Company Value on Corporate Social Responsibility: Moderating Variable on Society Environment

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Abstract. This research examined on Managerial Ownership affect to the Company's Value; Does Constitutional Ownership effect to the value of the company; Does leverage impact to the value of the company; Does Profitability affect the value of the company; Whether Corporate Social Responsibility can moderate the influence of Company Size on Company Value; Can Corporate Social Responsibility moderate the influence of Managerial Ownership on Company Value; Can Corporate Social Responsibility moderate the influence of Institutional Ownership on Company Value; Can Corporate Social Responsibility moderate the influence of leverage on corporate value; Whether Corporate Social Responsibility can moderate the influence of Capital Intensity on Company Value; Whether Corporate Social Responsibility can moderate the influence of Profitability on Company Value. The sample of this study is 29 mining companies listed on the Indonesia Stock Exchange. The data analysis tool uses multiple linear regression analysis assisted by the Statistical Package for Social Science (SPSS) computer program. The results of this study are size of company, institutional ownership, and profitability do not have an influence on firm value, managerial ownership and capital structure have an influence on firm value, corporate social responsibility as moderating variables can strengthen the influence of company size, managerial ownership, and institutional ownership on value company, corporate social responsibility as moderating variable is not able to moderate the influence of capital structure and profitability on firm value. 

Keywords: Managerial ownership, institutional ownership, leverage, profitability, company size, corporate social responsibility, company value.

1. Introduction
Maximizing company value is very important for a company because maximizing company value means maximizing shareholder prosperity which is the company's main goal (Brigham and Houston, 2011). The higher the stock price, the higher the value of the company. High company value will create the market belief not only in the company's current performance but also in the company's prospects in the future. The company's value will be reflected in the stock price. The market price of the company's shares formed between the buyer and seller when the transaction occurs is called the company's market value because the stock market price is considered a reflection of the value of the company's actual assets. One that is able to influence the value of the company is the size of the company. The size of the company is the average total net sales for the year concerned for several years. In this case, sales are greater than variable costs and fixed costs, then the amount of income before tax will be obtained (Brigham and Houston, 2001). Putra (2013) indicated that the size of the company reveals how much sales the company receives. Sales are the core activity of a company that has a strategic influence on the company and is correlated with competition in the industry.
Another factor that causes the rise and fall of corporate value is influenced by the ownership structure because the ownership structure is very important in determining the value of the company. One of the ownership structures in the company is managerial ownership (Putra, 2013). Managerial share ownership is the level of share ownership of the management who actively participates in decision making (Ningsih, 2013). The relationship between managerial ownership and company value arises because of incentives from the manager's shares that will be accepted if the value of the company increases [14]. According to Faizal (2004), companies with large institutional ownership show their ability to monitor management. The greater the institutional ownership, the more well-organized utilization of company assets and is estimated to also act as a precaution against the waste made by management.

The leverage ratio can also react to the value of the company. The leverage ratio is a ratio that is used to define how the ability of a company to pay off debts owned by the company. The leverage ratio can be measured by matching between total liabilities (debt) and total equity. With the debt owned by the company, it is expected that the company will be able to operate well to achieve profits so that the company's value will growth [7]. In addition to company size and leverage, profitability can also influence the value of the company. Where the size of profitability generated by a company can affect the value of the company.

The results of these different studies indicate that the relationship between financial performance and company value is influenced by other factors. Therefore disclosure of Corporate Social Responsibility (CSR) is added as a moderating variable that is thought to be able to influence the relationship between company size, managerial ownership, institutional ownership, and leverage on company value. With the inconsistency of the results of previous studies that the researcher’s reason to do this research again with the title of “The Factors That Influence the Value of the Company with Corporate Social Responsibility as A Moderating Variable”.

2. Theory

2.1 Company Value

The company was established with the objective of increasing the value of the company through growing the wealth of the owners or shareholders. The greater the value of the company, the more wealthy the owner will be. Nurlela and Islahuddin (2008) demonstrated that the value of the company is the amount that the prospective buyer is willing to pay if the company is sold. High company value indicates the success of the company in achieving its objectives.

2.2 Company Size

Every single company has a dissimilar size. According to (Putra, 2013) indicated that the greater the size of the company, then there is a trend for more investors to pay attention to the company. This is because large companies tend to have more stable conditions. Giant companies can also straightforwardly access the capital market. The effortlessness of entrance to the capital market means that the company has the elasticity and capability to create greater funds. According to Analysa (2010), Investors have huge expectations for large companies. Investors' expectations are in the form of dividends from the company.

2.3 Managerial Ownership

Managers who are also shareholders will raise the value of the company because by growing the value of the company, the value of their wealth as shareholders will grow as well (Permanasari, 2010). Management ownership in a company can prime to allegations that the company's value increases due to increased management ownership. So managerial ownership in the company is projected to expand the company's financial performance with better decision making and expand the company's stock price. By growing the company's stock price, it can raise the value of the company [11].
2.4 Institutional Ownership

Institutional ownership, which commonly can act as the party that monitors the company. The larger the institutional ownership, the more efficient utilization of company assets and is projected to also act as a precaution against waste done by management (Faizal, 2004). Correspondingly, according to Wening (2009) the superior the ownership by financial institutions, the greater the strength of voice and the drive to optimize the value of the company.

2.5 Leverage

The greater leverage displays the greater investment risk (Sambora et al., 2014 in Wulandari and Witsuana, 2017). A company is supposed to be not decipherable if the company's total debt is greater than the total assets possessed by the company. A decipherable or solvable company means that the company has the capacity to pay all its debts, both long and short-term (Sawir, 2005).

2.6 Profitability

Company performance in handling management can be described by profitability. Kasmir (2013) demonstrated that profitability ratios indicate the achievement of companies in creating profits. Profitability is one that can affect the value of the company. With a large number of investors who purchase the company's shares, it will add the company's stock price so that it will increase the value of the company.

2.7 Corporate Social Responsibility

Corporate Social Responsibility is a technique to reinforce the relationship between companies and stakeholders because it is a formula of balance between economic, environmental and social interests. The company does not only stare at economic (profit) as the single purpose of the company, but there are other objectives, explicitly the form of responsibility to the stakeholders, because the company has wider responsibilities than just considering for profit for shareholders (Rahayu, 2010).

3. Research Methods

Data collection method in this research is done by documentation method that is by studying, classifying and analysing secondary data in the form of the annual report and financial report which have been published on the Indonesia Stock Exchange in period 2012-2016. The population in this study are mining companies listed on the Indonesia Stock Exchange in 2012-2016. In 2012-2016 there has been a decline in stock prices of mining companies in Indonesia. The mining company in Indonesia is a company that has high value and can be called as a prima donna because it becomes one of the options for investors to invest. Purposive sampling was used in determining samples and selected 36 mining companies. The technique of data analysis using multiple linear regression analysis with SPSS 20. Hypothesis testing in this research is done by using a t-test. This test is conducted to prove the proposed hypothesis, whether each independent variable of company size, managerial ownership, institutional ownership, capital structure and profitability have a significant effect on the dependent variable of corporate value with corporate social responsibility as moderation variable.

4. Result and discussion

Objects in this study are mining companies listed on the Indonesia Stock Exchange (BEI) for the period 2012-2016. Mining companies in Indonesia are companies that have high value and can be referred to as prima donna because it is one of the choices of investors to invest. Based on purposive sampling technique with predetermined sample criteria obtained samples that are worthy of being subjected to research as many as 145 samples in 5 years.

4.1 Classical Assumption Testing Results

4.1.1 Data Normality Testing Results

Normality testing aims to investigate whether in the regression model, disturbing or residual variables have normal distribution or not. A good distribution model is normal or near normal data distribution. Data that is normally distributed will avoid bias in data analysis. Normal testing or not of the
distribution of data can use Kolmogorov-Smirnov test analysis. In the Kolmogorov-Smirnov test, the
data is normal if the standardized residual value is normally distributed if the K count < K table or
Sig> 0.05 (Ghozali, 2011: 160).

Table 4.1. Data Normality Testing Results

| N   | 103 |
|-----|-----|
| Normal Parameters |      |
| Mean | 0,000000 |
| Std. Deviation | 0,44276263 |
| Absolute | 1,23 |
| Positive | 1,23 |
| Negative | -0,70 |
| Kolmogorov-Smirnov Z | 1,248 |
| Asymp. Sig. (2-tailed) | 0,089 |

a. Test distribution is Normal.
b. Calculated from data.

In accordance with the Kolmogorov-Smirnov test shown in Table 4.1 above, the probability
value or Asymp. is obtained. Sig. (2-tailed) of 0.089, thus the probability value is greater than 0.05 or
0.089> 0.05, this means that the residual data has been normally distributed.

4.1.2 Multicollinearity testing Results

Multicollinearity testing aims to test whether the multiple regression model found a correlation
between independent variables (Ghozali, 2011: 105). To identify the presence or absence of
multicollinearity in the regression model, it can be seen from the Tolerance Value or Variance
Inflation Factor (VIF). If the VIF value is <10 and tolerance > 0.1 then there is no multicollinearity.
Multicollinearity testing results can be seen in the following table:

Table 4.2. Multicollinearity Testing Results Coefficients

| Model | Collinearity Statistics |
|-------|-------------------------|
|       | Tolerance | VIF  |
| (Constant) |          |     |
| CS    | ,863      | 1,158 |
| MO    | ,414      | 2,415 |
| IO    | ,582      | 1,720 |
| L     | ,614      | 1,629 |
| Profit| ,967      | 1,034 |
| CSR   | ,882      | 1,133 |

a. Dependent Variable: CV

From the table above, the VIF value of all independent variables is <10 and tolerance > 0.10. It can be
interpreted that the regression model is free from multicollinearity.

4.1.3 Heteroscedasticity Testing Results

Heteroscedasticity testing purposes to examine whether in the regression model there is a residual
variance inequality an observation to other observations (Ghozali, 2011: 139). Heteroscedasticity can
be seen through the following scatterplots:
Based on the image above, it can be seen that the results of heteroscedasticity testing on the scatterplot display of the dependent variable, the company value illustrate the points spread above and below the number 0 on the Y axis, so it can be concluded that this research model has been free from heteroscedasticity.

4.1.4 Autocorrelation Testing Results

Autocorrelation test is done for time series data or data that has a time series. A good regression equation is one that does not have an autocorrelation problem, if there is an autocorrelation, the equation becomes unfit for use. The approach often used to test autocorrelation is the Durbin-Watson test. The Durbin-Watson test can diagnose the presence or absence of autocorrelation in a regression model (Ghozali, 2006). Decision making whether or not there are autocorrelation using tables Durbin-Watson (Ghozali, 2006) is:

1) If 0 < d < dl, then there is no positive autocorrelation.
2) If dl = d = du, there is no positive autocorrelation.
3) If 4 - dl < d < 4, then there is no negative correlation.
4) If 4 - du = d = 4 - dl, then there is no negative correlation.
5) If du < d < 4 - du, then there is no positive or negative autocorrelation.

| Model | R  | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|----|----------|-------------------|---------------------------|--------------|
| 1     | .439† | .193    | .143              | .45639                    | 2.011        |

a. Predictors: (Constant), CSR, Profit, L, IO, CS, MO
b. Dependent Variable: CV

From the table above, the value of Durbin-Watson is 2.011. For the number of data 103 and the independent variable 5, the value of du is 1.804 and 4-du is 2.196. Thus it is known du < DW < 4-du = 1.804 < 2.011 < 2.196. Consequently, it can be interpreted that there is no autocorrelation in the regression model.

4.2 Hypothesis Testing

To test the hypothesis in this research the researcher uses t-test that is to know how big influence of independent variable individually in explains dependent variable. Testing can be done by comparing t count with t table value and also compare significant value t with the level of significant (α). The value of the level of significance used in this study is 5 per cent (0.05). If the value is greater than 0.05, H0 is accepted. Similarly, vice versa if sig t is smaller than 0.05, then H0 is rejected. If H0 is rejected this means there is a significant relationship between independent variables to the dependent variable [4].
| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| CS       | -0.0004 | -0.012 | ±1.984 | 0.991 | Rejected   |

From Hypotheses Testing Result 1 Shows that the value of t table is smaller than the t count (- 1.984 < -0.012). Thus, company size has no significant effect on company value.

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| MO       | 0.006 | 2.064   | ±1.984  | 0.042 | Accepted   |

From Hypotheses Testing Result 2 demonstrates that the value of t table is smaller than the t count (1.984 < 2.064). Consequently, managerial ownership has a significant effect on company value.

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| IO       | 0.003 | 1.183   | ±1.984  | 0.239 | Rejected   |

From Hypotheses Testing Result 3 Shows that the value of t table is bigger than the t count (1.984 > 1.183). Thus, institutional ownership has no significant effect on company value.

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| L        | 0.163 | 2.339   | ±1.984  | 0.021 | Accepted   |

From Hypotheses Testing Result 4 demonstrates that the value of t table is smaller than the t count (1.984 < 2.339). Consequently, Leverage has a significant effect on company value.

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| Profit   | 1.028 | 1.913   | ±1.984  | 0.059 | Rejected   |

From Hypotheses Testing Result 5 Indicates that the value of t table is bigger than the t count (1.984 > 1.913). Thus, profitability has no significant effect on company value.

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| CS       | 0.218 |         |         |      | Accepted   |
| CSR      | 21.458|         |         |      |            |
| CS*CSR   | -0.730| -2.591  | ±1.984  | 0.011| Accepted   |

From Hypotheses Testing Result 6, 8 and 10 Indicates that the value of t table is bigger than the t count and from Hypotheses Testing Result 7 and 9 demonstrates that the value of t table is smaller than the t count.

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| MO       | 0.025 |         |         |      |            |
| CSR      | -0.422|         |         |      |            |
| MO*CSR   | -0.090| -1.951  | ±1.984  | 0.054| Rejected   |

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| IO       | -0.010|         |         |      |            |
| CSR      | -3.492|         |         |      |            |
| IO*CSR   | 0.046 | 2.057   | ±1.984  | 0.042| Accepted   |

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| L        | 0.166 |         |         |      |            |
| CSR      | -0.583|         |         |      |            |
| L*CSR    | -0.077| -0.115  | ±1.984  | 0.909| Rejected   |

| Variable | B    | T_count | T_table | Sig. | Conclusion |
|----------|------|---------|---------|------|------------|
| Profit   | 6.870|         |         |      |            |
| CSR      | -0.023|         |         |      |            |
| Profit*CSR| -20.682| -3.096  | ±1.984  | 0.003| Accepted   |

From Hypotheses Testing Result 6, 8 and 10 Indicates that the value of t table is bigger than the t count and from Hypotheses Testing Result 7 and 9 demonstrates that the value of t table is smaller than the t count.
5. Conclusion
5.1 Conclusion
Based on the results of the analysis, testing hypotheses, discussions and research that has been done, it can be put forward some conclusions of the study as follows:
1) Company size, institutional ownership, and profitability do not have an influence on the value of the company
2) Managerial ownership and leverage have an influence on the value of the company
3) Corporate social responsibility as a moderating variable can strengthen the influence of company size, managerial ownership, and institutional ownership on firm value
4) Corporate social responsibility as a moderating variable is not able to moderate the influence of leverage and profitability on firm value.

5.2 Implication
This research has limitations that can be used as a reference for future research, including:
The variables in this study using 6 variables, namely company size (CS), managerial ownership (MO), institutional ownership (IO), leverage (L), profitability (Profit) and corporate social responsibility (CSR). But chances are there are still many other variables that can affect the value of the company.
This study only uses mining companies as samples, so the results cannot be used as a reference for other companies on the Indonesia Stock Exchange (IDX). The period of observation in this study is relatively short, namely in the period 2012-2016.

5.3 Suggestion
The suggestions for future research are:
1. Adding variables in research so that it can describe the overall factors that can influence on the value of the company.
2. Adding research objects that are closely related to the environment such as plantation and agricultural companies listed on the Indonesia Stock Exchange
3. Extend the period of observation so that the results of the research become more accurate and are expected to be used as consideration for investors in making investments.

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