TITLE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY, GOOD CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE ON COMPANY VALUE (EMPIRICAL STUDY ON MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE 2015 - 2019)

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ABSTRACT
Implementation of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) is a demand for assistants who have involved parties external in fulfilling operational funding and having social impacts. The effective implementation of GCG and CSR will be able to improve financial performance and company value. This study aims to determine the direct and indirect effect of GCG and CSR on the value of manufacturing companies that go public on the IDX, based on an annual sample. Reports for 2017 – 2019. The results of this study Institutional Ownership (KPI) and Independence of the Board of Commissioners (IDK) were not proven to have a direct effect on financial performance (ROA), and only the hypothesis IDK was successful and other models did not succeed in having a direct effect on Firm Value which was proven the truth.

I. INTRODUCTION
One of the goals of establishing a company is to maximize the value of the company which can be reflected in its share price. Every company certainly wants a high company value because it also indirectly shows the prosperity of shareholders is also high. High company value can increase prosperity for shareholders, so that shareholders will invest their capital in the company (Haruman, 2008).

Information is a basic need for investors and potential investors in making decisions. Complete, accurate and timely information is needed that will support investors in making rational decisions so that the results obtained are as expected. The company will disclose information if the information will increase the value of the company. So companies tend to disclose information that is expected to maximize the value of the company, which will then increase the company's stock price. Information disclosed by the company is Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), company performance, and others (Wardoyo and Veronica, 2013).

Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) in Indonesia are mandatory for companies that have involved external parties in fulfilling their funding and which have a social impact on their operations. In Indonesia, the implementation of GCG is regulated in Baepam Regulation Number VIII.G.2, 2002, the obligation to disclose CSR has been regulated in the Law of the Republic of Indonesia. No. 40 of 2007.

As a responsibility, both GCG and CSR are very interesting to study its application to companies engaged in the FMCG sector (Fast Moving Consumer Goods) is a product that has a fast turnover, and relatively low costs, namely PT. Indofood CBP Sukses Makmur Tbk. as the object of research because the industry is currently growing rapidly in Indonesia. On the other hand, as an exploratory company, it is closely related to the obligation to carry out CSR activities and to disclose it in the company's annual report. GCG and CSR are likely to have an impact on the company's performance and also on the value of the company.
The effective implementation of GCG and CSR will improve financial performance as well as market performance or maximize company value. This research is intended to determine the factors that influence the value of the company and has been widely carried out. The researcher found that GCG and CSR have an effect on firm value. (Lykan Indrawati, 2018). Research on the effect of financial performance on firm value has a positive effect, because it is used to look at the company for the overall funds invested in activities the company's operating (Deo Panggabean and Prasetiono, 2017). This study aims to analyze Corporate Social Responsibility, Good Corporate Governance through financial performance on firm value,

Good Corporate Governance (GCG)

Definition of GCG

According to the Indonesian Forum for Corporate Governance (FCGI, 2006) Corporate Governance is defined as a set of rules for the relationship between shareholders, company managers, creditors, government, employees and other internal and external stakeholders.

From an academic background, the need for good corporate governance arises in relation to principal-agency theory, namely to avoid conflicts between principals and agents. Furthermore, FCGI stated “The objective of corporate governance is to create added value to the stakeholders.”

The GCG Mechanism

According to Iskandar & Chamlou (2000), the corporate governance mechanism is divided into two groups. The first is an internal mechanism (internal mechanism). such as general meeting of shareholders, composition of the board of commissioners, composition of the board of directors, company secretary, ownership structure and meetings with the board of directors, while the ownership structure of the company is divided into: Concentration level of ownership and Company Ownership. Second, the external mechanism is a way to influence the company other than by using the company's external mechanism through an independent commissioner. Stock Exchange provisions, the number of independent commissioners is at least 30%.

Corporate Social Responsibility (CSR)

CSR is a company's commitment to be responsible for the environment and surrounding communities who are adversely affected by the company's business practices, in the form of an abundance of pollutants that must be borne by the surrounding community. . (Law. No. 40 of 2007). FCGI, (2006) states that there are three types of CSR, namely charity, partial partner development and improvement of the community's economy which has the effect of increasing company productivity and efficiency. Based on research conducted by Sembiring (2005), the categories of disclosure of social responsibility are 1) Environment, 2) Energy, 3) Workforce Health and Safety, 4) Others concerning Manpower, 5) Products, 6) Community Involvement and 7 ) General. Total CSR disclosure.

Corporate Financial Performance Corporate

Performance is a term to indicate the company's success in running its business. The ratio of measuring the company's financial performance is actually very much, in this study the researchers took one of the profitability ratios as a proxy for the company's financial performance, namely ROA (Return on Assets). According to Bodie et.al (2009:636) " which measures profitability for all contributors of capital, is defined as earning before interest and taxes (EBIT), divided by total assets".

Firm Value (NP) The

The theory proposed by Modigliani and Miller states that firm value is determined by the earnings power of the firm's assets. Firm value (Market Value of The firm) consists of debt value and share value compared to value asset. One of the ratios that can be used is Tobin'S Q as done by several previous researchers, namely (Black, 2008) and (Pranata, 2007), the Tobin' Q ratio measures: “…if Q (represent equilibrium) is greater than one (Q > 1), additional investment in the firm would make sense because the profit generated would exceed the cost of the firm's assets. If q less than one (Q < 1), the firm would better off selling its

Conceptual Framework
**Hypothesis**

H₁: IDK has a direct effect on ROA

H₂: KPI has a direct effect on ROA

H₃: CSR has a direct effect on ROA

H₄: ROA direct effect on Tobin's Q

H₅: IDK indirect effect on Tobin's Q with the variables intervening ROA

H₆: KPI indirect effect on Tobin's Q with the variable intervening ROA

H₇: CSR indirect effect on Tobin's Q with the variable intervening ROA

* Institutional Ownership (KPI)
* Independence of the BOC (IDK)
* Return on Assets (ROA)
* Corporate Social Responsibility (CSR)

**II. RESEARCH METHODS**

**Research approach**

This study uses a quantitative approach that is conducting tests on the causal relationship or influence of measurable research variables against other measurable variables as well.

**Data Collection Techniques The**

Type of data in this study is secondary data, so literature study and documentation techniques are used to collect data. Where the literature study technique is carried out by conducting studies, explorations, and reviewing various literatures relevant to the research. Then the documentation technique is taken by collecting data and information in the form of an annual report company taken from the Indonesia Stock Exchange website, namely www.idx.co.id.

**Research Objects The**

Objects of this research are mining companies that have gone public on the IDX in 2015-2019 as many as 20 companies. The media used to obtain research data from the object research are: 1) Annual reports of companies sub-sector food and beverage on the IDX in 2015-2019 to obtain measurement data for GCG variables proxied by the GCG Mechanism.

**Population, Sample and Sampling The**

The population in this study were all companies listed on the Indonesia Stock Exchange. The samples in this study were companies, sub-sector food and beverage food and beverage companies in 2015-2019. Company
sample selection is based on *purposive sampling method*, namely the selection of company samples during the research period based on certain considerations or criteria.

**Data Collection Procedures and Data Analysis**

The data collection technique that the author did in this study used documentation, while for data analysis in this study used the Path Analysis Model using *SPSS Software for Windows release 21.0 program*.

**Definition of Operational Variables**

This study involves five variables with the following classification:

1. (Independent variables independent variables) namely Corporate Social Responsibility and Good Corporate Governance
   
   a. Corporate Social Responsibility (X1),
   
   CSR is a form of concern and responsibility of the company to the environment and communities surrounding related and the impact of the company's operations as measured by the percentage of the company's CSR disclosure, referring to the research results of Sembiring (2005).
   
   \[ CSR = \% \text{CSR disclosure of the company} \]
   
   b. Good Corporate Governance
   
   GCG is a system that monitors and controls the company, which aims to achieve efficient use of funds and supervision of their use.
   
   This GCG variable uses the GCG mechanism with the proxy of two variables, namely:
   
   Independence of the Board of Commissioners (X2), is an additional organ of the company that represents the owner. The independence of the board of commissioners is indicated by the percentage of independent commissioners on the board of commissioners.
   
   Independence of the Board of Commissioners independent.
   
   \[ = \frac{\text{Number of board of commissioners}}{\text{Total number of members of the board of commissioners}} \]
   
   a. Institutional Ownership (X3), namely the level of Institutional *Ownership* measured by the percentage of shares owned by the institution divided by the number of outstanding shares.
   
   \[ \text{Institutional Ownership} = \frac{\% \text{of shares owned by institutions}}{\text{Number of outstanding shares}} \]
   
2. The(*dependent variable dependent variable*), namely ROA (Y1) and Firm Value (Y2). Return on Assets (ROA) is a ratio of financial performance on the profitability side that shows the company's ability to utilize its assets to create profits regardless of where the funding source is from.
   
   \[ \text{ROA} = \frac{\text{EBIT}}{\text{Total Assets (BVTA , Book Value of Total Assets)}} \]
   
   The Company's Market Value (NPP) is a ratio that shows how the company's market value is compared to its book value. The ratio is used to measure the *Tobin's Q*.
   
   \[ \text{Tobin's Q} = \frac{(\text{CVM} + \text{BVD})}{\text{BVTA}}, \text{where} \]
   
   EMV: Equity *Market Value (Closing Price)*
   
   BVD: *Book Value of Debt*
   
   BVTA: *Book Value of Total Assets*
III. RESULTS AND DISCUSSION

Classical Assumption Test

Test Multicollinearity

Test multikolinearitas used to test whether the regression model found there is a correlation between independent variables (Ghozali, 2013; 105). One way to find out whether there is multicollinearity in a regression model is to look at the tolerance value and Variance Inflating Factor (VIF). If the tolerance value is > 0.10 and the value is VIF < 10 then there is no multicollinearity in the study. The interpretation of the results from the table above is the results of the multicollinearity test, it can be seen in the Centered VIF column table for each VIF value for the CSR variable 1.009020, the VIF X2 value 1.007883, and the VIF X3 value 1.003772, so because all values of Variance Inflating Factor (VIF) <10 then there is no multicollinearity

Autocorrelation Test

From the table above it can be seen that this The Durbin-Watson statistic is 0.988722 which means that there is no autocorrelation because the value of 0.988722 is between -2 and +2.

Normality Test

To find out if the data is normally distributed or not, it is done by comparing the calculated JB probability value with an alpha level of 5%. If the probability value of JB is greater than 0.05, it can be concluded that the residuals are distributed normally and vice versa. From the normality test table above, it shows that the probability value of JB 0.121 is greater than 0.05, meaning that the data is normally distributed.

Heteroscedasticity Test

Based on the test results shown in the table above, it is known that the probability value of Obs*R-square is 0.7253. This is in accordance with the white test criteria that the results of the white test have a probability value of Obs*R-square greater than the significance (0.7253>0.05). So it can be concluded that the data does not have a heteroscedasticity problem because in accordance with the provisions it exceeds the significant level of.

The Linearity Test.

If the probability F is greater than 0.05 (5%) then the regression model meets the assumption of linearity and vice versa. Based on the table above, it is known that the value probability of the F-statistic is 0.5643 > 0.05, so it can be concluded that the regression model has met the assumption of linearity.

Selection of the Common Effect or Fixed Common Effect

Model To determine theFixedmodel Effect most appropriate for Common Effects Used in estimating panel data, a Chow test is performed. The condition is that if the probability is 0.05, then H0 is accepted, meaning that the common effect (pool least square) model will be used. But if the probability value is < 0.05, then H1 is accepted, meaning that it uses a fixed effect approach.

Chow test

The results in the table above show the probability of the chi-square of 0.0 < 0.05. This means that the fixed effect model is more appropriate to use than the common effect model. Because the Chow test was selected using a fixed effect model, it is necessary to continue testing with the Hausman test to determine the fixed effect model.

Hausman test

To determine the results of the Hausman test is to assess the probability of chi square, if <0.05 then the model used is a fixed effect, but if the probability> 0.05 then the model used is a random effect. The table above shows the value probability chi square of 0.9629, meaning that the Hausman test results chose to use the random effect model.

Lagrange Test Multiplier
From the results of the test with the test Lagrange Multiplier (LM) above, it can be seen that the calculated LM value is 0.0 < 0.05, meaning that the calculated value < chi-square table means that the model chosen is the common effect and generate random effect.

### F Test

#### Dependent Variable: NILAI_PERUSAHAAN
Method: Panel Least Squares
Date: 06/02/21 Time: 02:51
Sample: 2015 2019
Periods included: 5
Cross-sections included: 20
Total panel (balanced) observations: 100

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>4.588421</td>
<td>1.263815</td>
<td>3.630612</td>
<td>0.0005</td>
</tr>
<tr>
<td>CSR</td>
<td>-4.006289</td>
<td>5.008522</td>
<td>-0.799894</td>
<td>0.4262</td>
</tr>
<tr>
<td>GCG</td>
<td>2.169642</td>
<td>1.930768</td>
<td>1.123720</td>
<td>0.2646</td>
</tr>
<tr>
<td>ROA</td>
<td>-0.655875</td>
<td>2.403042</td>
<td>-0.272935</td>
<td>0.7956</td>
</tr>
</tbody>
</table>

### Effects Specification

#### Cross-section fixed (dummy variables)
- Root MSE: 1.521076  
- Mean dependent var: 3.685160  
- S.D. dependent var: 2.656500  
- Akaike info criterion: 4.136714  
- Schwarz criterion: 4.735903  
- Hannan-Quinn criterion: 4.379216  
- Durbin-Watson stat: 2.439846

The results of the F test can be seen in the table above. Prob value, F (Statistic) of 0 is smaller than the 0.05 significance level, so it can be concluded that the estimated regression model is feasible to use to explain the effect of CSR, GCG, and ROA on firm value.

### T Test

#### Dependent Variable: NILAI_PERUSAHAAN
Method: Panel Least Squares
Date: 06/02/21 Time: 02:51
Sample: 2015 2019
Periods included: 5
Cross-sections included: 20
Total panel (balanced) observations: 100

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The results of the t test can be seen in the table above. Prob value, t count of the independent variable CSR is 0.4262 which is greater than 0.05 so that the independent variable CSR has a significant effect on the dependent variable Company Value at alpha 5%. Similarly, the influence of the independent variable GCG on the dependent variable Firm Value, because the value of prob. t arithmetic 0.2646 which is greater than 0.05 so it can be said that the independent variable GCG has no significant effect on the dependent variable Firm Value at alpha 5%.
Meanwhile, the ROA variable has a prob. t value of 0.7856 which is smaller than 0.05, so it can be concluded that the ROA variable has a significant effect on the Firm Value variable.

### Coefficient of Determination (R-Square)

In the table above, the R Square number is 0.919130 while the Adjust R Square value is 0.668833. The value of R Square is ranging from 0 to 1. The result of R Square that is close to 0 means that the independent variable has very weak power in explaining the dependent variable, while the result of R Square that is close to 1 means that the independent variable can be said to be strong in explaining the dependent variable.

The Adjust R Square value of 0.574214 indicates that the dependent variable of Firm Value can be explained by the independent variables consisting of CSR, GCG, and ROA of 57.42%, while the remaining 42.58% is influenced by factors other outside the regression model. From the value of 57.42%, it can be said that the CSR, GCG, and ROA variables have quite a large influence on Company Value. The figure of 42.58% indicates that other factors that have not been included in this study are able to affect the Firm Value.

### IV. CONCLUSIONS AND RECOMMENDATIONS

#### Conclusion

Based on the discussion of the results of the research that has been carried out, can be the following conclusions drawn:

1. In testing the hypothesis with regression to determine the direct effect of the variable Good Corporate Governance on Financial Performance (ROA), the result is that the elements KPI and DK are not proven to have an effect on Financial Performance (ROA).

2. In testing with regression to determine the direct effect of CSR variables on Financial Performance (ROA) the results showed that CSR was not proven to have an effect on Financial Performance (ROA.)

3. In testing the hypothesis with regression to determine the direct effect of Financial Performance (ROA) on Firm Value (Tobin's Q) the results show that ROA is proven to have an effect on Tobin's Q.

4. In testing the hypothesis by comparing the direct influence coefficient and the results of multiplying the coefficients of one path with the next path through the variable intervening , only DK is successful and the other models are not successful in having an indirect effect on Firm Value, proven true.

#### Suggestion

1. All mining companies should continue to improve the GCG and CSR systems not only regarding the conceptual system but also a more perfect and sustainable application. Because GCG, which is supported
by all company organs, will be able to achieve efficiency which of course in the long term can increase ROA, while CSR applications should be further improved until CSR is achieved which has a productive effect both for the community and for the company. Companies should also continue to believe that ROA can affect Company Value as proven in previous research.

2 Investors, especially long-term investors, should always provide input to the Board of Directors through the Independent Board of Commissioners so that companies apply the GCG and CSR systems that can have multiplayer effects for both stakeholders and the company in order to increase ROA and company value in the coming period.

3 For further researchers who want to research in the same field, they can replace GCG measurements with GCG mechanisms and other CSR measurements that better describe their application. For example, GCG is measured by the number of meetings held, and CSR by examining its application according to stakeholders.

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