THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON COMPANY VALUE WITH GOOD CORPORATE GOVERNANCE AND MANAGERIAL OWNERSHIP AS MODERATION VARIABLES

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ABSTRACT

The historical background of bookkeeping improvement developed rapidly when the modern transformation in England (1760-1860), made the details of bookkeeping more and more involving the responsibility to the owners of capital, bringing a promising direction of the company for the owners. Companies that support capital owners exploit normal assets and social networks in a wild manner, causing damage to natural habitats and ultimately disrupting the existence of the population. Analyzing the influence of corporate social responsibility, good corporate governance, and good corporate governance moderating the relationship of corporate social responsibility on firm value. The data collection method uses documentation and the type of data in this study uses secondary data. The research sample is a manufacturing company listed on the IDX for 2014-2018. The analytical method used there are 3 test methods, namely the classical assumption test, heteroscedasticity, and normality test. From the results of the research that has been carried out, it is found that the CSR variable fundamentally has an influence on company value, the GCG variable has an influence on company value, and the GCG variable maintains the CSR relationship, which fundamentally affects the company value. The research conducted, has limitations that are considered for subsequent analysis to obtain the best results. CSR as an autonomous variable in its impact on firm value, The company makes a test of only 100 assembled companies, Emotional influence in the company's valuation

Keywords: Corporate Social Responsibility, Corporate Values, Corporate Governance, Managerial Moderation

1. INTRODUCTION

The history of the development of accounting which developed rapidly after the industrial revolution occurred in England, caused accounting reporting to be used more as a means of accountability to owners of capital so that the company's orientation is more in favor of owners of capital. The company's side with the owners of capital has resulted in companies exploiting natural resources and social society in an uncontrolled manner resulting in damage to the natural environment and ultimately disrupting human life. The owners of capital, which are only oriented towards material profit, have damaged the balance of life by overstimulating the development of human economic potential which does not contribute to increasing their prosperity but instead makes them experience a decline in social conditions (Anggraini, 2006).

A high increase in company value is a long-term goal that should be achieved by the company which will be reflected in the stock market price because investors' evaluation of the company can be observed through the movement of stock prices (Retno and Priantinah, 2012). If a business can survive, a company must change the contract. by positioning the business as part of the existing social and political system. If the company is more responsive to the demands of society then business activities are more acceptable to society. Implementing CSR in the long term will foster a sense of public acceptance of the presence of companies that can provide economic benefits in the form of increasing company value.

Until now, the implementation of GCG in Indonesia has not met the expectations of all parties. GCG is increasingly important in business practices in Indonesia. Therefore the implementation of GCG requires a strong commitment to making it happen. The implementation of GCG is of great concern to investors in making investment decisions. The existence of GCG will convince investors that the company has been managed properly by management for the survival of the company and also for the survival of the company and also for benefit of its shareholders.

Disclosure of CSR is important for companies because CSR is a form of responsibility to improve corporate image, CSR activities can also be used as one of the company's competitive advantages that can increase sales because it can attract consumers. The realization of CSR and GCG practices in a company, and the outcomes of these practices will affect the value of the company.

Profitability is a factor that gives freedom and flexibility to management to carry out and disclose social responsibility programs to shareholders more broadly (Florence, et al., 2004). The relationship between corporate profitability and disclosure of corporate social responsibility has become a postulate (basic assumption) to reflect the view that social reactions require a managerial style. So that the higher the level of company profitability, the greater the disclosure of social information (Anggraini, 2006). Disclosure of corporate social responsibility reflects an adaptive management approach in dealing with a dynamic and multidimensional environment and the ability to reconcile social pressures with reactions to community needs.

At a time when many companies are growing, at that time social inequality and damage to the surrounding environment can occur, and because of that awareness also arises to reduce this negative impact. Many private companies are now developing what is called Corporate Social Responsibility (CSR). The implementation of CSR is no longer considered a cost, but a company investment (Sutopoyudo, 2009).

Corporate Social Responsibility is often considered the essence of business ethics, which means that companies not only have economic and legal obligations (meaning to shareholders or shareholders) but also obligations to other interested parties (stakeholders) whose scope extends beyond the obligations - the above obligations (economic and legal). Corporate social responsibility (Corporate Social Responsibility) refers to all relationships that occur between a company and all stakeholders, including customers, employees, communities, owners or investors, government, suppliers, and even competitors. The Global Compact Initiative (2002) calls this understanding the 3P (profit, people, planet), that is, business goals are not only for profit, but also for the welfare of people, and ensuring the sustainability of this planet (Dahli and Siregar, 2008).). The development of corporate social programs can take the form of physical assistance, health services, community development, outreach, scholarships, and so on.

CSR is no longer faced with responsibilities that are based on a single bottom line, namely corporate value which is only reflected in its financial condition. But corporate responsibility must rest on the triple bottom lines. Here other bottom lines aside from financial, there are also social and environmental, because financial conditions alone are not enough to guarantee the company's value grows in a sustainable manner (sustainable). The company's sustainability will only be guaranteed if the company pays attention to the social and environmental dimensions. It is a fact that the resistance of the local community, in various places and times, has surfaced against companies that are considered not to pay attention to social, economic, and environmental aspects.

People are now smarter in choosing the products they will consume. Now, people tend to choose products produced by companies that care about the environment and or carry out CSR. Sutopoyudo (2009) shows that the majority of consumers will abandon a product that has a bad image or is reported negatively. Many benefits are obtained by companies by implementing corporate social responsibility, including products that are increasingly preferred by consumers and companies that are attractive to investors. Corporate social responsibility can be used as a new marketing tool for companies if it is implemented sustainably. Carrying out CSR means the company will incur several costs. Costs will eventually become a burden that reduces revenue so that the company's profit level will decrease. However, by implementing CSR, the company's image will be better so consumer loyalty will be higher.

As consumer loyalty increases for a long time, the company's sales will improve, and in the end with the implementation of CSR, it is hoped that the level of company profitability will also increase (Sutopoyudo, 2009). Therefore, CSR plays an important role in increasing company value as a result of increasing company sales by carrying out various social activities in the surrounding environment.

According to Darwin (Rakhiemah and Agustia, 2009) Companies can gain many benefits from CSR practices and disclosures if practiced correctly, including being able to strengthen communication with stakeholders, aligning the company's vision, mission, and principles related to the company's internal business practices and activities, encouraging continuous improvement of the company as a form of risk management and to protect reputation, as well as to gain competitive advantage in terms of capital, workforce, suppliers and market share. Corporate Social Responsibility is defined as the moral responsibility of a company to its stakeholders, especially the community or the people around its work area and operations. The results of the study (Sulton, Suransi, and Alamsyah, 2016) found that CSR affects company value.

2. METHODS

The method used in this research is quantitative. This method can be referred to as a method based on the philosophy of positivism, used to examine certain populations or samples and intended to test predetermined hypotheses. The data used in this study is secondary data, namely quantitative data obtained from the Indonesian Stock Exchange. While the data used in this study are annual reports on manufacturing companies listed on the IDX in 2014-2018 which have a complete annual report. The sample selection was carried out using a purposive sampling method to obtain a representative sample according to the specified criteria.

In this study, the dependent variable used is Corporate Social Responsibility (X). For variables that get the influence of other variables is the value of the company (Y). Meanwhile, the intervening variable (mediation) is Good Corporate Governance (Z). The data used in this study is primary data from the results of filling out questionnaires to respondents using a Likert scale. The data obtained were processed using the IBM SPSS Statistics 23 application. Data analysis used validity and reliability tests, data normality tests, classical assumption tests, multiple linear regression tests, path analysis, hypothesis testing, and coefficient of determination (R-square) tests.

3. RESULTS

Description of Research Object

The research object used in this research is a manufacturing company listed on the Indonesia Stock Exchange in 2014-2018. The research sample in this study was determined using a purposive sampling method with several provisions. The sampling for this study is described in the table below:

Table 4.1

Research Sample for the 2014-2018 Period

Sample Criteria	Number of Companies
The manufacturing company listed on IDX for the year 2014-2018	140
There is no complete annual report available for 2014-2018	40
Research sample	100

Analysis Results

In this section, data will be described or described for each variable in 2014-2018 which has been processed from the minimum value, maximum value, mean value, and standard deviation of each variable.

Table 4.2

Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	500	,01	,65	,3744	,17040
GCG	500	,00	2,40	,3064	,33103
Tobin's Q	500	,00	,98	,4494	,20500
Size	500	8,47	14,54	12,3836	,81326
ROA	500	-,55	,47	,0534	,09156
Valid N (listwise)	500				

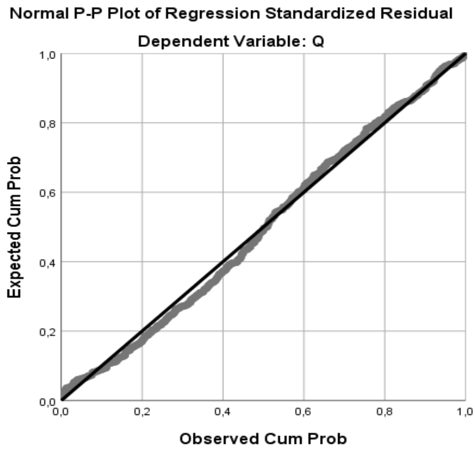
Based on the table above, it can be seen that the number of samples in this study was 500. Furthermore, the CSR variable has a minimum value of 0.01 and a maximum of 0.65 and an average value of 0.3744, and a standard deviation of 0.17040. Then the GCG variable has a minimum value of 0.00 and a maximum of 2.40 and an average value of 0.3064 and a standard deviation of 0.33103. The firm value variable (Tobin's Q) has a minimum value of 0.00 and a maximum of 0.98 and an average value of 0.4494 and a standard deviation of 0.20500. The control variable for firm size (Size) has a minimum value of 8.47 and a maximum of 14.54 and an average value of 12.3836 and a standard deviation of 0.81326. The profitability control variable (ROA) has a minimum value of -0.55 and a maximum of 0.47 and an average value of 0.0534 and a standard deviation of 0.09156.

Classic Assumption Test

The classical assumption test was carried out to determine the condition of the data used in this study. This is done to obtain the appropriate analytical model to be used in this study. The classical assumption tests carried out include: the normality test and heteroscedasticity test. From the tests that have been carried out, the results show that there are no deviations from the classic assumption test of normality and heteroscedasticity. Testing the classical assumptions obtained the following results:

Normality Test

This test is intended to find out whether, in the regression model, the confounding or residual variables have a normal distribution. After testing it turns out that in the data there is one outliner detected.



Based on the picture above, it can be seen that the data spread around the diagonal line and follows the direction of the diagonal line, or the histogram graph shows a normal distribution pattern, so the regression model meets the assumption of normality.

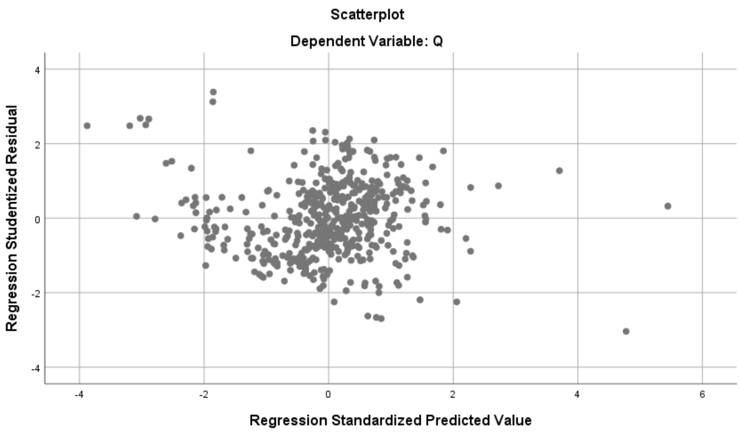
One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		500
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,18981575
Most Extreme Differences	Absolute	,028
	Positive	,028
	Negative	-,020
Test Statistic		,028
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Furthermore, the normality test using the Kolmogorov-Smirnov value obtained the Asymp value. Sig. (2-tailed) of 0.200 which means greater than 0.05. So it can be concluded that the data in this study were normally distributed.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance and residual from one observation to another observation remain, then it is called Homoscedasticity and if it is different it is called Heteroscedasticity. A good regression model has homoscedasticity or does not have heteroscedasticity. The way to detect whether there is heteroscedasticity is by looking at the plot graph between the predicted value of the dependent variable, namely ZPRED, and the residual SRESID. Detect whether there is a certain pattern on the scatterplot graph between SRESID and ZPRED where the Y axis is the Y that has been predicted, and the X axis is the residual (Y the actual Y prediction) that has been studentized.

Heteroscedasticity Test



Based on the picture above, it can be seen that there is no clear pattern, and the points spread above and below the number 0 on the Y axis, so there is no heteroscedasticity.

Regression Analysis

Based on the classical assumption test that has been carried out, it can be seen that the data in this study are normally distributed and there is no heteroscedasticity. Therefore the available data meets the requirements to use a simple linear regression analysis model and multiple linear regression analysis. Simple linear regression analysis and multiple linear regression analysis are used to determine the extent to which the relationship between the independent variables and the related variables can be seen in the following table:

Simple Linear Regression Analysis Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,065[a]	,004	,002	,20477

a. Predictors: (Constant), CSR

b. Dependent Variable: Tobin's Q

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	,089	1	,089	2,124	,146[b]
	Residual	20,881	498	,042		
	Total	20,970	499			
a. Dependent Variable: Tobin's Q						
b. Predictors: (Constant), CSR						

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,420	,022		18,985	,000
	CSR	,078	,054	,065	1,457	,146
a. Dependent Variable: Tobin's Q						

Based on the table above, the regression equation can be arranged as follows:

$Y = \alpha + \beta_1 X_1 + e$

$Y = 0{,}420 + 0{,}078X_1 + e$

HYPOTHESES DEVELOPMENT

Regression analysis is a study of the dependence of the dependent variable with one or more independent variables, intending to estimate and/or predict the population average or the average value of the dependent variable based on known variable values (Ghozali, 2006). Statistically, at least this can be measured from the value of the coefficient of determination, the value of the F statistic, and the value of the t statistic. Statistical calculations are called statistically significant if the statistical test values are in the critical area (areas where H_0 is rejected). Conversely, it is called insignificant if the statistical test value is in the area where H_0 is accepted.

Hypotheses Development

Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,378[a]	,143	,134	,19077
a. Predictors: (Constant), CSR*GCG, ROA, size, CSR, GCG				
b. Dependent Variable: Tobin's Q				

Based on the table above, it can be seen that the adjusted R square value is 0.143, which means that the CSR, GCG, and CSR*GCG variables can explain the variation of the firm value variable (Tobin's Q) of 14.3%. While the remaining 85.7% is explained by other variables outside the research model.

Statistical Test F

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,991	5	,598	16,437	,000[b]
	Residual	17,979	494	,036		
	Total	20,970	499			
a. Dependent Variable: Tobin's Q						
b. Predictors: (Constant), CSR*GCG, ROA, size, CSR, GCG						

Based on the table above, it can be seen that the calculated F value is 16.437 with a significance value of 0.000, which means it is smaller than 0.05 so it can be concluded that the regression model is fit.

Statistical Test T

Coefficients				
Unstandardized Coefficients		Standardized Coefficients	t	Sig.
B	Std. Error	Beta		
,096	,132		,726	,468
,000	,070	,000	,003	,997
-,142	,072	-,229	-1,976	,049
,033	,011	,131	3,076	,002
-,803	,095	-,358	-8,486	,000
,259	,176	,185	1,469	,143
a. Dependent Variable: Tobin's Q				

1. The CSR variable on firm value (Tobin's Q) has a t count of 0.003 which means it is smaller than t table 1.660 with a significance value of 0.997 > 0.05. So it can be concluded that CSR has no significant effect on firm value.
2. The GCG variable on firm value (Tobin's Q) has a t-value of -1.976, which means it is smaller than t-table 1.660 with a significance value of 0.049 <0.05. So it can be concluded that GCG has a significant effect on firm value.
3. Based on the table above it can be seen that the significance value of the interaction of CSR with GCG has a t value of 1.469 which is smaller than the t table of 1.660 and a significance value of 0.143 > 0.05. So it can be concluded that GCG is not able to be a moderating variable between CSR and firm value. In other words, GCG weakens the influence of CSR on company value.

4. DISCUSSION

The Effect of CSR on Corporate Values

Based on the SPSS output, the results of the study show that the CSR variable has a significant effect on firm value. The results of this study indicate that the size of CSR affects the increase in firm value. This is following the theory that a company is not an entity that only operates for its own sake but must provide benefits to its stakeholders. If the company can maximize the benefits received by stakeholders, satisfaction will arise for stakeholders which will increase the value of the company. The results of this study are inconsistent with the research of Nurlela and Islahuddin (2008) which states that the CSR variable does not affect firm value. This is because many manufacturing companies budget CSR funds quite low, while the level of profitability obtained by the company is relatively large. So profitability cannot prove the influence in the relationship between CSR and firm value.

The Effect of GCG on Company Value

Based on the SPSS output, the results of this study indicate that the GCG variable has a significant effect on firm value. This shows that when the company's GCG value is high, it will increase the company's value. Meanwhile, according to Syafitri et al. (2018) explained that the GCG variable has a positive effect on company value as measured using Tobin's Q ratio.

The GCG Moderates CSR Relations with Corporate Values

Based on the SPSS output, the results of this study indicate that the GCG variable moderates CSR simultaneously having a significant influence on firm value. This shows that by increasing the GCG mechanism to moderate CSR, investor confidence will arise to have an impact, namely increasing company value.

5. CONCLUSIONS

Based on the presentation of the data, and the discussion that has been done, the conclusions of the research are as follows:

1. The CSR variable fundamentally has a significant effect on company value.
2. The GCG variables have a significant effect on company value.
3. The GCG variable maintains the CSR relationship which fundamentally influences company value.

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