flow can have a positive impact on the performance of a company. Based on the analysis and logic above, the following hypotheses can be formulated:

H2: Free Cash Flow has a significant effect on Corporate Sustainability Performance

H. The Influence of Internal Auditors in Moderating the Relationship Between Human Capital Eficiency and FreeCash Flow with Corporate Sustainability Performance

Internal auditors can carry out supervision to assess whether employees work in accordance with applicable regulations and policies, both company internal regulations and policies and regulations and policies of related parties such as the government and other legal institutions. The existence of an internal auditor can also provide actions if there are employees who do not comply with the policy. Therefore, auditors can play an important role in ensuring that employees can assist the company in realizing corporate sustainability. In the last few decades, Internal Auditors have not only served as supervisors and examiners, but have also shifted to become consultants in the implementation of the company's business strategy. One ofthe business strategies that can be implemented is to implement social responsibility activities that are not only beneficial in creating added value for the company in the eyes of the community, but also helping to improve environmental and social sustainability. The Internal Auditor with his foresight can provide advice to the company to use its excess cash for added value creation through activities that can improve the company's sustainability, environmental and social. According to Tumwebaze et al., (2022) , internal auditors in reviewing the effectiveness of internal control and its contribution to risk management, internal auditors can make recommendations on how to improve sustainability reporting practices. Based on the analysis and logic above, the following hypotheses can be formulated:

H3: Internal Auditor moderates the relationship between Human Capital Eficiency and Corporate Sustainability Performance H4: Internal Auditor moderates the relationship between Free Cash Flow and Corporate Sustainability Performance

III. DISCUSSION

The design of this research is quantitative research. The population in this study are companies included in the LQ45 index in 2017-2021. Companies in the LQ45 Index were chosen because the companies in the index have good market and financial performance, so it is interesting to study the factors that affect Corporate Sustainability Performance on the index. The sample was selected by purposive sampling method or sample determination based on certain criteria (Sugiyono, 2013). The criteria and sample selection can be seen in Table 1. This study uses secondary data. The data collection method used in this research is the documentation study method. Data were obtained from financial reports, annual reports, sustainability reports, research journals, books, and internet sites related to the theme of this research.

Table 1: Population and Research Sample

No	Information	Number of Companies
1	Company Population in LQ45. Index	45
2	Companies that are not consistently included in the evaluation of the LQ45 index during the period 2017 – 2021	(16)
3	Companies that do not publish their financial statements and annual reports	(0)
4	Companies that do not use rupiah in their financial statements	(4)
5	Companies that do not publish the number of members in their Internal Audit Unit	(5)
Number of research sample data		20
Total sample data observed for 5 years		100

Source: processed data (2023)

IV. FINDING/ RESULTS

The description of descriptive statistics on the variables used in this study is presented in the following table: Table 2: Descriptive statistics

Variable	N	Minimum	Maximum	mean	Std. Deviation
CSR	100	.07	.75	.3116	.14914
HCE	100	1.29	14.78	4.3510	2.30054
FCF	100	-.08	.41	.0747	.10232
AI	100	5	2561	151.64	420.736
SIZE	100	30.44	35.08	32.2976	1.44402
AGE	100	19	126	61.25	25,735

Source: processed data (2023)

Descriptive statistics on research variables illustrate that:

The value of N for each variable is 100, indicating that each variable has 100 valid data.

Corporate Sustainability Performance variable as proxied by CSR has a minimum value of 0.07, meaning that there are companies that disclose their social responsibility as much as 7% of the GRI index. The maximum value of CSR is 0.75, which means that there are companies that disclose their social responsibility as much as 75% of the GRI index. While the average value of CSR is 0.31 and the standard deviation is 0.15. This shows the spread of the data to the low mean value.

Human Capital variable proxied by HCE has a minimum value of 1.29, meaning that there are companies that can generate value added as much as 129% of their human capital. The maximum value is 14.78, which means that there are companies that generate value added as much as 1478% of their human capital. While overall the average value of HCE is 4.35 and the standard deviation is 2.30. This shows the spread of the data to the low mean value.

The FCF variable has a minimum value of -0.08, meaning that there are companies that have negative operating cash flows so that the resulting Free Cash Flow is -8% of the company's total assets. The maximum value of 0.41 means that there are companies that generate the amount of Free Cash Flow as much as 41% of the company's total assets. While the overall FCF average value is 0.07 and the standard deviation is 0.10. This shows the spread of the data to the high average value.

The AI variable has a minimum value of 5 which means that in the year of observation, there are companies that have 5 members of internal audit. The maximum value is 2,561, which means that there are companies that have 2,561 internal audit members. While the overall mean value of AI is 151.64 and the standard deviation is 420. This shows the spread of the data to the high average value.

The SIZE variable has a minimum value of 30.44, which means that there are companies that have a natural logarithm value of assets of 30.44. The maximum value is 35.08, which means that there are companies that have the natural logarithm value of assets of 35.08. While the overall average value of SIZE is 32.23 and the standard deviation is 1.44. This shows the spread of the data to the average value is very low. The AGE variable has a minimum value of 19, which means that the age of the youngest company in the observation period is 19 years. The maximum value is 126, which means that the age of the oldest company in the observation period is 126 years. While overall the average value of AGE is 61.25 and the standard deviation is 25.74. This shows the spread of the data to the low mean value.

Table 3: Model Fit and Quality Indices

Measuring instrument	Criteria	Results
Cronbach's Alpha (CA)	> 0.6	1
Composite Reliability (CR)	> 0.7	1
Average Variance Extracted (AVE)	> 0.5	1
Indicator Weights	0.5 _	<0.001
Collinearity VIF	< 10	CSR = 1.16 HCE = 1.71 FCF = 1.10 IA = 1.98 SIZE = 1.61 AGE = 1.87

Source: processed data (2023)

The results of the WarpPLS SEM related to the Outer Model are presented in Table 3. Here are the conclusions:

The results of Cronbach's Alpha (CA), Composite Reliability (CR) and Average Variance Extracted (AVE) of each variable are 1 because this study did not use indicators in forming latent variables. The results of the weights indicator of each variable are <0.001. The value is <0.05 so it can be concluded that the indicator of the weights of each variable is significant and meets the requirements of the model suitability. The results of the VIF collinearity of each variable <10, so it can be concluded that in this model there is no multicollinearity.

Table 4: Latent Variable Coefficients

Criteria	Score
R – Squared	0.25
Q- Squared	0.26

Source: processed data (2023)

The results of the WarpPLS SEM related to the Inner Model are presented in Table 4. The following are the conclusions: R-Squared of 0.25 which indicates that the influence of the variables Human Capital, Structural Capital, Capital Employed, FreeCash Flow, Internal Auditors, Company Age and Company Size on Corporate Social Responsibility is 25% and the remaining 75% is influenced by variables outside the study. These are audit quality, earnings quality, good corporate governance, corporate finance. Q-square (relevant prediction) of 0.26. The category of the Q-square value if 0.02 (small) 0.15 (medium) and above 0.35 (large), because the Q-square value is above 0.21 > 0.15 then the relevant prediction is categorized as moderate. This means that the output results meet the requirements to be continued in hypothesis testing.

Table 5. Hypothesis test

Track	Coefficient	P-Value	Information
HCE →CSR	0.11	0.12	Not significant
FCF → CSR	0.36	<.001	Significant
AI*HCE →CSR	-0.21	0.01	Significant
AI*FCF →CSR	-0.47	<.001	Significant

Human Capital Efficiency, Free Cash Flow, Corporate Sustainability Performance and Internal Auditors

A. The Influence of Human Capital on Corporate Sustainability Performance

The higher or lower of the value of Human Capital does not significantly affect the Corporate Sustainability Performance. This is because most companies focus on fulfilling employee obligations such as salaries and benefits. Meanwhile, other matters such as service & promotion of employee health and safety are not too prioritized. Unhealthy employees cannot workproductively and cannot assist the company in meeting its sustainability. Meanwhile, unsafe work locations or work procedures can threaten the safety of employees and this also cannot make the company able to improve its sustainability. The results of this study do not support the stakeholder theory and the logic of thinking that had been performed. The results of this study are in line with the results of research conducted by (Lestari & Nawangsari, 2022) directly talent management hasa significant positive effect on employee engagement, employee engagement has a significant positive effect on corporate sustainability, and talent management and leadership have no effect on corporate sustainability.

B. The Influence of Free Cash Flow on Corporate Sustainability Performance

The higher the company's Free Cash Flow, the higher will be the value of Corporate Sustainability Performance. This means that, if Free Cash Flow increases, the company will increase financing for activities that not only support the company's main operations, but also support environmental and social sustainability, such as Corporate Social Responsibility activities so that the company has value in the eyes of the community. The results of this study are supported by stakeholder theory and signaling theory, because the increase in Free Cash Flow and Corporate Social Responsibility is a signal for companies to analyze financial statements and assess the company's sustainability performance. In short, a company whose Free Cash Flow is positive and increasing, means that the company's business able to generate sufficient cash to pay for its operational needs and meet the financing of capital goods, and the company does not need debt to finance its business ventures. Because the Free Cash Flow generated from the company's business is sufficient. In addition, it also contradicted with the results of research conducted by (Djali, Hartina, Syahril Djaddang, 2023) meanwhile, Free Cash Flow has a significant positive effect on the Company's Sustainability Performance. Internal auditors can weaken the relationship between Human Capital and Corporate Sustainability Performance, the relationship between Structural Capital and Corporate Sustainability Performance and the relationship between Free Cash Flow and Corporate Sustainability Performance.

C. Corporate Sustainability Performance as Moderating

Internal auditors weaken the relationship between Human Capital and Corporate Sustainability Performance significantly. Internal auditors can monitor whether company policies and regulations have been established in accordance with applicable regulations and do not violate human rights. Internal auditors can also monitor whether employee actions and activities are in accordance with company policies and regulations. However, because audit activities are focused on activities that are directly related to the company's main operations, the implementation of social responsibility is not fully implemented in accordance with the GRI Index. This can be seen in the average fulfillment of social responsibility disclosures in 2017 - 2021, which are only25%, 25%, 30%, 37% and 40% of the GRI index standards, respectively. The results of this study do not support the stakeholdertheory, but support the resource based on theory. The results of this study are in line with research conducted by Nacera (2021) which states that currently internal auditors have a limited contribution in terms of social responsibility or corporate sustainability. However, the results of this study contradict the research conducted by Tumwebaze et al., (2022) which states that the function of internal auditors is as a supervisor for internal control and can make recommendations on how to improve sustainability reporting practices.

Internal auditors can significantly weaken the relationship between Structural Capital and Corporate Sustainability Performance. Internal auditors as consultants can provide recommendations for effective and efficient management processes in order to achieve their goals. This of course can help the company to be sustainable, but the recommended management processes are more in areas related to the company's main business, so that the implementation of social responsibility is not fully implemented in accordance with the GRI Index. This can be seen in the average fulfillment of social responsibility disclosures in 2017 - 2021, which are only 25%, 25%, 30%, 37% and 40% of the GRI index standards, respectively.The results of this study are in line with research conducted by Nacera (2021) which states that currently internal auditors have a limited contribution to sustainability. However, the results of this study contradicted with the research conducted by Tumwebaze et al., (2022) which states that internal auditors in reviewing the effectiveness of internal control and its contribution to risk management, internal auditors can make recommendations on how to improve sustainability reporting practices.

Internal auditors can significantly strengthen the relationship between Capital Employed Efficiency and Corporate Sustainability Performance. Internal auditors do not only serve as supervisors and examiners, but also shift to become consultants in the implementation of the company's business strategy. One of the business strategies that can be implemented is to use their capital to implement social responsibility activities that can not only create added value for the company in the eyes of the community, but also help improve environmental and social sustainability. The results of this studysupport the stakeholder theory. In addition, the results of this study are in line with research conducted by Puci And GuxhollI (2018) which states that the role of an organization's internal audit can support entities in determining their sustainability strategies and paths towards achieving the set goals. However, the results of this study contradicted with the research conducted by Nacera (2021) which states that currently internal auditors have a limited contribution to sustainability.

Internal auditors can significantly weaken the relationship between Free Cash Flow and Corporate Sustainability Performance. Internal auditors can partially moderate the influence of Free Cash Flow on Corporate Sustainability Performance. There are other moderators besides Internal Audit, for example: audit quality, corporate governance, earnings quality, etc., even though the moderation is weak or negative. Because the effect of the main variable Free Cash Flow on Corporate Sustainability Performance is significant. Audit activities by the Internal Auditor are mostly carried out for matters related to the company's main business. The existence of supervision, examination and consultation by internal auditors makes the company or business unit prioritize to improve the company's internal performance, including the use of free cash flow. This makes the company or business unit prioritize the company's main operations compared to activities that can support environmental and social sustainability. This can be seen in the implementation of social responsibility which is not fully implemented in accordance with the GRI Index. This can be seen in the average fulfillment of social responsibility disclosures in 2017 - 2021, which are only 25%, 25%, 30%, 37% and 40% of the GRI index standards, respectively. The results of this study support the direct stakeholder theory. In addition, the results of this study are in line with research conducted by Ganesan et al., (2017) who found that the internal audit function can weaken the relationship between CEO duality and sustainability disclosure. However, the results of this study contradict the research conducted by Nacera (2021) which states that currently internal auditors are feared not to be independent and objective if they are involved in designing sustainability activities.

V. CONCLUSION

Based on the test results it can be concluded that:

The higher or lower the value of Human Capital does not affect the value of Corporate Sustainability Performance. The company does not prioritize things that are not mandatory for the company so that employees cannot help fulfill the company's sustainability. The higher the value of Free Cash Flow, the higher will be the value of Corporate Sustainability Performance. If the Free Cash Flow increases, the company can use the Free Cash Flow to increase financing for Corporate Sustainability Performance so that the company remains sustainable and has value in the eyes of the community.

Employee supervision activities carried out by the Internal Auditor are more focused on activities directly related to the company's main operations, making so that the implementation of social responsibility is not fully implemented in accordance with the GRI Index.

The management process recommended by the Internal Auditor is mostly in areas related to the company's main business, so that the implementation of social responsibility is not fully implemented in accordance with the GRI Index. Internal auditors can provide advice related to the company's business strategy, such as, using their capital to implement social responsibility activities that can not only create added value for the company in the eyes of the community, but also help improve environmental and social sustainability.

The existence of an internal auditor can motivate the company to prioritize the use of its free cash flow for operational needs rather than activities such as corporate social responsibility. This is because the scope of internal audit is more focused on the company's main operating areas.

Some of the limitations of this study include the following:

The object of the research is limited to companies included in the LQ45 Index on the Indonesia Stock Exchange during 2017 - 2021 so that the sampling is relatively small. If the object of research is expanded by involving more companies as samples andthe research period is extended, it will produce different research results.

The study uses only a few variables among the many variables that are the company's fundamental conditions related to Corporate Sustainability Performance, so that if other variables are involved it will produce different research results.

Based on these conclusions and limitations, suggestions that researchers can convey include:

In further research, it is suggested to develop further research by adding other variables that affect Corporate Sustainability Performance such as audit quality, corporate governance, earnings quality, etc. In addition, further research is suggested to expand the sample of companies and years of research.

For company’s management to further increase their awareness of the importance of intangible assets such as Intellectual Capital, increase better cash flow management and participate in the sustainability of the company and the surrounding environment. Investors are advised to not only focus on the company's economic performance, but also focus on other things such as the uniqueness of the company in this case Intellectual Capital and the company's concern for environmental and social topics.

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