



The Influence of Corporate Social Responsibility on Company Value with Profitability as a Moderation Variable in Registered Manufacturing Companies on the Indonesian Stock Exchange Period 2019-2021

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ABSTRACT

This research aims to determine the influence of CSR (Corporate Social Responsibility) on company value in manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The sample used in this research was purposive sampling, totaling 56 companies with 3 years of observation and obtained from the annual financial reports of manufacturing and component companies at www.idx.co.id. The data analysis used is SPSS version 25 analysis. The results of the research show that CSR (Corporate Social Responsibility) has a significant positive effect on company value and profitability as proxied by ROA (Return On Assets) and moderates the relationship between CSR and Company Value.

INTRODUCTION

Background of the Problem

In the current era of globalization, development and competition in the business world are increasingly intense, marked by the increasing number and variety of new companies emerging in Indonesia, thus creating very tight or competitive business competition. With conditions like this, every company is required to be able to compete and have its own competitive advantage and it is hoped that company players will be able to manage their resources more effectively and efficiently in order to support the company's goals. In this situation of tight competition, Apart from companies being required to strive for efficiency and effectiveness, they must also be able to increase company value. The higher the PBV, the higher the company's prospects.

In increasing company value, factors are needed that have a positive impact on increasing company value. According to Ramadhani, Purnamawati, & Sujana, company value is influenced by several factors, one of which is Corporate Social Responsibility (Elisabeth et al., 2020). Companies will disclose information if the information can increase company value. Companies can use social responsibility information as a competitive advantage for the company. Companies that have good environmental and social performance will receive a positive response from investors through an increase in share prices. CSR practices provide information to assess the sustainability of a company in the future (Simanjuntak et al., 2023). If a company discloses CSR on an ongoing basis, the market will reward it which will be shown by an increase in the company's share price and will also increase the value of the company. By disclosing social responsibility, the company incurs a number of costs, these costs will later become a burden and reduce the income obtained by the company and reduce the level of profits obtained by the company. If a company carries out social responsibility sustainably and consistently, the company's reputation among external parties will improve.

The following is the average CSR and company value as proxied by Price Book Value (PBV) in several manufacturing companies for the period 2019 to 2021.

Table 1. Data on CSR and PBV Values for Several Manufacturing Companies 2019-2021 Period

Number	Company	CSR			PBV		
		2019	2020	2021	2019	2020	2021
1	Indocement Tunggal Prakasa Tbk	0.89	0.89	0.89	3.03	2.40	2.08
2	Waskita Beton Precast Tbk	0.89	0.89	0.89	1.42	-8.02	-1.08
3	Budi Starch & Sweetener Tbk	0.40	0.40	0.40	0.15	-0.34	0.58
4	Argo Pantes Tbk	0.65	0.65	0.65	-3.20	-7.13	-5.91
5	Indomobil Sukses International Tbk	0.29	0.40	0.40	0.34	0.48	0.27
6	Wilmar Cahaya Indonesia Tbk, PT	0.75	0.75	0.75	0.88	0.84	0.81

7	Diamond Food Indonesia Tbk,PT	0.76	0.65	0.65	2.33	1.87	1.71
8	Indofood Sukses Makmur Tbk, PT	0.88	0.88	0.88	1.28	0.76	0.64
9	Sekar Laut Tbk, PT	0.64	0.64	0.64	2.92	2.66	3.09
10	Gudang Garam Tbk	1.00	1.00	1.00	2.00	1.35	0.99
	Rata-rata	0.72	0.72	0.72	1.12	-0.51	0.32

Source: www.idx.co.id, processed by researchers (2023)

Based on table 1.1 above, it can be seen that the average PBV value for the period 2019 to 2021 has fluctuated. In 2019 the PBV value was 1.12, but in 2020 it decreased to -0.51 and increased again in 2021 to 0.32. This certainly has a negative impact on the company because the fluctuating PBV value makes investors distrustful of investing in the company. With a phenomenon like this, companies are expected to be able to increase company value by analyzing factors that can influence company value, one of which is Corporate Social Responsibility (CSR). Apart from Corporate Social Responsibility (CSR), profitability is also believed to be able to have an impact on company value.

Research Purposes

The objectives of this research are as follows:

1. To find out and analyze whether there is an influence of corporate social responsibility on company value in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2019-2021 period.
2. To find out and analyze whether profitability can moderate corporate social responsibility on company value in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2019-2021 period.

LITERATURE REVIEW

Signaling Theory

Signaling theory is an appropriate theory to describe a situation where two interested parties (both individually and organizationally) have access to a variety of different information or is often called information asymmetry (Connelly *et al.*, 2011).

Signaling theory can be in the form of information or promotions that state that the company is better than other companies. This theory aims to enable investors to differentiate between companies that have a high value of responsibility and companies that have a low value of responsibility. Brigham and Houston (2018) said that the main focus of signal theory is informing what actions are carried out by parties internal to the company that cannot be directly observed by parties outside the company.

Company Value

Menurut Agus dan Prawoto (2016) Company value is the value of all assets, both operational and non-operational tangible assets. The ratio used to measure company value in this research is Price to Book Value (PBV).

$$PBV = \frac{\text{Harga Per Lembar Saham}}{\text{Nilai Buku Per Lembar Saham}}$$

Corporate Social Responsibility

Corporate Social Responsibility is a company's commitment to improving community welfare with good business practices and contributing some of the company's resources (Kotler & Nancy, 2015).

$$CSR = \frac{\text{Jumlah Yang Diungkapkan}}{\text{Skor Maksimal}} \times 100\%$$

Profitability

According to Irawan, Hernawaty, & Rusiadi (2019) profitability is the net result of a series of policies and decisions. Profitability in this research will be Return On Assets (ROA).

$$ROA = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Asset}} \times 100\%$$

Hypothesis Development

1. The Influence of Corporate Social Responsibility on Company Value

The main goal of a company is to increase the value of the company (Kasmir;2015). The company's esteem will be economical on the off chance that the company pays more consideration to its financial, social and natural development since the supportability of a company is evaluated from the adjust of financial interface with the environment and society.

H₁ = Corporate Social Responsibility has a positive and significant effect on Company Value

2. The Influence of Corporate Social Responsibility on Company Value with Profitability as a Moderating Variable

Productivity is utilized as a directing variable in this inquire about, since expanding CSR divulgence in companies is impacted by tall benefits so that company esteem will moreover increment. Since productivity could be a company's benchmark for creating net benefit from exercises carried out by the company in an bookkeeping period.

H₂ = Profitability can moderate the relationship between Corporate Social Responsibility and Company Value

METHODOLOGY

Types of Research

This inquire about is quantitative, specifically inquire about by getting information within the shape of numbers and examination utilizing measurements. The information collected in this investigate is within the frame of numbers from auxiliary information gotten from the monetary reports of fabricating companies recorded on the IDX for the 2019 - 2021 period.

Table 2. Operational Definition of Variables

Variable	Proxy
Corporate Social Responsibility (X)	$CSR = \frac{\text{Jumlah Yang Diungkapkan}}{\text{Skor Maksimal}} \times 100\%$
Company Value (Y)	$PBV = \frac{\text{Harga Per Lembar Saham}}{\text{Nilai Buku Per Lembar Saham}}$
Profitability (Z)	$ROA = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Asset}} \times 100\%$

Data Analysis Technique

Theory testing in this inquiry about was carried out utilizing SPSS 25 computer program with different relapse examination tests and the t test investigation and directing test handle was carried out to discover out whether the autonomous variable had a fractional impact and to discover out the directing relationship with the subordinate variable. Based on the comes about of factual tests, a basic direct relapse condition show is gotten, to be specific:

$$Y = a + b_1X_1 + e$$

$$PBV = 0,025 + 0,123 CSR + e$$

RESEARCH RESULT

Statistical analysis in this research uses SPSS 25 for Windows software. The following are descriptive statistical results from the data used in the research.

Table 3. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CSR	168	.29	1.00	.7096	.17535
ROA	168	-.50	1.06	.0706	.13993
PBV	168	-8.02	9.66	2.0073	2.23188
Valid (listwise)	N 168				

Source: SPSS Data

Table 3. above also shows that the average of each variable is at a positive number. The average (mean) value of the CSR (Corporate Social Responsibility) variable is 0.7096. The average (mean) value of the profitability variable as measured by ROA (Return on Assets) is 0.0706. The average value of the company value variable as measured by PBV (Price Book Value) is 2.0073.

Normality Test

1. Histogram Graph Test

Based on the image above, it can be seen that the histogram curve after transformation and trimming the data above shows that the data is normally distributed.

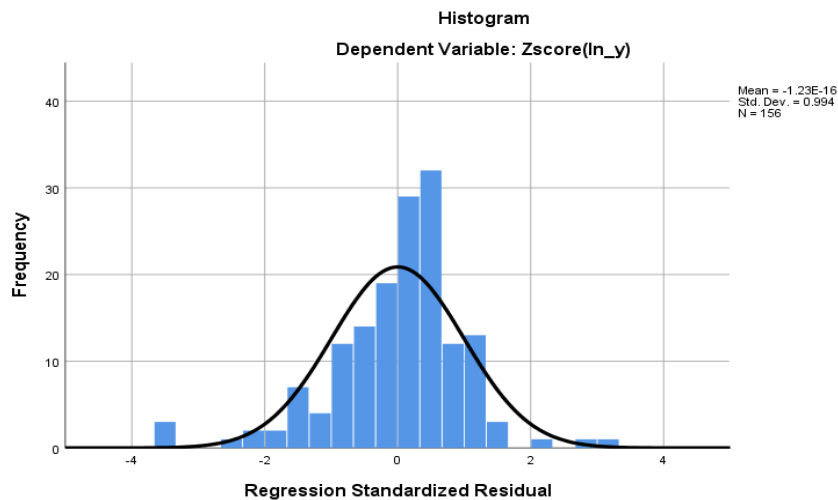


Figure 1. Histogram after Data Transformation and Trimming
Source: SPSS Data

2. Probability Plot Test (P-Plot)

From the comes about of the typical p-plot realistic show after information change and trimming, it can be seen that the information is spread around the inclining line and takes after the heading of the inclining line, so it can be concluded that the relapse demonstrate in this think about has met the ordinariness presumption.

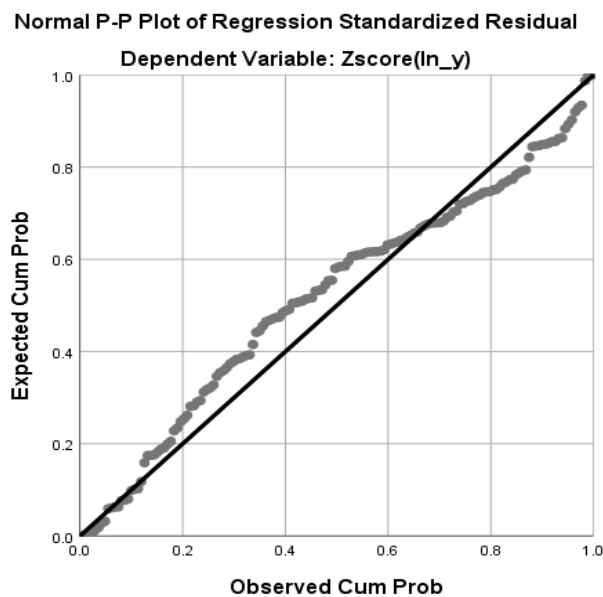


Figure 2. P-Plot Graph after Data Transformation and Trimming
Source: SPSS Data

3. One Sample Kolmogorov Smirnov

Based on the picture, it can be seen that the Kolmogorov-Smirnov Factual Test esteem is 0.105, with an Correct noteworthiness esteem of sig. (2-tailed) is 0.058 which is more noteworthy than the necessity, specifically 0.05, so it can be concluded that the information in this consider is ordinarily disseminated.

Table 4. Normality Test Results after Data Transformation and Trimming

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		156
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.59073181
Most Extreme Differences	Absolute	.105
	Positive	.077
	Negative	-.105
Test Statistic		.105
Asymp. Sig. (2-tailed)		.000 ^c
Exact Sig. (2-tailed)		.058
Point Probability		.000
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: SPSS Data

Heteroscedasticity Test

1. Scatterplot Graphics

Based on the picture, it can be seen that the specks are spread routinely over or underneath the number on the Y pivot and don't shape a specific design. So it can be concluded that there's no heteroscedasticity issue within the relapse show.

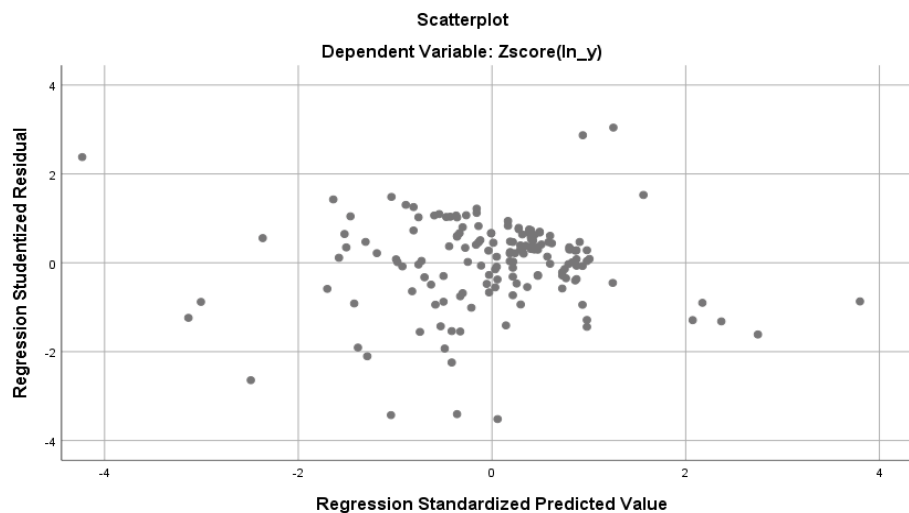


Figure 3. Scatterplot Graph after Data Transformation and Trimming

Source: SPSS Data

Multicollinearity Test

Based on the comes about of measurable tests, it is known that the Change Expansion Figure (VIF) esteem of the CSR (Corporate Social Obligation) variable and productivity as measured by ROA (Return on Resources) is 1.063. The VIF esteem for all factors is still littler than 10 (VIF < 10). And the tolerance value of

the CSR (Corporate Social Responsibility) and profitability variables as measured by ROA (Return on Assets) is 0.940. The tolerance value for all variables is still greater than 0.1 (tolerance > 0.1). So it can be concluded that all variables in this study do not experience multicollinearity.

Table 5. Multicollinearity Test Results after Data Transformation and Trimming

Model		Collinearity Statistics		Keterangan
		Tolerance	VIF	
1	(Constant)			
	Zscore(ln_x)	.940	1.063	Tidak terjadi Multikolinieritas
	Zscore(ln_z)	.940	1.063	Tidak terjadi Multikolinieritas
a. Dependent Variable: Zscore(ln_y)				

Source: SPSS Data

Autocorrelation Test

Based on the results of the table, it can be seen that the significance value of asymp sig.(2 tailed) is 0.356 and is greater than 0.05. In other words, there are no symptoms of high autocorrelation in the residuals in this study.

Table 6. Autocorrelation Test Results after Data Transformation and Trimming

Runs Test	
	Unstandardized Residual
Test Value ^a	.12245
Cases < Test Value	78
Cases >= Test Value	78
Total Cases	156
Number of Runs	48
Z	-4.980
Asymp. Sig. (2-tailed)	.356
a. Median	

Source: SPSS Data

Hypothesis Testing Partial Test (Test-t)

CSR has a positive and significant effect on company value as measured by PBV (Price Book Value) in manufacturing companies listed on the Indonesia Stock Exchange.

Table 7. Partial Test (Test-t)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.025	.048		.517	.606
	Zscore(ln_x)	.123	.059	.146	2.103	.037

a. Dependent Variable: Zscore(ln_y)

Source: SPSS Data

Hypothesis Testing Test the Coefficient of Determination (R^2)

The effectiveness of cost control as proxied by CSR (Corporate Social Responsibility) and profitability as measured by ROA (Return on Assets) was 29.4%, while the remaining 70.6% could be explained by other causes.

Table 8. Coefficient of Determination test (R^2)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.550 ^a	.303	.294	.5946

a. Predictors: (Constant), Zscore(ln_z), Zscore(ln_x)
 b. Dependent Variable: Zscore(ln_y)

Sumber: Data SPSS

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the comes about of investigate on the impact of Corporate Social Duty on Company Esteem with Productivity as a directing variable in Fabricating Companies recorded on the Indonesia Stock Trade in 2019-2021, conclusions can be drawn as takes after:

1. The Corporate Social Responsibility variable has a positive and significant effect on Company Value. This shows that carrying out corporate social activities towards the environment and society in the long term will have a positive impact and provide benefits to the company because it can increase company value.
2. The Profitability variable can moderate the relationship between CSR and Company Value. By adding profitability as a moderator, it is able to increase the relationship between CSR and company value, because a greater level of profitability shows that the company is able to earn greater profits, so that the company is able to increase its social responsibility activities.

Recommendations

Based on the limitations of the results of this research, the researchers provide the following suggestions:

1. For Further Researchers

For future researchers, they can take samples in other places, for example at consumer goods or mining companies and so on. The financial performance proxy used in this research only uses ROA, so it cannot reflect the company's overall financial performance, for future researchers to add a financial performance proxy, for example EPS or ROE.

2. For Companies

When running a business, you should not only increase profitability but also pay attention to CSR activities for the sustainability of the company.

3. For Investors

When making an investment, you should consider not only short-term profits, but the long-term sustainability and existence of the investment, and change the mindset that CSR disclosure activities will only burden the company's finances.

ADVANCED RESEARCH

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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