The Importance of Considering GCG and CSR While Pursuing Corporate Share Value

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Abstract

Many academic debates have been arising, either pro or contra, about the influence of GCG implementation against the implementation of CSR, which ultimately culminated in the increase in the price of the shares. Unfortunately, despite these debates, GCG implementation (GCG index) in Indonesia is still low compared to other Asian countries, even though GCG is considered as a form of the commitment of corporation, especially public companies who are listed on the Indonesia Stock Exchange, in showing responsibility and professionalism of its work to all stakeholders. This research is intended to give a more concrete perspectives regarding the influence of GCG toward CSR and on the value of the shares of these companies that are registered on the Indonesian Institute for Good Corporate Governance, namely companies that claim itself has been implementing GCG. The result of the study showed that there is indeed the influence of GCG implementation on CSR implementation and the increase in the price of the shares. But it is worth noting that the share price is more influenced by the GCG implementation than by CSR implementation. This shows that the Indonesian investors still give priority to the GCG indicators (commitment, competence, transparency, leadership, accountability, the ability to work together, independency, vision, mission and corporate values, independency, moral and ethics, justice, and strategy), more than the commitment of the company in conducting the CSR, in determining the shares purchasing decision.

Key words: GCG, CSR, Corporate Share Value, Listed Companies, Indonesian Stock Market.

Pentingnya Mempertimbangkan GCG dan CSR Guna Mengejar Nilai Saham Perusahaan

Abstrak

Banyak perdebatan akademik telah timbul, baik pro atau kontra, tentang pengaruh penerapan GCG terhadap pelaksanaan CSR, yang akhirnya memuncak dalam kenaikan harga saham. Sayangnya, meskipun perdebatan ini, penerapan GCG (indeks GCG) di Indonesia masih rendah dibandingkan dengan negara-negara Asia lainnya, meskipun GCG dianggap sebagai bentuk komitmen perusahaan, terutama perusahaan publik yang tercatat di Bursa Efek Indonesia, di menunjukkan tanggung jawab dan profesionalisme kerja untuk semua pemangku kepentingan. Penelitian ini dimaksudkan untuk memberikan perspektif yang lebih konkret mengenai pengaruh GCG terhadap CSR dan pada nilai saham perusahaan-perusahaan yang terdaftar di Lembaga Indonesia untuk Tata Kelola Perusahaan, yaitu perusahaan yang mengklaim dirinya telah menerapkan GCG. Hasil penelitian menunjukkan bahwa memang ada pengaruh penerapan GCG pada pelaksanaan CSR dan peningkatan harga saham. Tapi perlu dicatat bahwa harga saham lebih banyak dipengaruhi oleh pelaksanaan GCG daripada pelaksanaan CSR. Hal ini menunjukkan bahwa investor Indonesia masih mengutamakan indikator GCG (komitmen, kompetensi, transparansi, kepemimpinan, akuntabilitas, kemampuan untuk bekerja sama, independensi, visi, misi dan nilai-nilai perusahaan, kemandirian, moral dan etika, keadilan, dan strategi), lebih dari komitmen perusahaan dalam melakukan CSR, dalam menentukan saham keputusan pembelian.

Kata kunci: GCG, CSR, Nilai Saham Perusahaan, Emiten, Bursa Efek Indonesia.
INTRODUCTION

The development of the share value and financial performance indicator in the financial report is considered by the investors in the purchase of corporate shares in capital market (Guffey and Schneider 2004). Hassan and Norman (2010) found that earnings per share, book value per share can predict stock prices. Similar with the Hassan and Norman (2010), Agostino et al. (2012) also found that earnings per share can explain the variation of share price. Information in financial performance report is useful to consider the price of the stock market (Reinita and Deumes 2011). But nowadays, investors in considering the purchase of corporate shares were not merely observe factors of financial characteristics such as the size of the corporation, in this case total asset growth, sales volume and profit which is located in the corporate financial report, because it can be engineered by the management for its importance in attracting investors, as Enron Corporation did which eventually go bankrupt. To reduce corporation financial report manipulation, the concept of good governance is required by relying on the basis of transparency of financial reports. Some of the research summarized by Bauer et al. (2004), Dilek (2007), Harjoto/Jo (2011), mentioned that in addition to the fundamental financial characteristics, to-date trends show that the concepts of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR), become a crucial consideration for investors to buy shares.

The results of the survey of McKinsey Global Investor Opinion Survey (2002, 2009, 2012) stated that 15% institutional investors take into consideration that the implementation of GCG more important than profits and corporate growth. Besides, a large number of institutional investors in Europe buy premium shares of corporations that apply good governance. So this time investors in Europe consider corporations that already go public and apply the concepts of GCG and CSR, as consideration in the purchase of corporate shares in capital market. This is very rational, where corporations that pay attention to the interests of stakeholders, apply the GCG and CSR, will have a greater market opportunities from investors (Petersen and Vredenburg 2009, Gompers et al. 2003, Dowling 2006).

The concept of GCG becomes a hot issue in Indonesia after 1998 when the economic crisis occurred in Indonesia that was marked with many corporations that could not grow optimally. The International Monetary Fund (IMF, 1998) said ever the process of the restoration of the crisis in Indonesia caused by very weak GCG implementation in corporations. Since then, both the government and the businessmen, including investors began to give significant attention in the practice of GCG.

The report of Asian Corporate Governance Association (ACGA 2014) about the application of GCG in various Asian countries shows some countries governance score for a specified period of time. As an example of the application of good governance in some countries in Asia for five years (2010-2014) placed Indonesia on the bottom of the stage in the GCG with the score 39 on 2014; declined three points from 2012, as shown in Table 1 below.

| No | Negara | 2010 | 2012 | 2014 | Change in 2012-2014 |
|----|--------|------|------|------|---------------------|
| 1  | Hongkong | 65   | 66   | 65   | (-1)                |
| 2  | Singapore | 67   | 69   | 64   | (-5)                |
| 3  | Japan    | 57   | 55   | 60   | (+5)                |
| 4  | Thailand | 55   | 58   | 58   | 0                   |
| 5  | Malaysia | 52   | 55   | 58   | (+3)                |
| 6  | Taiwan   | 55   | 53   | 56   | (+3)                |
| 7  | India    | 48   | 51   | 54   | (+3)                |
| 8  | Korea    | 45   | 49   | 49   | 0                   |
| 9  | China    | 49   | 45   | 45   | 0                   |
| 10 | Philippines | 37   | 41   | 40   | (-1)                |
| 11 | Indonesia | 40   | 37   | 39   | (+2)                |

Source: Market Rankings & Scores, Asian Corporate Governance Association Ltd., 2014

The corporate GCG score in Indonesia declined three points from 40 in 2010 to 37 in 2012 and improved from 37 to 39 in 2014, indicates that corporations in Indonesia is still need to improve themselves to achieve better score of corporate governance in the future (ACGA, 2012).

Research of the Indonesian Institute for Good
Corporate Governance (IIGCG, 2010), argues that corporate reasons in applying good governance is not only to show compliance to the regulation, but also is a form of law enforcement of business ethics and work ethics, as well as corporate commitment to stakeholders on an ongoing basis. The implementation of good corporate governance is associated with increased corporate image. The corporation who is practicing corporate governance will experience the improvement of image and in the long term will be implicated to corporate value (Dowling 2006, Berrone 2005).

Research results from Berrone (2005) about the influence of corporate ethics on corporate financial performance, which uses data from 26 countries against 515 corporation at period of 2002-2003, revealed that corporations with ethics and strong good governance will achieve a high level of stakeholder satisfaction and a positive effect on corporate finance in the long term. Furthermore, Soltani and Ravanmehr (2011) find that corporate governance has a positive relationship with the value of shares. Research from Black (2001), Baysinger and Butler (1985), MacAvoy and Millstein (1999) also said the same thing.

On the contrary some research shows different results. Agrawal and Knoeber (1996), Bhagat and Black (1999), and Connell and Cramer (2010) concluded that there is no significant relationships between the structure of the committee of good governance and corporate value. So even though there are many researches on relationship between corporate governance with corporate value, but the result and the conclusion is not convincing enough (Yang 2011). This shows that there is still the gap that occurred in the previous researches that discuss the linkage between good governance and corporate value.

The academic debate is still often occurring related to various research results that concluded the existence of corporate governance relationship with corporate value, although those results are not convincing enough (Yang and Shan, 2008). MacAvoy and Millstein (1999), conclude there is a positive relationship between independent commissioners and directors with corporate financial value. Carter et al. (2003), Soltani and Ravanmehr (2011), Ditmar and Smith (2007) concluded that corporate governance has a positive relationship with the value of shares. Brown and Caylor (2006), Black, and Kim (2007) concluded that the better corporate governance the higher the financial performance and market value. On the contrary Conell and Cramer (2010) concluded that the number of corporate governance board has a negative and significant impact on the performance of the corporations. Agrawal and Knoeber (1996) concluded the proportion of independent director has a negative effect on corporate value. Bhagat and Black (1999), Ehikoya (2009) concluded that there is no significant relationships between the structure of the independent committee and corporate performance.

If elaborated further, one of the important elements of governance corporate is the responsibility that gave birth to the concept of CSR where corporation is responsible for the stakeholders, community and the environment. The CSR application means also meeting the responsibility principle that carried on the concept of GCG. The CSR application consistently is one of the efforts to maximize the value of corporate shares (Turker, 2009). According to Turker, CSR is a corporate commitment in the practice of ethical values that contributes to the development of a sustainable economy while advancing to increase the quality of life of employees and their families, local communities and the wider community. So the CSR application is part of the application of good governance in the corporation. In keeping with the Turker, basic thing to be achieved from the application of CSR is not merely the corporate activity, which is voluntary but the impact can be measured on the financial performance of a profitable corporation (Dwi Kartini, 2009).

CSR, in the era of free markets that are highly competitive, is an effort to do the best practices toward the environment related to the waste, pollution and the conservation of nature and social community such as education and health. The amount of cost that has been and will be issued for corporate CSR, will affect corporate values, because each cost, that is directly or indirectly spent, will boost the corporate value (Harjoto and Jo, 2011).

Although some international researches about corporate governance, CSR, and capital market, concluded that there is a relationship between
the GCG, CSR, and corporate value (Petersen and Vredenburg, 2009), but it is very regrettably, that the implementation of GCG in Indonesia which has reached a decade, still has not yet shown the maximum so that the corporate score of GCG in Indonesia is still very low, even if it is compared to other Asian countries. Therefore, this article will examine the relation between the GCG, CSR, and the value of corporate shares in the companies in Indonesia, which are listed in the Indonesian Institute for Corporate Governance (IICG). The research is done on the companies listed on the IICG so that it is clearly revealed whether the company who claimed that it was already trying to do the good GCG implementation will bring impact on CSR and the value of corporate shares, so that at the end will increase the value of the corporate shares.

Thus, this article will answer how far does GCG influence CSR and the value of the shares, how can the value of the stock be influenced through CSR by GCG, and what are the factors that are leading or hindering the implementation of GCG in Indonesia.

The importance of and benefits from this article is to give inputs to create a healthy, ethical, and sustainable business world, to achieve the welfare of shareholders as well as the wider community in the long term.

**LITERATURE REVIEW**

**Concept of GCG**

The term of corporate governance used today is introduced for the first time in 1976 by Tricker. Tricker is acknowledged as the “father of corporate governance” as he wrote a book about corporate governance in 1984. In addition to Tricker, many authors and institutions define the term governance, for example The Cadbury Committee/UK (1992), Monks and Minow (2001), the Indonesian Institute of Corporate Governance (2010), and the others who mentioned that “Corporate Governance is the system by which companies are directed and controlled”. In this case, corporate governance is defined as a set of rules that specify the relationship between the shareholders, board of directors and commissioners, creditors, government, employees as well as the internal and external stakeholders, with regards to the rights and obligations they have, or in other words the system directs and controls the corporations. The main principles of GCG, as conveyed by the Organization for Economic Cooperation and Development (OECD) are as follows:

First, fairness it is the principle of fair treatment for all shareholders from fraud and error of insider behavior.

Second, transparency it is the disclosure of accurate, timely, and transparency over the important matter for the value of the shares of ownership and shareholder interests.

Third, accountability, emphasizes the importance of the creation of an effective supervision system based on the division of power between commissioners, directors and shareholders that includes the monitoring and evaluation and control of the management to convince that management acted in accordance with the interests of shareholders and other potentially interested parties.

Fourth, responsibility means that the responsibility of the board of management, management supervision, and accountability to corporate and shareholders, be aware of the existence of the social responsibility, avoid abuse of power, become professional and uphold the ethics and maintain a healthy business.

Fifth, independency to streamline the application of good governance principles, then corporation must be managed independently so that each of the corporate organs cannot dominate each other and cannot be conducted by the other party. The decision made and the process that happens must be the objective and should not be directed by the power of certain parties.

Some other institutions also develop the principles and basic assumption in corporate governance and made them as guideline for action to realize the good governance in corporation, as what OECD has done, which promoting four important elements of corporate governance, which are transparency, accountability, fairness, responsibility. While in Indonesia through the Ministry of the State-owned Enterprises through the Decree of the Minister of State-Owned Enterprises Number Kep 117/M-MBU/2002 who listed five principles...
of GCG that includes: transparency, independency, accountability, responsibility, fairness. Meanwhile the development team of Corporate Governance of BPKP formulated 6 (six) principles that underlie corporate governance, which are transparency, accountability, fairness, independency, integrity, participation.

The implementation of GCG principles that is supported with sufficient regulation, will be pressing as minimum as possible the fraud and dishonesty in financial disclosure that harm the stakeholders. The benefits of corporate governance application will first bring corporations become more efficient and able to provide better services or repairs on the value of the shares. In addition the application good governance is also useful to create a foundation for developing corporation in the long term (Gompers et.al. 2003). GCG will increase investor and customers confidence, as well as the market in general.

GCG implementation in a corporation will produce some benefits, namely:

First, increase share value through the creation of the better decision making process, improve corporate operational efficiency, and improve the services to the shareholders,

Second, simplify acquired funds cheaper financing (because the trust factor) which in the end will increase corporate value.

Third, restore investor confidence to invest in Indonesia.

Fourth, shareholders will be satisfied with the value of the stocks and at the same time will increase the shareholders value and dividends.

In 2001 the IICG, started a rating program of Corporate Government Perception Index (CGPI), which is meant as the participation and contribution of IICG in encouraging the practice of GCG in Indonesia. The CGPI rating program also aims to motivate corporation in implementing the concept of GCG. Assessment CGPI aspects include: (1) commitment, (2) competence, (3) transparency, (4) leadership, (5) accountability, (6) ability to work together, (7) interdepenecy, (8) vision, mission and corporate values, (9) independency, (10) moral and ethics, (11) justice, and (12) strategy.

The device that is used in the calculation of GCG perception is Analytical Hierarchy Process (AHP). The scoring category for GCG rating assessment is as follows: A: > 85 – 100, credible/very trusted | B: > 70 – 85, trusted | C: 55 – 70, trusted enough | D: < 55, less trusted (Source: Rating of IICG).

Theoretically, GCG implementation can reduce risk (that may be done by the Board of Directors if they are making decision for their own personal advantages), increasing investor confidence to invest money which in the end will have an impact on the value of the shares.

In this article, indicators used to represent corporate governance is GCG index. The election of those indicators is based on the argument that the governance index in Indonesia is measured by Corporate Governance Perception Index (CGPI). The higher the value of the index, the better is the corporate governance. This ranking is based on research and assessment of 12 governance criteria. Brown and Caylor (2006) said that the better good governance, the higher the value of the corporate financial performance.

Concept of CSR
The discussion on the concept of CSR has been ongoing since Bowen wrote a book about the Social Responsibilities of the Businessman which was first published in 1953. The concept is currently more popular with the term Corporate Social Responsibility (CSR). CSR is essentially to give something to the stakeholders in the form of welfare improvement programs in the field of education, economic infrastructure, the environment, community health around the corporation (Hendeberg and Lindgren, 2009).

The corporation is one of the social institutions that can bring impact for the surroundings, for example by exploiting natural resources excessively to search for a big profit. But now they realize that there may be a moment that natural resources will be off consumed and this can affect the survival of the corporation itself (Dwi Kartini, 2009). Therefore at this time
they budget some funds, engage and empower the community with CSR programs to maintain social relations, maintain and preserve the natural environment. CSR program itself aims to improve and build the community, from the poor and marginalized conditions, to achieve prosperity which is equivalent to the environment of corporate entity.

CSR is a good governance principles from the corporate to the community (Hartman, Jardin and McDonalds, 2014). In various contexts, social responsibility takes the form of voluntary activity such as improving the environment, economic and social, as the impact of the various business activities and as a form of corporate concern against stakeholders (Frynas 2009).

In his book Cannibals With Forks: The Triple Bottom Line in 21st Century Business, John Elkington (1998), developed three important components of sustainable development, namely economic growth, environmental protection and social equity, initiated by World Commission on Environment and Development (WCED). Elkington proposed three corporate focus namely profit, the planet and people. Corporation with GCG has a concern not only to the profit but also have a concern for the preservation of the environment (the planet) and social welfare (people).

Sufficient profit will make corporations to be able to share dividends to shareholders and give enough reward to the management and workers. The corporation provides funding from the operating profit for the future business development. Besides that, corporations pay tax obligations to the government and provide multiplier effect to its social environment (Hartman, Jardin and McDonalds, 2014).

The World Business Council for Sustainable Development stated that CSR is a business commitment to contribute to sustainable economic development with attention to its employees and the family, the surrounding communities, and the society at large, to improve their quality of life. CSR is a corporate commitment to improve the welfare of the community through the policy of the business practices and the giving of the contribution of the corporate resources (Kotler and Nance, 2005). In this case it appears that CSR is a social responsibility in its relationship with internal and external stakeholders.

The proxy used to represent the CSR in this article is the cost of CSR program which is based on the argument that the cost of CSR is the funds budgeted by the company as a form of commitment of social responsibility to all stakeholders. The other argument is that every expenditure of CSR programs does not only have the main purpose to improve the welfare of his social environment, but it is also expected to be able to have an impact on the increase of the value of corporate shares in the eyes of investors.

The Linkage between GCG, CSR, and Share Value

Corporate governance is considered as a system that is able to harmonize the interests of the managers and the owner through supervision, monitoring, and decision control mechanism and the financial performance (Cadbury 1992). From the side of the corporate fund provider (suppliers of finance), corporate governance is related to the efforts of the corporate fund provider to get confidence about the return of embedded investment (Shleifer and Vishny, 1997). Keasey and Wright (1993) stressed that corporate governance has two dimensions, namely: (1) Stewardship accountability, which emphasizes the performance monitoring the management and legal certainty the actualization of the accountability of management to shareholders; (2) Enterprise (value creation) which emphasized on efforts to motivate managerial behavior toward improving the welfare of corporations.

So it can be said that the accountability and value creation are two important dimensions of corporate governance. The essence of good governance is the improvement of corporate performance through supervision or monitoring of the performance of management and the accountability of management to the other stakeholders, based on the framework of the rules and regulations. Conceptually, good governance is believed to increase corporate value, which can be seen from the increase in the price of shares in the capital market.

Many corporations in the United States, Europe and Asia implement CSR activities to know the relationship between the social responsibility activities conducted
by the corporation with corporate values that are measured from the value of the corporate shares (Dilek, 2007). Its findings concluded that CSR, on the short term 3 up to 5 years, do not experience a significant increase in share value, but in the long term (in 10 years) the corporations that are committed to CSR, experiencing the increase of share price that is very significant compared with corporations that do not practice CSR. The results of the study done in Indonesia by Ismiyanti and Mahadwartha (2007) about the relationship between the CSR practice and market value, concluded that there is a positive relationship between CSR with the market value.

Harjoto and Hoje Jo (2011) conducted research about corporate governance nexus CSR, and concluded that the CSR affects corporate value. Meanwhile Petersen and Vredenburg (2009) have done a research about corporate governance, CSR and capital market which concluded that there is a relationship between CSR, corporate governance and corporate values.

Corporations that create opportunities for social and economic for the community, build the image as a corporation that is friendly and concerned for the environment, will grow the trust and sense of belonging from the community so that the community felt that the corporate presence in the area will be useful and beneficial. With the existence of this positive image, it will be easier for corporate to gain confidence from each component of the community so that the stakeholders will be more loyal to interact and make relationship to the company. If this happens, theoretically, the value of the shares of the company will also rise. So it can be summarized from the explanation above that GCG, CSR, and the value of company shares are related to each other where the implementation of GCG gives impact on CSR and the value of shares in the company (Black 2001, Bauer et.al. 2004, Black et.al. 2006, Brown/Caylor 2006, Dittmar/Mahrt-Smith 2007, Ehikoya 2009, Ou/Shan 2008, Petersen/Vredenburg 2009, Brezeanu/Al-Essawi 2011, Harjoto/Jo 2011).

RESEARCH METHODS

Used Method
This quantitative research is using verificative method to see the existence of the influence between endogenous and exogenous variables. In this article, the exogenous variable is corporate governance and corporate social responsibility, while the endogenous variable is the value of corporate shares.

Data Source and Data Collection Technique
This research was done to a number of corporations that already go public especially corporations that follow the rating program of IICG as a corporation that has been implementing GCG. The unit of analysis in this research are corporate financial reports and the report of governance perception index (CGPI) which was the result of a survey and the rating issued by the Indonesian Institute of Corporate Governance (IICG).

The data used in this research is data that has been audited in Indonesia Stock Exchange. Other obtained data was taken from the corporations that follow the rating program of good governance from the IICG from 2007 until 2013.

The data collection method used is in the form of document data checks comprising of the total value of the share value calculation, governance and corporate social responsibility costs. The data obtained through the website at www.idx.co.id in the form of corporate financial report data in the Indonesian Stock Exchange (IDX), in corporate site, and in the Indonesian Capital Market Directory (ICMD).

Criteria for the determination of the source of the data are:

First the corporate data source is the corporations that are already go public and that have enough available data in time series.

Second the corporation must have a GCG and CSR report.

Third the corporation must follow the GCG perception research program to gain stages or corporate rating that are ‘very credible’, ‘trusted’, ‘trusted enough’, and ‘less trusted’ by the index of GCG perception from 0 - 100.

At the end of the year 2013, 483 corporations are registered on Indonesia Stock Exchange. By selecting the financial reports from the corporations that have
been following the research program by IICG during the same period, as many as 86 corporations are determined. The corporations become the unit of analysis in this research. The next step is defining the corporations that meet the full criteria in accordance with the needs of the research variables. From 86 corporations that follow the research of IICG and fulfilling the criteria of this research, there are finally 19 corporations that are eligible as the source of data. Afterwards, quantitative data is taken with the tool of excel data format. Data is taken on time series and cross section-basis. The 19 companies are derived from the various business sectors (financial, mining, basis industry, infrastructure of road/bridges/port, communication infrastructure, transportation infrastructure, infrastructure and transportation, properties and real estate, trade services, and investment.

**Variable, Indicator, and Design of Analysis**

Variables in this research are: a) endogenous variable: the value of corporate shares which is the value of stock market (measuring scale: ratio), b) Exogenous variable that consists of variable of GCG (measuring scale: ratio), covers the perception of good governance, board of commissioners and board of directors and the corporate audit committee, and variable of CSR (measuring scale: ratio) which is the cost of CSR program that issued by the corporation.

Research was done using regression analysis methods of multivariat fixed effect model based on the Hausmann Specification Test. In the end, regression analysis results will conclude the results of this research.

Data about corporate governance includes corporate governance index obtained from the calculation of 12 items: commitment, transparency, accountability, responsibility, indepensi, justice competencies, leadership, the ability to work together, mission/vision statement/corporate values, moral/ethics, and strategy. CSR data includes the cost of corporate financing for CSR program that is expressed in the corporate annual reports, while data about the value of corporate shares which includes the market value is the value that shows the condition of the value of the shares of a corporation at the end of the year.

**RESULTS AND DISCUSSION**

**Description of the Condition of GCG, CSR, and Share Value**

**GCG Index**

The results of observations to the GCG index during the period 2007-2013 can be depicted in Figure 1 below.

![Figure 1. Average Index of GCG in ISX 2007-2013](image)

Based on the Figure 1 above it can be explained that the number of corporate governance index has increased despite the slight decline in 2010. The decline is related to the impact of the global economic conditions where the existence of the financial crisis that occurred in the previous year 2008-2009. This condition also affects the perception of stakeholders against corporations.

**CSR Expense**

CSR expenses during the period of this research 2007-2013 can be seen on Figure 2.

![Figure 2. Average Expense of CSR in ISX 2007-2013](image)

Based on Figure 2 above it can be explained that the value of the average cost of CSR is increased from the year 2007 until 2013. This situation shows that
corporate commitment in improving the welfare not only for the corporate owner or stockholder but also for the welfare of the community. CSR programs generally include partnership and community development programs. Corporation realize that CSR is a social investment that will ensure the continuity of the business which is one of the corporate long-term strategy to add value to the surrounding community.

The Value of the Stock Market
The value of the shares is basically measured through corporate stock market price because the price of the stock market reflects the overall investor assessment of each equity. The price of the stock market shows the central assessment of all market players. The price of the stock market function shows the performance of corporate management. If the value of a corporation was assessed based on the share price, then maximizing the value of the corporate market means also maximizing the stock market price. The ups and downs of share price in the capital market became an interesting phenomenon to relate to the issues of ups and downs of corporate value itself. The global economic crisis that occurred in the year 2008 has an impact on the Indonesian capital market which is reflected by the falling of stock prices. The results of these observations against the average value of corporate shares during 2007-2013 period can be seen in Figure 3.

Figure 3. Average Value of Corporate Share Value in ISX 2007-2013

Figure 3 above shows that the average market value of corporate shares between 2007 until 2013 fluctuate while between 2010 until 2013 continues to increase. This situation is related to the global economic situation where the economic crisis has occurred in the year 2008 which also hit Indonesia so that also affect the share price. But after 2010 until 2013 stock market prices in ISX continued to increase in line with the improvement of the global economy.

The Linkage between GCG, CSR, and Share Value
The Influence of GCG on CSR
From the result of the calculation of the influence of GCG against CSR, the value of R-square of 0.6978 is obtained, which means that the changes in the variable CSR occurs because of the influence of GCG variable. The value of statistics of the results of t-test is 3,0165 on P-value of 0,0032, while t-table for the error level of 5 percent and the degree of freedom (5;127) is 2,2856. Because t-statistics (3,016) > t-table (2,2856) and P-value (0.0032) < α = 0.05 then any change in the value of CSR occurs because of the influence of GCG variable. The value of the regression coefficient (β) as the influence of GCG variable against CSR variable is equal to 4,0965 or in other words any change of one point on the GCG in Indonesia will increase the value of CSR as many as 4,0965.

The Influence of GCG on Share Value
From the results of the calculation of the influence of GCG against the value of corporate shares, the value of R-square of 0,9098 is obtained, which means that the changes in the variable of share value occurs because of the influence of GCG variable. The value of the t-test statistics of 3,2027 on P-value of 0,0018 while t-table for the error level of 5 percent and the degree of freedom (5;127) is 2,2856. Because t-statistics (3,20427) > t-table (2,2856) and P-Value (0,0018) < α = 0.05 then any change in share value occurs because of the significant influence of GCG variable. The value of the regression coefficient (β) as the influence of GCG against the value of corporate shares is equal to 0,05864 or in other words any change of one point in the variable of GCG will increase the value of the shares as many as 0,0586.

The Influence of CSR on Share Value
From the results of the calculation of the influence of CSR on the value of the corporate shares, the value of R-square of 0,9018 is obtained, which means that the change in the value of the variable of share value occurs because of the influence of CSR variable. The value of regression coefficient is 0,00053 which means that each addition of one point on the CSR
variable will increase the value of the corporate shares variable as many as 0.00053. This change is positive and this means that every increase in the value of CSR resulted in an increase in the value of corporate shares. Because the value of the P-value of 0.3462 greater than 5%, then the changes can be said is not significant and also t-table for the error level of 5 percent and the degree of freedom (5;127) is 2.2856; because t-statistics (0.9459) < t-table (2.2856), it can be said the change is not significant.

CONCLUSION AND RECOMMENDATION

Conclusion
The implementation of GCG can increase the implementation of CSR. Thus, by implementing GCG, corporations can meet stakeholder expectations as an organization that has a good governance standards in accordance with the principles of transparency, accountability, independency and according to the basis of fairness. The increase of the value of the stock market as a proxy of share value is more influenced by GCG compared by the influence of CSR. It can be said that the investors in the stock exchange still put the orientation on the size of the wealth/finance more than CSR in assessing corporate shares. In overall, the increase of share value, through CSR, is proven as the impact of the implementation of GCG on corporations in Indonesia. Based on this, it can be said that the investors in the capital market in Indonesia will put more orientation on the size of the GCG implementation than CSR implementation.

Recommendation
The increase of share value more is influenced by GCG implementation indicators. Therefore it is recommended to strongly consider the education and dissemination of the concept of GCG to the public and potential investors through the Financial Services Authority (OJK) and education institutions in Indonesia. Indonesian corporation should continue to improve the quality of GCG to gain investors’ and other stakeholders’ confidence. Investors in Indonesia Stock Exchange should give attention also on the social-economical and environmental aspects in the decision to invest in accordance with universal business ethics principals as practiced in the capital market in developed countries (Dow Jones Global Index and the Dow Jones Sustainability index).

From the research results some findings show that one of the reasons for the corporation failure is the poor corporate governance implementation. Credit Lyonnais Securities Asia (CLSA) concluded that weak corporate governance in Southeast Asia is due to: (1) the concentration of ownership and the strength of insider shareholders (including the government and parties related to the center of power). (2) weak corporate governance in the financial sector, and (3) internal rules in the protection of the law that less effective to protect foreign investors in facing with the majority of shareholder and manager. Corporate Governance implementation is often not in line with the concept where: (a) the concentration of ownership by certain parties that enables an affiliation between the owner, supervisors, and the director of corporation, (b) ineffective role of the board of commissioners and (c) weak law enforcement.

It is expected that the results of this research can:
First provide input for corporation in the making of the policy to continue to improve the quality of GCG and CSR implementation.
Second contribute to the efforts of the government to increase awareness of all corporations in Indonesia to implement GCG and CSR.
Third provide information about the GCG to investors in considering and assessing the investment in capital market.
Fourth for the community, increasing the awareness of the community supervision against the rights that must be acquired from the corporation.
Fifth for the institution of the Capital Market Supervisory Agency, the results of this research can be used as consideration for the preparation of the planning and control of public corporations.

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