



The Effect of Corporate Social Responsibility (CSR), Firm Size, Profitability, Leverage and Earning Persistence on Company Value

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ABSTRACT

The study aims to test the effect of CSR, firm size, profitability, leverage and earning persistence on company value. The study was conducted primary consumer companies in food and beverage subsector listed in Indonesian Stock Exchange in the period 2019-2022. Sample selection in this study used the method of purposive sampling and obtained 25 samples. Data used in research is quantitative obtained from secondary data using unbalance data. Test results using the SPSS 26 analytical tool. This study shows that CSR variables, firm size, and earnings persistence have no effect on company value, while profitability and leverage variables have a positive effect on company value. This research contributes to corporate management on the importance of company value in the business.

INTRODUCTION

Every company has a distant objective that has to be fulfilled, namely increasing company value. If we want to know whether the company has experienced a decrease or increase in company value, its share price demonstrates this, because investors judge companies from the movement of share prices transacted on the stock exchange for companies going public. In every process of increasing company value, it is inevitable that managers and stockholders will have conflicts of interest, sometimes known as agency difficulties. The wealth of shareholders will rise in tandem with a greater share prices. Therefore, it can be concluded that the primary objective of company value is to raise company value via raising the owners' or shareholders' wealth through enhancing the performance and future prospects of the business. Adding value to a business may give a great evaluation of its performance and future possibilities (Apridawati, 2020).

The Indonesian capital market continues to develop. This is indicated by the number of investors in Indonesia continuing to increase from year to year, especially stock investors. Quoting from cnbcindonesia.com. Until May 2023, the Composite Stock Price Index (IHSG) fell 4.08% month to date to level 6,633. In April 2023 it strengthened 1.62% (mtd) to 6,915.72. Year to date until May 2023, the JCI weakened 3.17%. With a net buy by non-residents in May 2023 of IDR 20.58 trillion, greater than April 2023 of IDR 18.91 trillion. This achievement is lower than growth in 2022, namely 4.09%, with the highest level on September 13 2022 at 7,318. Quoting Indonesia's Economic And Capital Market Development, in the last 10 year the IHSG experienced a decline in 2013, 2015, 2018, and 2020. In 2013, the IHSG fell 0.98% due to the FED's interest rate policy. In 2015, the JCI fell 12.13% due to the economic slowdown in China. In 2018, the JCI fell 2.54% due to American and Chinese trade, and in 2020, the JCI fell 5.09% due to the Covid-19 pandemic. Head of OJK Capital Market Executive, Financial Derivatives and Carbon Exchange Supervision, Inamo Djajadi, said that the decline in the JCI was caused by increasing volatility in the financial market due to negative global sentiment. The conclusion from the news above is that there have been 4 declines in the IHSG in the last 10 years due to macroeconomic factors (Azwar, 2023).

The phenomenon of a low stock index in the primary consumer goods sector is one thing that are connected to the worth of a corporation. Companies in Indonesia experienced fluctuations during the period 2019 to 2022. Even though they are in the same sector, namely the primary consumer goods sector, there are different patterns of development in company value. The drug sales and distribution subsector experienced the most significant increase compared to other subsectors. This happened because from 2019 to 2022 there was a covid pandemic which had an impact on demand for large quantities of medicines. Increases also occurred in the supermarket and minimarket subsectors as well as soft drinks. Meanwhile, the subsectors that were affected by the pandemic and experienced a decline came from the fish, meat and poultry, plantations and crops, tobacco, cosmetics, and household subsectors.

Businesses in the non-cyclical sector include those in the food and beverage subsector. Products from food and beverage companies are a basic need for society so if economic conditions such as a recession occur, they will still be needed. Stocks in the subsector of food and beverage have stable growth even in conditions of economic uncertainty, making them attractive to investors. Even though the decline will not be as bad as other sectors. Quoting from Kemenperin.go.id, in the third quarter of 2022, the food and beverage industry had growth of 3.57% (yoy), making it the subsector that contributed the most to the nonoil and gas processing industry's grossdomestic product (38.69%). (Management Team, 2022). Investor confidence in the food and beverage business is reflected in the large number of investments made in food and beverage firms. Quoting from merdeka6.com, the food and beverage sector during 2020's second quarter succeeded in attracting investment of 21.3 billion dollars and absorbing a workforce of up to 1.1 million people (Santina, 2022). Even though the food and beverage industry is in great demand by investors, there is a trend of decreasing value of food and beverage industry companies from 2019-2022. Therefore, researchers are interested in knowing what factors influence business worth, particularly in the food and beverage sector.

A company's primary objective is to increase its value, as shown by the price of its shares. If a company's share price is high, its value will like wise be high (Marpaung & Manalu, 2020). A corporation's future success is significantly influenced by its company value. The market worth of the firm's shares, which represents the owner's wealth, is known as company value (Atmaja, 2020). When share prices rise, investors will gravitate toward businesses with the highest company value because these businesses have the potential to maximize shareholder wealth (Atmaja, 2020).

Company value may be determined by a number of criteria, including CSR. Companies have a form of responsibility towards these demands which is manifested in non-financial performance in the form of social and environmental performance which is usually called Corporate Social Responsibility (CSR), Pramono et al (2022). CSR was first introduced by Bowen in 1953 as a form of commitment that was born in the context of business ethics and was voluntary (Waagstein, 2011). Studies by Sheryn and Hendrawati (2020); Pramono et al. (2022); and Sulbahri (2021) demonstrated that corporate social responsibility (CSR) positively impacts a companys value. Nonetheless, studies by Naim and Asraruddin, 2023; Desiyanti et al., 2020; and Apridawati, 2020 demonstrate that CSR disclosure lowers the company value.

The firm size, which may be determined by looking at its financial records, can be used to determine how much its worth has increased. The definition of firm size serves as a standard to indicate how big or small a firm is (Wibowo, 2021). Studies by Anggita and Andayani (2022), Irawati et al. (2022), and Wardhani et al. (2021) demonstrate the beneficial impact of a firm size on company value. However, other studies by Apridawati, 2020; Amro and Asyik, 2021; and Kolamban et al. demonstrate that the firm size has an adverse effect on company value.

The amount of profitability the business generates has an impact on its worth. The capacity of a business to make money from its ongoing operations is known as profitability (Apridawati, 2020). Then, because they resulted in a decline in profitability, the company's operational actions were subpar. The only capital that can be used to demonstrate the ability to make profits is the quantity of money invested. Research by Fitri and Haryati (2022), Permatasari and Sasongko (2022), and Indrayani (2021) demonstrates that profitability positively impacts the value of a firm. Research by Sari and Wahidahwati, 2021; Kolamban et al., 2020 demonstrates that profitability and company value are negatively correlated.

Company value may be impacted by leverage. A ratio called leverage is used to determine how much debt is being utilized to fund a company's assets (Kasmir, 2019). Companies have various sources of funding, one of which is debt. Research by Anggita and Andayani (2021), Sari and Wahidahwati (2021), Farantika and Susilo (2021) indicates that leverage positively affects company value; however, other research by Apridawati (2020) and Indrayani et al. (2021) indicates that leverage is negatively effect on company values.

Earning persistence can also affect company value. Earning persistence shows the quality of a company's profits and this shows that the company can maintain its profits over time (Scott, 2006: 133). Earning persistence is seen as an improvement in expected profits in the future as reflected in current year profits. Studies by Naim and Asraruddin, 2020; Desiyanti et al., 2020; and Angelia and Munandar, 2024 demonstrate the beneficial impact of earning persistence on company value. However, research from Fatma and Hidayat, 2019 demonstrates that a company value is negatively impacted by earning persistence.

Studying firm value is interesting since, despite earlier research's findings, the independent and dependent variables continued to show inconsistent patterns. Consequently, more study must be done in order to fully generalize the findings. According to Apridawati and Hermanto's research (2020), company value is influenced by CSR, firm size, profitability, and leverage. The year of research and the independent variables are where this study differs from earlier studies. This research adds an independent variable, namely earnings persistence because it is still rare to conduct research between earnings persistence and company value. This research was carried out to provide valuable information for shareowners and other related parties to assess company finances (Rossa, 2022). This research was conducted because there were no consistent results from previous studies regarding these variables. This research aims to test whether CSR, firm size, profitability, leverage, and earnings persistence effect on company value.

LITERATURE REVIEW

Teori Stakeholder

Stakeholder theory was first proposed by Freeman (1984). This notion states that the right to knowledge about business activity belongs to all stakeholders. This hypothesis holds that there is a one-way, short-term interaction between suppliers, employees, and owners. Stakeholder theory states

that for a firm to be successful, it must satisfy both its stakeholders' and its own interests. Consequently, the level of support a company receives from its stakeholders greatly affects its capacity to carry on business as usual. A corporation's approach to satisfying stakeholder concerns about non-financial company information about corporate social responsibility refers to how an organization handles its effects on society and the environment.

Signal Theory

Signal theory refers to the manager's attempt to offer investors a positive signal through financial statement accounts in the hopes that the signal would increase the company's future growth rate. Godfrey, et al. (2010:374). These signals will later be used by investors or creditors to analyze and make decisions. The significance of information released by a corporation in the form of significant records, whether from the past, present, or future, is emphasized by signal theory. Announcement-published information will serve as a signal and assist investors in choosing their investments. Signal theory is related to firm size, leverage, and earning persistence because investors need information about the prospects of the company they choose as a place to invest their capital. Signaling Theory is also related to profitability, one of the information that is considered to be a signal is profit details seen in the financial statements of the business.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility reports can be useful for identifying companies that are highly committed to CSR. The benefits a company obtains from carrying out CSR can make the company stronger. Social Responsibility with the environment for Limited Liability companies in Indonesia is mandatory when a company helps overcome social and environmental problems. Concern in the business world to provide funds for sustainable Corporate Social Responsibility (CSR) activities will bring several benefits to the business world itself, namely preserving and enhancing the brand image and reputation of the business. When implemented in line with the company's vision and objective and done sustainably, CSR may be a new marketing strategy that boosts customer loyalty and improves the company's brand image (Apridawati, 2020). Studies by Sheryn and Hendrawati (2020); Pramono et al. (2022); and Sulbahri (2021) demonstrated that corporate social responsibility (CSR) positively impacts a company's value. Drawing on this study, the following conjecture may be made: H1: Corporate Social Responsibility (CSR) has a positive effect on company's value.

Firm Size

A firm size is significantly influenced by its value, which is measured on a scale of big to tiny. It is believed that a company's ability to secure both internal and external finance sources would increase with its firm size Hidayati and Retnani, 2020 (Wardhani et al, 2021). If the source of funds can really be managed optimally so that business feedback is good, then this can attract investors' interest in investing their capital because it is considered to be a good prospect

for the company. Study conducted by Wardhani et al, 2021; Irawati et al, 2022; Anggita and Andayani, 2022 shows a positive effect between firm size on company's value. Drawing on this research, the following conjecture may be made:

H2: Firm size has a positive effect on company's value.

Profitability

Profitability is the company's ability to earn profits (Anggita and Andayani, 2022). Profitable businesses are more likely to share their earnings. In order to assess a company's future prospects, it is imperative to have indicators regarding the growth of its profitability. These indicators can be very helpful to investors, enabling them to make informed decisions and determine the extent to which their investment will yield returns that align with their expectations. For prospective investors to assess the company's capacity to generate net profit linked to dividends, the profitability ratio is crucial. Strong profitability enables the business to produce large profits for shareholders. Based on study conducted by Permatasari and Sasongko, 2022; Fitri and Haryati, 2022; and Indrayani, 2021 demonstrate that profitability affects a company's value, the following hypothesis may be made:

H3: Profitability has a positive effect on company value

Leverage

A ratio called leverage evaluates or approximates the amount of debt that a business is financing. Leverage is used to see how high the ratio of a company's funding sources comes from debt or external parties compared to its own capital. Assets and funding sources that can give rise to expenses or interest costs from operational activities in the company are the causes of leverage. A debt portion that is smaller than its own capital is considered less capable of generating profits than companies that use a larger portion of debt compared to their own capital (Wibowo, 2021). Considering the findings of the study carried out by Anggita and Andayani, 2021; Sari and Wahidahwati, 2021; and Farantika and Susilo, 2021 demonstrate the favorable effect of leverage on company value.

H4: Leverage has a positive effect on company value

Earning Persistence

Earning persistence is the capacity of a business to endure and generate a profit in the future for the next period of time which is composed of accrual and cash flow elements, and represents anticipated changes in profits in the coming period as reflected in the latest profit report (Angelia and Munandar, 2024). High persistence indicates a process of generating sustainable profits that is highly valued by investors. Earning persistence is seen as changes that occur in the anticipated level of profit for the future, based on the amount of profit earned in the previous period. Considering the findings of the studies carried out by Desiyanti et al, 2020; Angelia and Munandar, 2024; Naim and Asraruddin demonstrate the positive effect between earning persistence on company value, a hypothesis can be drawn:

H5: Profit Persistence has a positive effect on company value

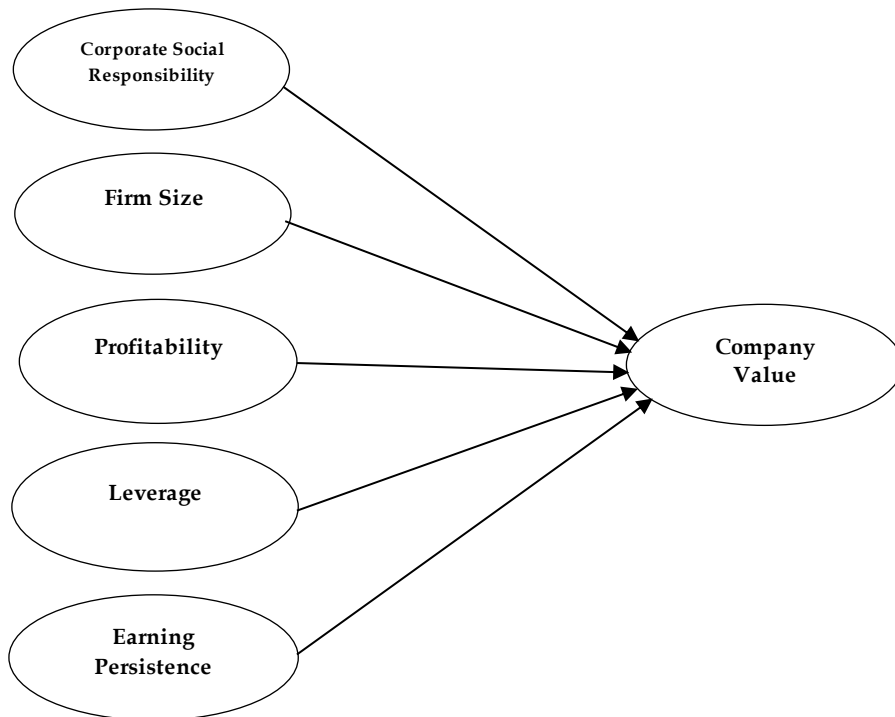


Figure 1. Conceptual Framework

METHODOLOGY

Through the analysis of secondary data, a form of quantitative study was conducted in order to evaluate hypotheses regarding the prepared variables. Primary consumer goods firms in the food and beverage subsector that have been listed on the Indonesia Stock Exchange 2019-2022 make up the population considered in this study. There are about 33 company in this subsector overall. The purposive sampling approach, which is a sample selection methodology based on certain criteria, was used to collect the samples for this study. Secondary data from primary consumer goods businesses (non-cyclicals) in the food and beverage subsector listed on the Indonesia Stock Exchange for the years 2019-2022 were used in this study. The information was retrieved directly from the Indonesian Stock Exchange website (www.idx.com). The company financial report for the 2019-2022 period is one of the criteria. Companies that disclose CSR on the GRI index for at least two years of research, and in generating profitability there are no negative values or losses. Researchers use the rupiah currency when taking financial reports because it is the Indonesian currency that people use every day.

Table 1. Operational Definition

Variable	Table 1. Operational Definition	Measurement
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The value of the company	This percentage demonstrates the company's capacity to observe the operations it does.	$PBV = \frac{\text{Stock price}}{\text{Book value per share}}$ (Apridawati, 2020)
CSR	The company is socially responsible to all stakeholders through CSR activities.	$CSRI_j = \frac{\sum X_{ij}}{n_j}$ (Desiyanti, dkk, 2020)
Firm Size	Describes a firm size as shown by its total assets.	$UP = Ln (\text{Total Assets})$ (Apridawati, 2020)
Profitability	Demonstrates a company's capacity to make money in order to make money later on.	$ROA = \frac{\text{Net Profit}}{\text{Total Assets}}$ (Amro dan Asyik, 2021)
Leverage	The ratio is employed to quantify the amount of debt utilized to fund the assets of the organization.	$DER = \frac{\text{Total Liability}}{\text{Equity}}$ (Anggita dan Andayani, 2022)
Earning Persistence	Understanding future earnings to increase business profitability.	$PL = \frac{\text{Profit after tax}_{t-1} - \text{Profit after tax}_t}{\text{Total Assets}}$ (Desiyanti dkk, 2020)

The PBV (Price to Book Value) evaluation of the firm value serves as the dependent variable in this study. For the independent variable, the CSR variable is measured using the 2016 GRI index with 136 items, the variable of firm size is calculated using the company's total assets and converting them into natural logarithm form, the profitability variable uses the ROA (Return on Assets) measurement, then the leverage variable uses the DER (Debt to Equity Ratio) measurement and the earning persistence variable is calculated by dividing the company's profit for the current and previous years by total assets. SPSS version 26 data processing tools were utilized for the data analysis in this study.

RESULTS

Researchers employed secondary data from main consumer firms in the food and beverage subsector listed on the Indonesia Stock Exchange in 2019–2022 annual financial reports as research objects in this study. The effect of Corporate Social Responsibility (CSR), firm size, profitability, leverage, and earning persistence on company value is the focus of this study. The data used in this research was 64 from 2019-2022 using unbalanced data. Obtained from 25 of 33 food and beverage subsector companies registered during 2019-2022 by the use of purposive sampling. The techniques researchers employ for data analysis include descriptive statistics, classical assumptions and data analysis.

Table 2. Sample List of Companies

No	Information	2019	2020	2021	2022	Total
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1	Principal consumers mentioned on the IDX 2019–2022 for the food and beverage subsector	33	33	33	33	132
2	Companies that do not declare using the rupiah as their currency	0	0	0	0	0
3	Food and beverage subsector companies for which 2019-2022 financial reports are not available	0	0	0	0	0
4	Companies that have not published social responsibility reports for at least 2 years in 2019-2022	(27)	(23)	(9)	(5)	(64)
5	Companies that are not positive in their profitability	(1)	(1)	(1)	(1)	(4)
	Number of Company Samples	5	9	23	27	64

From the data above, several companies did not publish complete sustainability reports between the 2019-2022 period and some companies' profitability between 2019-2022 was negative, so the researchers used unbalanced data and obtained 64 data used in the research.

A. Descriptive Statistical Test

A summary or explanation of the data using the variance, standard deviation, and mean, total, range, kurtosis, skewness, maximum, and minimum values distribution differences is provided by descriptive statistics. The secondary data obtained was used to process descriptive statistics (Ghozali, 2018). The findings of the descriptive statistical test analysis are shown below:

Table 3. Descriptive Statistics

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
CSR	64	0,0441	0,6176	0,258847	0,1635962
Company Size	64	26,6386	32,8264	29,457333	1,5072782
Profitability	64	0,0001	0,5990	0,110471	0,1039130
Leverage	64	0,1085	3,5827	0,842204	0,8536490
Profit Persistence	64	- 0,1301	0,6790	0,007146	0,0976933
The value of the company	64	0,5434	60,6718	5,441942	12,1088103
Valid N (list)	64				

Source: SPSS 26 hasil pengolahan data

The SPSS output table display above shows that the data used is 64 data, The average value of the CSR variable is 0.258847, as can be shown. Therefore, it may be said that 25% of firm data discloses CSR. There is an average value for the firm size variable of 29.457333, meaning that companies generally allocate 29.45733 or IDR 6,210,919,074,267 of capital for assets. The average value of the profitability variable is 0.110471, meaning that the profit generated by the company is 11% of total assets. The average value of the leverage variable is 0.842204 in this indicates that debt accounts for 84% of the company's total capital. According to the earning persistence variable's average value of 0.007146, the profit for this year is 0.7% more than the profit

for the previous year. According to PBV calculations, the average value of the company value variabel is 5.441942, indicating that the share price is 5.44 times more than the book value per share.

B. Classic Assumption Test

Normality Test

As to Ghozali (2018), the objective of the normality test is to ascertain whether the residual or confounding variables in the regression model possess a normal distribution with decision rules. If the significance is greater than $\alpha=0.05$, the data distribution is deemed normal. According to the study of the Kolmogorov-Smirnov normalcy test, the significance is 0.000 less than 0.05. Base on the rationale employed in the Kolmogorov-Smirnov normalcy test judgments, it may be concluded that the data isn't regularly distributed. During the initial normality test, 64 samples were used and in diagnostic cases, some extreme values were removed. Therefore, 61 samples total with a standard deviation ranging from 3.0 to 2.9 were used in this investigation. Kolmogorov-Smirnov was then employed to verify that the data was normal. The fact that the test significance value of 0.200 is higher than 0.05 suggests that the distribution of the data is normal.

Multicollinearity Test

The goal of the multicollinearity test, according to Ghozali (2018), is to determine if the regression model detects a link between the independent variabel. There is no requirement for correlation between dependent variables in an effective regression model. The results of the multicollinearity test indicate that this study does not have a multicollinearity issue. The results indicate that each independent variable has a tolerance value larger than 0.1 and that the variance inflation factor (VIF) value is less than 10. The regression model is considered effective if the independent variables don't relate to one another. The tolerance values for X1 is 0.857, the tolerance value for X2 is 0.771, the tolerance value for X3 is 0.807, the tolerance value for X4 is 0.791, and the tolerance value for X5 is 0.912 where the five variable value are greater than 0.10. The VIF value for variable X1 is 1.167, variable X2 is 1.296, variable X3 is 1.240, variable X4 is 1.264, and variable X5 is 1.096 where the VIF value of all variables is less than 10, it can be concluded that the data above does not multicollinearity symptom.

Heteroscedasticity Test

The heteroscedasticity test, according to Ghozali (2018), is a test to determine if the regression model's residuals from a single observation show evidence of variance in equality. This research uses the Spearman's Rho test as one of the statistics to carry out the heteroscedasticity test. From the results of the significance value and the Spearman's Rho test with Abs_Res is that X1 is 0.662, X2 is 0.816, X3 is 0.266, X4 is 0.156, X5 is 0.193. So it can be concluded that all significance values > 0.05 indicate that there're no symptoms of heteroscedasticity.

Autocorrelation Test

The regression model's free and autocorrelated status is determined by the autocorrelation test. The correlation between sample members arranged chronologically is known as autocorrelation. Thoharo (2018:148) in Apridawati

(2020) states that the Durbin Watson tes (DW Test) should be used with the folowing autocorrelation requirements in order to as certain if autocorrelation is present or absent: If the DW value is less than -2 (DW< -2) then there is positive autocorelation; if the DW value is between -2 and 2, then there is no autocorelation; and if the DW value is greater than 2, then there is negative autocorrellation. Based on the findings of this study's autocorrellation test, the DW value is 1.145, indicating that the absence of autocorrelation symptoms is indicated by a DW value between -2 and 2.

C. Data Analysis Test

A multiple linear regression model is used in this research study. The development of multiple linear regression involves using historical data to forecast future possibilities and assess the impact of one or more independent factors on the dependen variabel(Suliyanto, 2018). The following is a table of multiple linear tests and t tests:

Table 4. Results of Multiple Linear Regression Test and t Test

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.796	10.397		0.173	0.863
CSR	2.054	3.114	0.046	0.660	0.512
Company Size	-0.289	0.361	-0.059	-0.802	0.426
Profitability	61.925	7.498	0.592	8.259	0.000
Leverage	5.271	0.705	0.541	7.478	0.000
Profit Persistence	7.388	5.077	0.098	1.455	0.151

Source : SPSS 26 hasil pengolahan data

The regression equation is derived using the data from the above regression analysis results table:

$$PBV = 1,796 + 2,054CSR - 0,289FS + 61,925P + 5,271L + 7,388EP + e$$

It makes sense in light of the following regression analysis results: 1.796 as a constant means that if the independent variables Corporate Social Responsibility (CSR), firm size, profitablity, leverage and earning persistence are considered constant or 0, then the value of the PBV variable is 1.796. The CSR regression coefficient of 2.054 shows a positive figure between Corporate Social Responsibility (CSR) and company value. This means that for every one unit increase in Corporate Social Responsibility (CSR), the company value will increase by 2,054. The firm size regresion coefficient is 0.289, indicating a negative number between firm size and company value. This means that for every one unit decrease in firm size, the company value will decrease by -0.289. The profitability regression coefficient of 61.925 shows a positive figure between profitability and company value. This means that for every one unit increase in profitability, the company value will increase by 61.925. The leverage regression coefficient of 5.271 shows a positive figure between leverage and company value. This means that for everyone unit increase in leverage, teh company value will increase by 5.271.

The earnings persistence regression coefficient of 7.388 shows a positive number between earnings persistence and company value. This means that for everyone unit increase in earning persistence, the company value will increase by 7.388.

Coefficient of Determination Test

Measuring how well the model can explain the dependent variable is the goal of the coefficient of determination test (Ghozali, 2018). To confirm that there is a significant association between the independent factors and to determine if the independent variables (CSR, firm size, profitability, leverage and earning persistence) have a strong relationship between the variables. One more way to quantify the impact of an independent variable on a dependent variable is to utilize the determination factor, often known as the R square value. With a square R value of 0.751 in the determinant coefficient test, it may be inferred that other factors account for the remaining 75.1% of the dependent variable's effect from the independent variable.

Uji F

If every independent variable in the model influences the dependent variable at the same time, it is also demonstrated by the F statistical test. The significance level for the F statistical test is 0.05 (Ghozali, 2018:97). The study's findings demonstrate that the regression estimation model is workable or appropriate for application, with the computed F values being 37.223 and 2.38, respectively.

Uji t

The results of the analysis in table 4 show that the CSR variable has a value of 0.660 with a significance value of 0.512 or greater than 0.05 this shows that X1 (CSR) has no effect on company value, so in this study H1 is rejected. The Firm Size variable has a t value of -0.802 with a significance value of 0.426 or greater than 0.05. This shows that X2 (Firm Size) has no effect on company profitability, so H2 is rejected. The Profitability variable has a t value of 8.259 with a significance value of 0.000 or less than 0.05. This shows that X3 (Profitability) has an effect on company value, so in this study H3 is accepted. Then the Leverage variable has a t value of 7.478 with a significance value of 0.000 or less than 0.05, this shows that X4 (Leverage) has an effect on company value, so H4 is accepted. Meanwhile, for the Earning Persistence variable, the t value is 1.455 with a significant value of 0.151 or more than 0.05 this shows that X5 (Earning Persistence) has no effect on company value, so H5 is rejected.

DISCUSSION

The Effect of Corporate Social Responsibility on Company Value

H1 is rejected because the test results demonstrate that the **CSR variable has no effect on company value**. This implies that a company's value will not be impacted by its CSR disclosure if some of its CSR initiatives are correctly reported

to investors and investors have not yet recognized them as issues that require attention. In this CSR, companies may also be less concerned about social and environmental factors, it is proven that the disclosures provided by the company are still far from the standards that have been set and this is also proven by the company's poor or consistent attitude towards the community and stakeholders. Thus, CSR disclosure cannot fully attract stakeholders to support all company activities that can increase expected performance and profits. The findings of this study, however, contradict the stakeholder theory, which holds that in order to live up to genuine expectations and gain the respect of stakeholders, an organization will choose to voluntarily disclose information about its intellectual, social, and environmental performance over and above requests that are made of it. The research sample companies that report CSR's small company value reveals that the market is, in reality, more focused on financial aspects. The findings of this study are consistent with those of (Apridawati, 2020), Desiyanti et al (2020) and research by Naim and Asraruddin (2023).

The Effect of Firm Size on Company Value

H2 is rejected since the findings of the hypothesis test indicate that **the firm size has no effect on company value**. This is because a company's value is not always impacted by changes in its total assets, and a firm size as determined by its total assets does not guarantee that investors will be interested in funding a business that may have large assets but a high level of short-term debt. Therefore, investors are interested in investing not because of the firm size. Investors will still have the desire to invest if the company has a healthy amount of liabilities and a high level of profit even though the firm size is small. This research is in line with research from Amro and Asyik (2021), Kolamban et al (2020) and Apridawati (2020) who say firm size has no effect on company value. This is because an increase in total assets owned by a company is not necessarily able to increase the value of the company in the eyes of investors, this causes large firm size to not always be able to optimize productivity, resulting in the company's level of profitability being low. However, the results of this study do not support the signal theory which states that firm size has an influence on company value.

The Effect of Profitability on Company Value

The statistical test results show that **profitability has a positive effect on company value**, so H3 is accepted. Return on Assets can influence a company's value because the higher the ROA value, the more efficient the company will be in asset turnover and can attract investors to invest their capital in the company so that the company's value will also be better. The higher the profits generated by the company and the more efficient use of assets, the greater the company value. A high ROA gives the company a good or good position in terms of company value. This supports research conducted by Permata and Sasongko (2022), Fitri and Haryati (2022) and Indrayani (2021) which found that profitability has a positive effect on company value. This research is in line with signal theory which states that a high ROA gives a company a good or good

position in terms of the value given by the market, which is reflected in the company's share price getting better.

The Effect of Leverage on Company Value

The test results show that **leverage has a positive effect on company value**, so H4 is accepted. More firm debt can raise the value of the business since it can lower tax payments due to interest charges. Additionally, the usage of debt will raise the value of the business because debt is typically used to finance activities (Wibowo, 2020). The results of this research support several previous studies conducted by Anggita and Andayani (2022), Sari and Wahidahwati (2021) and Farantika and Susilo (2021) which showed the results that leverage had a positive effect on company value. These results state that the increase in debt is a reflection of management's ability to increase company value. Investors assume that companies with conditions like this are experiencing rapid development and therefore need additional funds. This development allows a company to expand and diversify by forming a portfolio. The increasing worth of the company will then be impacted by this. The research findings are consistent with signal theory, which states that a company's worth will rise if its debt is utilized wisely in its operations and grows.

The Effect of Earning Persistence on Company Value

H5 is rejected because the findings of the hypothesis test indicate that **earnings persistence has no effect on the company value**. This is due to the fact that the business is unable to justify how it will be able to sustain its current level of profitability in the future. This means that the company cannot reflect profits which show that the company can maintain profits over time. Tanjung et al (2023) which found no effect between earning persistence and company value, is consistent with our study. The study's findings contradict the signal hypothesis, which holds that a company's ability to sustain earnings will have a greater impact on its ability to expand in value.

CONCLUSION AND RECOMMENDATION

Based on the results of the research and discussion above, conclusions can be drawn, namely: 1) CSR has no effect on company value in the primary consumer sector. 2) Firm size does not have a negative effect on company value in the primary consumer sector. 3) Profitability has a positive effect on company value in the primary consumer sector. 4) Leverage has a positive effect on company value in the primary consumer sector. 5) Earning persistence does not have a positive effect on company value in the primary consumer sector. These findings indicate that high profitability and company management capabilities can increase company value. However, CSR disclosure also cannot convey signals to investors and the rise and fall of total assets and the inability to maintain profits from time to time by the company do not always affect the company value. The independent variable has an influence on the dependent variable of around 75.1% in the research and the rest is influenced by other variables.

So recommendations that can be made to deepen and expand the analysis of company value can be by considering more variables from the findings and

limitations of this research, then by adding the corporate sector and extending the research period so that better research results can be obtained.

FURTHER STUDY

1. This research only uses 64 data from 25 companies with purposive sampling criteria. So if the next researcher reproduces the data and the company might get different results.
2. The phenomenon or data used still uses data ranging from 2019-2022. Future researchers are expected to look for and use the most recent phenomena or data for better research.

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