ANALYSIS OF THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY AND OWNERSHIP STRUCTURE ON FIRM VALUE MEDIATED BY COMPANY PERFORMANCE

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ABSTRACT

The study's goal is to investigate and analyze the impact of corporate social responsibility and ownership structure on firm value as mediated by company performance. In 2020, the Indonesia Stock Exchange will be used as a forum for sampling, with 300 companies participating to meet research requirements. The WarpPLS program was used to analyze the data using the structural equation modeling (SEM) method. This research yields empirical evidence: (1) Corporate social responsibility has the potential to increase company value, implying that value-added corporate social responsibility has the potential to directly increase company value. (2) The possession construction of an organization can expand its worth; this has suggestions for unfamiliar proprietorship structure, administrative possession, and institutional proprietorship, all of which can straightforwardly build the worth of an organization. (3) Corporate social responsibilities can help organization execution, exhibiting that esteem added corporate social duty can persuade organization execution. (4) Proprietorship structure, as expressed by unfamiliar possession structure, administrative proprietorship, and institutional proprietorship, can improve organization execution. (5) organization execution, as estimated by ROA and ROE, can expand firm worth. (6) Organization execution directs the effect of corporate social responsibilities on firm worth, and (7) firm execution directs the effect of proprietorship structure on firm worth.

Keywords: Corporate Social Responsibilities, Firm Worth, Organization Execution, Proprietorship Design

I. INTRODUCTION

In recent years, the implementation of firm value has been extremely crucial for investors and creditors in evaluating the overall condition of the company (Setiawan, 2021). This is a reflection of the total equity to debt ratio of the additional company. If the share price rises, the firm’s value affects the maximum fluctuation of shareholder wealth (Sapitri, 2020). Shareholders will benefit from the impact. Good performance financial is required to achieve the maximum target value of the company. The financial performance of the company is an important factor for investors to consider when making investment decisions (Sulastri, 2021). Improving monetary execution is crucial for associations to keep up high corporate esteem and draw in financial backers. The improvement of stock costs is certainly identified with the organization’s monetary presentation factors; if the exhibition is acceptable, the stock value rises. However, stock price movements can be caused by a variety of other factors (Nugraha, 2021). Another way of controlling stock price fluctuations is a company's concern for the community represented through corporate social service activities, also known as corporate social responsibility (CSR). Companies, in general, are held accountable not only for financial conditions but also for non-financial factors such as social and environmental concerns. A positive image from the company's reputation can help it build good relationships with the community and become capital for the company to attract investors, extend contracts with suppliers, and reduce capital expenses.

Another factor is the ownership structure, which is the primary mechanism for corporate governance. To increase shareholder trust, businesses must practice good governance (Ayunitha, 2020). The relationship between corporate governance compliance and company value exists because good governance increases efficiency in monitoring managerial activities. In the ownership structure, two factors must be considered: (1) the concentration of outsider ownership and (2) management ownership of the company. As indicated by research on the impact of possession
structure on organization execution, this variable affects the monetary presentation of the organization (Elvin, Intan, Bt, & Hamid, 2016). Something else, research has shown that the possession structure contrarily affects firm worth (Vintilă, & Gherghina, 2015). Then, Xia, Martin, and Duran's exploration demonstrate a positive connection between proprietorship construction and firm worth (Xia, 2008; Martín-Reyna, Manuel, & Durán-Encalada, 2012).

In this research, the following problems are formulated: 1) Does CSR affect the increase in firm value? 2) Does the ownership structure affect the increase in firm value? 3) Does CSR have an impact on company performance? 4) Does the ownership structure of a company affect its performance? 5) Does the performance of a company affect the increase in firm value? 6) Does CSR have an impact on firm value through company performance? 7) Does firm value change as a result of ownership structure? The findings are expected to contribute to the formulation of company policy and to be used as a factor in decision making.

II. LITERATURE REVIEW

Corporate social responsibility contributes to a company's commitment to long-term economic development. As Kim et.al exploration's associations with high CSR scores utilize optional gatherings to manage profit (Kim, Park, & Wier, 2012). Companies that implement CSR programs appear to be more likely to maintain financial sustainability and have an impact on high revenues. According to Gras-Gil et.al. research managers use income-reduction accruals and income-rise accruals to achieve maximum income targets (Gras-Gil, Manzano, & Fernández, 2016). As a result, because the actual discretionary accrual size is used in determining the level of income control, that amount can also be used to examine the quality of the company's profit.

The percentage of company ownership is determined by dividing level shares by the absolute number of offers. Regardless of whether the venture is little, an individual who claims partakes in an organization is viewed as a proprietor. As per Jansen and Meckling, the term proprietorship structure shows that the primary variable of capital design is resolved by obligation and value, yet additionally by the rate level of offers possessed by the board/foundation (Jensen, & Meckling, 1976). Possession focus is a corporate administration instrument model that can be lined up with the interests of the head. As indicated by Demsetz and Lehn, chiefs can screen specialists through centralization of possession, guaranteeing that specialists act to the greatest advantage of the principal (Demsetz, & Lehn, 1985).

Company performance is a measurable outcome that describes the empirical conditions of a company of various sizes. A performance examination is completed to decide the degree of execution accomplished. The objective is to inspire representatives to accomplish hierarchical objectives and stick to foreordained social norms to deliver wanted activity and results. A management policy or formal plan containing information on strategic plans, work programs, and budgets can be used to establish a standard of behavior.

According to Da Silveira & Barros, shareholders can assess the condition of the company's value as reflected in the stock price on the capital market (Da Silveira, & Barros, 2007). As Nuraina said, grants are given at share costs that are higher than the book esteem per share, while devaluation happens when the offer cost is lower than the book esteem (Nuraina, 2012). When the fluctuation of stock market price in circulation is high, the company's performance improves, which has an impact on the company's high value.

Figure 1. Conceptual Framework
Through the mediation of company performance factors, there is a critical impact on corporate social responsibilities elements and possession structure on firm worth, and there is a huge impact of organization execution on firm worth. The connection between corporate social responsibilities and possession structure toward firm value can be mediated by company performance.

III. METHODOLOGY OF RESEARCH

This study takes an explanatory quantitative approach, emphasizing theory testing through variable measurement and data analysis procedures with statistical tools using the WarpPLS program. The dependent variable in this research is firm worth, which is estimated utilizing Tobin's Q and the PBV (Price to Book Value) formula:

\[ \text{Tobin's Q} = \frac{(EMV + D)}{(EBV + D)} \]
\[ \text{PBV} = \frac{(\text{Closing Price})}{(\text{Share sheet per book value})} \]

Corporate social responsibilities activities can be shown as a type of corporate commitment to the environment, social issues, and community (Retno, & Priantinah, 2012). The Corporate Social responsibilities Record (CSRi) is determined by inspecting whether not a piece of data is remembered for the yearly report. If it is excluded from the yearly report, the worth is 0. If it is remembered for the yearly report, the worth is 1. The following is the formula for the company's CSR disclosure index (CSRi):

\[ \text{CSRDi}_j = \frac{\sum X_{ij}}{N_j} \]

The ownership structure of the company is separated into three significant pointers: unfamiliar proprietorship, administrative possession, and institutional possession, every one of which is estimated by the percentages shown below:

\[ \text{Ownership} = \frac{\text{(number of shares owned)}}{\text{(number of shares outstanding)}} \times 100\% \]

Meanwhile, the mediating factor of company performance is measured by ROA & ROE:

\[ \text{ROA} = \frac{\text{EAT}}{\text{TA}} \quad \text{and} \quad \text{ROE} = \frac{\text{EAT}}{\text{TE}} \]

Research data sources obtained through intermediary media or observed in the form of secondary data monetary reports got from the Indonesia Stock Trade (Nariswari, 2020; Nugraha, & Riyadhi, 2019). The information assortment strategy includes contemplating archives, trailed by recording, and computing issues dependent on the significance of information for chose organizations recorded on the Indonesia Stock Trade in 2020.

IV. RESULTS AND DISCUSSION

The following stage in information handling with the WarpPLS program was to decide the causal connection between the factors in the investigation (dependent, independent, and intervened factors). Coming up next are the results of information processing:

Evaluations of External Model Estimation

The external model is estimated by estimating the intelligent pointer dependent on the connection between the thing score or part score assessed at the external stacking factor esteem. Coming up next are the external model estimation results dependent on three standards: merged legitimacy, discriminant legitimacy, and composite unwavering quality.

Validity of Convergence

The connection between's score pointers and score build rules (stacking factor) utilized in surveying that the external model has met the united legitimacy prerequisites, specifically the stacking factor rules of every marker, shows the estimation model test. A score of more than 0.70 shows that the speculation is substantial, and a p-worth of 0.05 is considered huge (Sholihin, & Ratmono, 2013). The information handling brings about Table 1 show that
two intermediaries don't meet the concurrent legitimacy rules and should be taken out, to be specific intermediary SK 2 and intermediary SK 3 for proprietorship structure factors.

Table 1. Results of the Combined Loading Factor and Cross Loading

<table>
<thead>
<tr>
<th></th>
<th>CSR</th>
<th>SK</th>
<th>NP</th>
<th>KP</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>1.000</td>
<td>-0.000</td>
<td>-0.000</td>
<td>0.000</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>SK1</td>
<td>-0.074</td>
<td>0.911</td>
<td>-0.008</td>
<td>0.061</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>SK2</td>
<td>0.184</td>
<td>0.122</td>
<td>0.123</td>
<td>-0.262</td>
<td>0.016</td>
</tr>
<tr>
<td>SK3</td>
<td>-0.047</td>
<td>-0.945</td>
<td>0.009</td>
<td>0.025</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>NP1</td>
<td>-0.003</td>
<td>-0.013</td>
<td>0.967</td>
<td>-0.016</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>NP2</td>
<td>0.003</td>
<td>0.013</td>
<td>0.967</td>
<td>0.016</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>KP1</td>
<td>0.061</td>
<td>0.016</td>
<td>-0.086</td>
<td>0.953</td>
<td>&lt; 0.001</td>
</tr>
<tr>
<td>KP2</td>
<td>-0.061</td>
<td>-0.016</td>
<td>0.086</td>
<td>0.953</td>
<td>&lt; 0.001</td>
</tr>
</tbody>
</table>

Table 2. Loading Factors of All Variables After Elimination

<table>
<thead>
<tr>
<th>Variable</th>
<th>Proxy</th>
<th>Loading Factor</th>
<th>P-value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>CSR1</td>
<td>1.000</td>
<td>&lt; 0.001</td>
<td>Meets Convergent Validity</td>
</tr>
<tr>
<td>SK</td>
<td>SP1</td>
<td>1.000</td>
<td>&lt; 0.001</td>
<td>Meets Convergent Validity</td>
</tr>
<tr>
<td>NP</td>
<td>NP1</td>
<td>0.967</td>
<td>&lt; 0.001</td>
<td>Meets Convergent Validity</td>
</tr>
<tr>
<td>KP</td>
<td>KP1</td>
<td>0.953</td>
<td>&lt; 0.001</td>
<td>Meets Convergent Validity</td>
</tr>
</tbody>
</table>

Validity of Discriminant

Table 3. Comparison of Loading Factors and other Variables

<table>
<thead>
<tr>
<th></th>
<th>CSR</th>
<th>SK</th>
<th>NP</th>
<th>KP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>-0.051</td>
<td>1.000</td>
<td>0.044</td>
<td>0.013</td>
</tr>
<tr>
<td>SK</td>
<td>1.000</td>
<td>-0.051</td>
<td>0.118</td>
<td>0.406</td>
</tr>
<tr>
<td>NP</td>
<td>0.118</td>
<td>0.044</td>
<td>0.967</td>
<td>0.740</td>
</tr>
<tr>
<td>KP</td>
<td>0.406</td>
<td>0.013</td>
<td>0.740</td>
<td>0.953</td>
</tr>
</tbody>
</table>

According to Table 3, all factors met the rules for discriminant legitimacy. Corporate social responsibilities have an AVE 1000 square root that is more noteworthy than - 0.051, 0.188, and 0.406. The possession structure has a square foundation of 1000, which is more noteworthy than - 0.051, 0.044, and 0.013. The firm's worth has a square base of AVE 0.967, which is more prominent than 0.044, 0.188, and 0.740. Firm execution has an AVE square foundation of 0.953, which is more prominent than 0.013, 0.406, and 0.740.
The Reliability of Composites

The composite of reliability is utilized to survey the unwavering quality of each development, and it should have a composite unwavering quality of 0.70 to be considered solid. As indicated by Table 4, the reliability of composite test results for each build is 1,000 for corporate social responsibility, 1,000 for possession structure, and 0.966 for firm worth. Everything builds can be said to have met a composite of reliability models dependent on this worth.

Table 4. Composite Reliability Coefficient

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Reliability</td>
<td>1.000</td>
</tr>
<tr>
<td>CSR</td>
<td>1.000</td>
</tr>
<tr>
<td>SK</td>
<td>1.000</td>
</tr>
<tr>
<td>NP</td>
<td>0.966</td>
</tr>
<tr>
<td>KP</td>
<td>0.952</td>
</tr>
<tr>
<td>R</td>
<td>0.70</td>
</tr>
</tbody>
</table>

Estimates for Inner Model Measurement

Fit model test, path coefficient (β), P, and R values squared are all part of the structural evaluation (inner model) (R^2). There are three test indices in the testing fit model: Normal way coefficient (APC), normal R^2 (ARS), and normal fluctuation factor (AVIF), with APC and ARS models, acknowledged whether the p-value < 0.05 and AVIF < 5. (Sholihin, M., & Ratmono, 2013). The way coefficient and p-value are utilized to decide if speculation is acknowledged. If the value of p ≥ 0.1, Ho's decision is accepted; if the value of p < 0.1, Ha's decision is accepted. R^2 is a measure of how well variables of independent can explains variables of dependent. Each of them has a value of ≥ 0.25 ≥ 0.50, and ≥ 0.75.

Table 5. Results of General SEM Analysis

<table>
<thead>
<tr>
<th>Index</th>
<th>Index</th>
<th>P-Value</th>
<th>Criteria</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>APC</td>
<td>0.276</td>
<td>P &lt; 0.001</td>
<td>P &lt; 0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>ARS</td>
<td>0.473</td>
<td>P &lt; 0.001</td>
<td>P &lt; 0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>AVIF</td>
<td>1.053</td>
<td>Ideally &lt;3.3</td>
<td>Acceptable if &lt;5</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

According to the output results, Score APC has a file of 0.276 with a P-value < 0.001, though ARS has a file of 0.473 with a P-value < 0.001. Since they have a P-value < 0.05, APC and ARS have met the models. Then, because of information handling consequences of 1.053, the AVIF an incentive for standards < 0.05 has been met, and subsequently the inward model can be acknowledged.

Results of Hypothesis

The speculation of an immediate impact of "Corporate Social responsibility on Firm Worth" was tried: As indicated by Figure 2, CSR (corporate social responsibility) affects NP (firm worth) with a worth of β 0.30 and a p-value < 0.01. An R^2 worth of 0.55 shows that corporate social responsibility can clarify 55% of an organization's worth, with the excess 45% clarified by different variables. Speculation 1 has a positive p-value < 0.05, demonstrating that corporate social responsibility positively affects firm worth; in this manner, theory 1 is acknowledged.

Figure 2. The influence of corporate social duties on firm value

The hypothesis of a direct effect of "Ownership Structure on Firm Value" was tested: According to Figure 3, SK (ownership structure) impact of NP (firm worth) with a β worth of 0.18 and a p-value < 0.01. An R^2 worth of 0.47 demonstrates that the proprietorship construction can clarify 47% of the organization's worth, with the excess 53%
clarified by different factors. Speculation 2 has a positive p-value < 0.05, showing that the possession structure positively affects firm value; in this manner, theory 2 is acknowledged.

![Figure 3. Impact of ownership structure on firm value](image)

The following is a description of the Hypothesis Test of Indirect Effect between Research Variables:

![Figure 4. Indirect Impact](image)

Table 6. Results of Panel B PLS (Coefficient path, R², and firm value)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Path to Good performance</th>
<th>Path to Value of the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate social responsibility</td>
<td>0.516 (&lt;0.001) **</td>
<td>-0.038 (0.256)</td>
</tr>
<tr>
<td>Ownership Structure</td>
<td>0.136 (0.008) **</td>
<td>0.065 (0.128)</td>
</tr>
<tr>
<td>Good performance</td>
<td></td>
<td>0.792 (&lt;0.001) **</td>
</tr>
<tr>
<td>R²</td>
<td>0.293</td>
<td>0.645</td>
</tr>
</tbody>
</table>

The Effect of Corporate Social Responsibility on Performance of Company

As indicated by Table 6, the way coefficient and p-value of corporate social duty on organization execution have a huge impact of 0.516 and p-value < 0.001 and R² of 0.293, individually. This implies that this instrument can clarify 2.7 percent of the organization's exhibition, with the leftover 97.3 percent clarified by different components. Speculation 3 has a positive p-value < 0.05, demonstrating that corporate social responsibility emphatically affects corporate execution.

The Effect of Organization Proprietorship Design on Performance

As indicated by Table 6, the way coefficient and p worth of the proprietorship structure on organization execution have a critical impact of 0.136 and 0.008, separately, and the R² value is 0.293. This implies that this instrument can clarify 2.7 percent of the organization's presentation, with the leftover 97.3 percent clarified by different variables. Theory 4 has a positive p-value < 0.05, demonstrating that the proprietorship structure decidedly affects the performance of the firm.
The Effect of Firm Worth on the performance of the company

Table 6 shows that the way coefficient and p-value of organization execution on firm worth have a huge impact of 0.792 and p-value < 0.001 and R² of 0.645, individually. This implies that this system can clarify 66.2 percent of the organization's worth, with the leftover 33.8 percent clarified by different elements. Theory 5 has a p-value < 0.05 and a positive worth, showing that firm worth is emphatically influenced by organization execution.

The Effect of Corporate Social Responsibility on Firm Value as Estimated by Performance of Company

The association of an immediate impact of corporate social responsibility on firm worth shows a huge impact of 0.3 with p-value < 0.001 and p < 0.05). In the wake of consolidating the organization execution variable into the model, the immediate impact of CSR on NP is not, at this point critical at 0.26. This empowers KP to work as an undeniable middle person, yet he should meet the predetermined necessities. The suggested impact of CSR on NP by interceding execution of the organization is huge; the way coefficient and p-value from SK to KP were 0.516 and p < 0.001 (p < 0.05), separately, while the way coefficient and p-value from KP to NP were 0.792 and p 0.001 (p < 0.05). This is addressed by the P-value of the roundabout impact for the way with two fragments, which shows that CSR significantly affects NP < 0.001 p < 0.05). Since all conditions have been met, speculation 6 is acknowledged, to be specific organization execution (KP) as a full arbiter of the connection among CSR and firm worth.

The Effect of Possession Design on Firm Value as Estimated by Firm Performance

The critical effect of proprietorship structure on firm worth has a huge impact of 0.18 (p < 0.001 and p < 0.05). At the point when the firm presentation variable is remembered for the model, the immediate impact of SK on NP is not, at this point huge at 0.13. This empowers KP to work as an undeniable go-between, however, he should meet the predefined prerequisites. The directing effect of SK on NP using organization execution is critical, with a way coefficient and p-value from SK to KP of 0.136 and 0.008 (p < 0.05), separately, while the way coefficient and p-worth of KP for NP are 0.792 and < 0.001 (p < 0.05). This is upheld by a P-value of 0.004 (p < 0.05) for the backhanded impact for the way with two sections, demonstrating a critical impact of SK on NP.

V. CONCLUSION

The CSR factor has a critical beneficial outcome on firm value, bringing about various advantages for the organization. It is trusted that by implementing good CSR practices, the organization will be valued by financial backers, making them keen on contributing. The possession structure, which incorporates unfamiliar proprietorship, administrative possession, and institutional possession, decidedly affects firm worth. These discoveries propose that the more noteworthy the proprietorship structure, the more prominent the firm worth. Organization execution, as estimated by ROA and ROE, can expand the value of the firm.

REFERENCES