

The Effect of Corporate Social Responsibility Disclosures and Good Corporate Governance Mechanism on Company Value

Anugerah Reinaldi Putra Tappang¹, Putu Ery Setiawan²

^{1,2} Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Udayana
E-mail: 1tappanganugrah@gmail.com 2Putu Ery Setiawan

Abstract: Company value is important because it can influence investors' interest in making investment decisions in a company. Companies that have good corporate governance, good performance and responsibility for the social environment will make investors confident about the shares invested in the company. The higher the company value, the more prosperous the company's shareholders will be. The aim of this research is to obtain empirical evidence of the influence of disclosure of corporate social responsibility and good corporate governance mechanisms on company value. This research is quantitative research using secondary data obtained from financial reports and annual reports on manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2019-2022 period. The sampling technique used purposive sampling technique which selected 22 sample companies that met the specified criteria. Testing this hypothesis uses multiple linear regression analysis with the help of the SPSS program. The research results show that corporate social responsibility, the board of commissioners, have a positive effect on company value, while the board of directors, audit committee, constitutional ownership and managerial ownership have a negative effect on company value.

Keywords: corporate social responsibility, good corporate governance mechanism, firm value

1. Introduction

The company was founded with a clear objective, namely to maximize company value. Increasing the value of the company is an achievement for shareholders, because with increasing company value, the welfare of the owners will also increase. The high value of the company can be indicated by the increasing share price. A high increase in company value is a long-term goal that the company should achieve which will be reflected in the market price of its shares because investors' assessment of the company can be observed through the movement of the company's share prices transacted on the stock exchange for companies that have gone public.

Company value is still an important and interesting research object to study because company value is one of the things that underlies investors in making investment decisions with the aim of obtaining profits from the entity's activities. Companies focus on activities that maximize company value. The company's goal in the short term is to maximize income by using the company's

overall resources, while in the long term, the company's goal is to achieve success for the company's owners or shareholders (Setiawati & Lim, 2015).

In 2019, the average PBV of manufacturing companies was 2.97%, then decreased by 0.13% in 2020, namely to 2.84%. The same thing happened in 2022, the average PBV of manufacturing companies decreased by 0.48% compared to 2021, namely 2.36%. From this phenomenon it can be said that company value can increase or even decrease. The increase or decrease in company value can be influenced by external and internal factors of the company itself. In this context, corporate social responsibility (CSR) and good corporate governance (GCG) mechanisms are two important aspects that can influence company value.

In the last few periods in Indonesia, quite a few companies have tried to "get closer" to the community. Various efforts have been made in the form of funding and training. This activity is a form of corporate social responsibility (CSR). The activities carried out by this company are basically motivated by several reasons, such as competition between companies, maintaining the company's survival, avoiding conflict with the community around the company, obligations that have been regulated by the government in statutory regulations, and to create a good image (Setiawati & Wijaya , 2023).

In Indonesia, CSR developed in the 1990s, marked by the emergence of the definition of corporate social responsibility by the WBSD (World Business Council for Sustainable Development) in 1995, which is a business forum institution initiated by the United Nations for business circles to be able to contribute to development. The context at that time was the concept of sustainable development, a concept of development for the future without destroying natural resources, which tries to unite 3 elements of development, namely economic, environmental and social.

The importance of implementing CSR is now increasingly being realized by various companies as a business strategy. CSR implementation then developed without clear guidelines, because there were no clear standards. Many companies then implement CSR in accordance with the focus of existing resources. For example, the implementation of CSR carried out by the United States. Implementation of CSR in the United States is only voluntary, but most of it can work well because there is a correlation between the company and the market. The level of public awareness as consumers is very high so that the public has the capacity to question or support the existence of a company. Companies that do not care about society and the environment will definitely be shunned by consumers and society in general.

The results of research regarding the influence of CSR on company value are different. As research conducted by Mipo, (2022), Puspaningrum, (2017) shows that CSR has an effect on company value. However, researchers found inconsistencies from research conducted by Gusti et al., (2023), Tumanan and Dyah Ratnawati, (2021) that CSR has no effect on company value.

Good corporate governance (GCG) is defined as a system, process and set of regulations used to regulate relationships between various interested parties so that they can encourage company performance to work efficiently, producing sustainable long-term economic value for shareholders and the surrounding community as a whole. overall Gusti et al., (2023). Companies must of course ensure to investors that the funds they invest for financing, investment and company growth activities are used appropriately and as efficiently as possible and ensure that management acts in the best interests of the company.

The issue of GCG emerged after Indonesia experienced a prolonged crisis in 1998. Since then, the government and investors have paid more attention to GCG practices. The implementation of GCG is expected to be useful for adding and maximizing company value. GCG is expected to be able to strike a balance between various interests which can provide benefits for the company as a whole.

Many studies on GCG mechanisms on company value show mixed results. The differences in indicators used by each researcher also create varying results. The differences in indicators used by researchers to reflect the variety of GCG mechanisms are due to the broad definition of GCG mechanisms. Much research has been conducted on the influence of GCG on company value, such as research by Gusti et al., (2023), Apriani et al., (2020), Puspaningrum, (2017), Sari, (2019) which says that GCG disclosure has a positive influence on company value. When GCG increases, the company value will also increase. Company value can provide maximum prosperity for shareholders if share prices increase. The higher the share price of a company, the higher the prosperity of shareholders. However, research conducted by Raningsih & Artini, (2018), Kusumawati & Rosady, (2018), Rahmawati et al., (2022) states that GCG has no effect on company value.

The sample chosen for this research was companies in the manufacturing sector of the consumer goods industry. Generally, manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (BEI) are large companies. Large companies certainly promise higher profits, therefore many potential investors are interested in manufacturing companies. Manufacturing companies produce the basic necessities most needed by society in line with the increasing population growth in Indonesia.

Based on the description above, the author will conduct research with the title "The Influence of Corporate Social Responsibility Disclosure and Good Corporate Governance mechanisms on Company Value".

2. Research Methods

This research uses a quantitative approach in the form of associative research, namely research that aims to determine the relationship or influence between two or more variables. This research was conducted by searching for

data on manufacturing companies in the consumer goods industry sector which can be obtained through the publication of financial reports and annual reports of manufacturing companies in the consumer goods industry sector on the Indonesia Stock Exchange (BEI) for 2019-2022 which can be accessed via the official BEI website www.idx.co.id and the official website of each company. In this research, the dependent variable used is company value (Y). In this study the independent variables used are CSR (X1), board of commissioners (X2), board of directors (X3), audit committee (X4), institutional ownership (X5), managerial ownership (X6).

The population in this research is manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2019-2022 period. Based on the number of manufacturing companies in the consumer goods industry sector and their components listed on the IDX, there is a population of 22 companies that meet the sampling criteria. The sample in this research is manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange with the following criteria: (1) Manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (BEI) consecutively for the period 2019-2022. (2) Manufacturing companies in the consumer goods industry sector that are listed on the Indonesia Stock Exchange (BEI) and publish their annual reports consecutively during the 2019-2022 period. (3) Manufacturing companies in the consumer goods industry sector that disclose corporate social responsibility in their annual reports consecutively during the 2019-2022 period. The data used in this research is quantitative data. The data source used in this research is secondary data. The method used in collecting data in this research is the documentation method, namely data collection by collecting data from the financial reports of companies listed on the Indonesia Stock Exchange (BEI) during the 2019-2022 observation period which is accessed via the official BEI website www.idx.co.id and the official website of each company. The data analysis method used in this research is multiple linear regression analysis. The multiple linear regression model is formulated as follows:

Information:

PBV = Company value

a = Constant

β1CSR = Corporate Social Responsibility

32DK = Board of Commissioners

β3DD = Board of Directors

β4KA = Audit Committee

35KI = Institutional Ownership

β6KM = Managerial Ownership

Eit = Standard error

3. Results and Discussion

The descriptive statistical results are shown in Table 1 below. Descriptive statistics can provide general information about all the variables used in this research. Descriptive statistics show the average value (mean), standard deviation, maximum value and minimum value.

Table 1. Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
Company value	88	.34	30.17	4.5829	6.61477
Corporate Social Responsibility (CSR)	88	.10	3.10	.3695	.31601
Board of Commissioners	88	.71	130.60	14.9230	23.39675
Board of Directors	88	1.00	9.00	1.9432	1.00981
Audit Committee	88	.36	93.75	9.5127	15.60421
Institutional Ownership	88	.01	5.63	1.1491	1.39624
Managerial Ownership	88	.06	878.45	279.3089	1060.82235
Valid N (listwise)	88				

Source: Secondary data (2023)

CSR variable (X1), from this data it can be described that the minimum value is 0.10 while the maximum value is 3.10, the average value is 0.3695 and the standard deviation of CSR data is 6.61477. The board of commissioners variable (X2), from this data it can be described that the minimum value is 0.71 while the maximum value is 130.60, the average value is 14.9230 and the standard deviation is 23.39675. The board of directors variable (X3) from this data can be described as having a minimum value of 1.00 while a maximum value of 9.00, an average value of 1.9432 and a standard deviation of 15.60421. The audit committee variable (X4) from this data can be described as having a minimum value of 0.36 while the maximum value is 93.75, the average value and standard deviation is 1.00981. The institutional ownership variable (X5) from this data can be described as having a minimum value of 0.01 while a maximum value of 5.63, an average value of 279.3089 and a standard deviation of 1.39624. The

managerial ownership variable (X6) from this data can be described as having a minimum value of 0.06 while the maximum value is 878.45, the average value and standard deviation is 1060.82235. The company value variable (Y), from this data, is described as having a minimum value of 0.34 while a maximum value of 30.17, an average value of 4.5829 and a standard deviation of the data of 6.61477.

Table 2. Normality Test Results

		Unstandardized Residual
N		88
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	1.65887911
Most Extreme Differences	Absolute	0.205
	Positive	0.160
	Negative	-0.205
Test Statistic		0.205
Asymp. Sig. (2-tailed)		0.200 ^{c,d}

Source: Secondary data (2023)

Based on the normality test results in Table 2, it can be said that the data is spread around the diagonal line and follows the direction of the diagonal line. It can be concluded that the data used in this research is normally distributed.

Table 3. Multicollinearity Test Results

	Collinearity Statistic	
	Tolerance	VIF
CSR (X1)	0.942	1.050
Board of Commissioners (X2)	0.107	9.359
Board of Directors (X3)	0.560	1.787
Audit Committee (X4)	0.041	24.546
Institutional Ownership (X5)	0.575	1.738
Managerial Ownership (X6)	0.731	8.015

a. Dependent Variable: Company value (Y)

Source: Secondary data (2023)

Based on the table above, the tolerance value is $0.952 > 0.10$, so there is no indication that multicollinearity is occurring. Meanwhile, the VIF value is 1.050, which means the value is <10.00 , so it can be said that there is no multicollinearity. It can be concluded that the influence of CSR, Board of Commissioners, Board of Directors, Institutional Ownership and Managerial Ownership on Company Value does not occur multicollinearity. Meanwhile, the Audit Committee's VIF value is 24.546, which means a value of > 10.00 . There is multicollinearity in the Company Value.

The results of the heteroscedasticity test are shown in Table 4 below.

Table 4. Heteroscedasticity Results

	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	0.563	0.583		0.966	0.337
CSR (X1)	4.381	0.598	0.209	7.329	0.000

Board of Commissioners (X2)	0.308	0.024	1.088	12.766	0.000
Board of Directors (X3)	-0.153	0.244	-0.023	-0.626	0.533
Audit Committee (X4)	-0.099	0.059	-0.234	-1.698	0.093
Institutional Ownership (X5)	-0.060	0.174	-0.013	-0.345	0.731
Managerial Ownership (X6)	0.001	0.000	0.142	1.799	0.076

Source: Secondary data (2023)

Based on the results of the heteroscedasticity test in Table 4, the significance value for CSR is $0.000 < 0.05$ and for FDR the significance value is $0.000 < 0.05$, which means

that heteroscedasticity occurs in CSR and the Board of Commissioners. Meanwhile, the Board of Directors, Audit Committee, Institutional Ownership and Managerial Ownership are greater than 0.05. So the results of the examiners in this study did not occur heteroscedasticity in the regression model.

The results of multiple linear regression analysis are shown in Table 5 below.

Table 5. Multiple Linear Regression Analysis Test Results

	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
(Constant)	0.563	0.583		0.966	0.337
X1	4.381	0.598	0.209	7.329	0.000
X2	0.308	0.024	1.088	12.766	0.000
X3	-0.153	0.244	-0.023	-0.626	0.533
X4	-0.099	0.059	-0.234	-1.698	0.093
X5	-0.060	0.174	-0.013	-0.345	0.731
X6	0.001	0.000	.0142	1.799	0.076

Source: Secondary data (2023)

Based on Table 5, the following multiple linear regression model is obtained:

$$Y = 0,563 + 4,381 + 0,308 -0,153 -0,099 -0,060 + 0,001$$

Information:

Ln Y = Company value

a = Constant

X1 = Corporate social responsibility

X2 = Board of commissioners
 X3 = Board of directors
 X4 = Audit committee
 X5 = Institutional ownership
 X6 = Managerial ownership

The results of the F test analysis are shown in Table 6 below.

Table 6. F Test Results

	Sum of Squares	DF	Mean Square	F	Sig.
Regression	3567.293	6	594.549	201.152	0.000 ^b
Residual	239.414	81	2.956		
Total	3806.706	87			

Source: Secondary data (2023)

Based on Table 6, the F value is 201.152 with a significance level of 0.001. In this case, the regression model in this research is said to be good and suitable for use because it has a significance level of <0.05 , which means it is smaller than 0.05.

The coefficient of determination test (R²) aims to measure the ability of the independent variable to explain the dependent variable (Ghozali, 2015). If (R²) approaches a value of one, it means that the independent variables provide almost all the information needed to predict variations in the dependent variable.

Table 7. Coefficient of Determination Test Results (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.968 ^a	0.937	0.932	1.71922

Source: Secondary data (2023)

Based on Table 7, it shows that the Adjusted R Square value is 0.932, which means that the independent variables consisting of CSR, Board of Commissioners, Board of Directors, Audit Committee, Institutional Ownership and Managerial Ownership simultaneously influence company value by 93.2%. While the remaining 100% - 93.2% = 6.8%. This shows that there are still other variables that can influence company value.

The first hypothesis, namely that corporate social responsibility (CSR) has a positive effect on company value, is accepted. This is indicated by a positive coefficient value of 7.329 and a significance level of 0.000 <0.05 , indicating that the CSR variable has a positive effect on company value in consumer goods industry sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. The higher CSR will increase company

value. CSR is a form of corporate social responsibility towards stakeholders. Based on legitimacy theory, CSR disclosure carried out by the company will create a good image of the company so that investors will see this as a positive thing to invest in the company. These results are in accordance with research by Mipo, (2022), which proves that CSR disclosure has a positive effect on company value.

The second hypothesis, namely, the board of commissioners has a positive effect on company value, is accepted. This is indicated by a positive coefficient value of 12.766 and a significant level of $0.000 < 0.05$ indicating that the board of commissioners variable has a positive effect on company value in consumer goods industry sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This means that every increase in the board of commissioners will lead to an increase in company value. The results of this research are in accordance with research conducted by Apriani et al., (2020) and Kaban, (2022) which stated that the greater the proportion of the board of independent commissioners indicates that the supervisory function will be better. The same thing was also conveyed by Gusti et al., (2023), Primadani et al., (2023) and Nita & Istikhoroh, (2019) who in their research results stated that an independent board of commissioners had a positive effect on company value.

The third hypothesis, namely that the board of directors has a positive effect on company value, is rejected. This is indicated by a coefficient value of -0.626 and a significance level of $0.533 > 0.05$ indicating that the board of directors variable has a negative effect on company value in consumer goods industry sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. The results of this research are in accordance with research conducted by Emmanuela et al., (2020), Aziza et al., (2020), which stated that the board of directors has no effect on company value. This research is also supported by Nita and Istikhoroh, (2019) who show the results that the board of directors has no effect on company value.

The fourth hypothesis, namely that the audit committee has a positive effect on company value, is rejected. This is indicated by a coefficient value of -1.698 and a significance level of $0.093 > 0.05$, which indicates that the audit committee variable has no effect on company value in consumer goods industry sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This indicates that if the audit committee increases, the company value will also increase. The results of this research are in line with research (Primadani et al., 2023) which states that the audit committee has no effect on company value. The results of this research are also in line with research conducted by (Garad et al., 2021) which states that audit committees have no effect on company value.

The fifth hypothesis, namely that institutional ownership has a positive effect on firm value, is rejected. This is indicated by a coefficient value of -0.345 and a significance level of $0.731 > 0.05$, indicating that the institutional ownership variable has no effect on company value in consumer goods industry sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This research is in line with research by (Permanasari & Isti'adah, 2015) which states that institutional ownership has no effect on company value, because majority investor owners tend to compromise with management and ignore the interests of minority investors.

The sixth hypothesis, namely that managerial ownership has a positive effect on firm value, is rejected. This is indicated by a coefficient value of 1.799 and a significance level of $0.076 > 0.05$, indicating that the managerial ownership variable has a negative effect on firm value in consumer goods industry sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This indicates that if managerial ownership increases, the company value will decrease. This is contrary to the agency theory put forward by Jensen & Meckling (1976) which states that managerial ownership is a GCG mechanism that can reduce agency conflicts, where if management has share ownership in the place where it works, it is expected that in making decisions it will pay attention to the interests of shareholders and himself, where he is also a shareholder, so that it will result in increasing the value of the company. The results of this test support Royani's (2016) research which concluded that managerial ownership has no effect on company value, because the majority of share ownership percentages by managers do not increase each year. The results of this research are in line with the results of research conducted by Dewi & Nugrahanti (2014) and Onasis et al. (2016).

4. Conclusions and Suggestions

Corporate social responsibility (CSR) has a positive effect on company value. The size of the board of commissioners has a positive effect on company value. The board of directors has no effect on company value. The audit committee has no effect on company value. Institutional ownership has no effect on company value. Managerial ownership has no effect on company value.

For investors and potential investors to be more careful by paying attention to corporate social responsibility, board of commissioners, board of directors, audit committee, institutional ownership and managerial ownership as considerations before investing in companies, especially manufacturing companies in the consumer goods industry sector on the Indonesia Stock Exchange (IDX). For future researchers, it is hoped that they will use or add other variables that have not been studied in this research.

REFERENCES

Apriani, N. L., Azizah, S. N., Rachmawati, E., & Kusbandiyah, A. (2020). Pengaruh Dewan Direksi, Komisaris Independen, Komite Audit, Dan Kualitas Audit Terhadap Nilai Perusahaan *JPEKBM (Jurnal Pendidikan Ekonomi, Kewirausahaan, Bisnis Dan Manajemen)*, 4(2), 21.

Aziza, T. N., Azizah, S. N., Kusbandiyah, A., & Inayati, N. I. (2020). Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial, Dewan Direksi Dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *JPEKBM (Jurnal Pendidikan Ekonomi, Kewirausahaan, Bisnis Dan Manajemen)*, 4(2), 34.

Emanuel, R., Antonius, J., Apriyanto, R. P., Firmansyah, A., & Trisnawati, E. (2022). Dewan Direksi, Cash Holding, Nilai Perusahaan: Peran Moderasi Dari Leverage. *Jurnalku*, 2(1), 54–67.

Garad, A., Rahmawati, A., & Pratolo, S. (2021). The impact of board directors, audit committee and ownership on financial performance and firms value. *Universal Journal of Accounting and Finance*, 9(5), 982–994.

Gusti, N., Made, A., Dewi, U., Agung, A., & Putu, G. (2023). How the Good Corporate Governance Moderate Relationship Between Corporate Social Responsibility Voluntary Disclosure and Firm Value ?: A Case Study on Bank Listed on IDX 2019-2021. *10(3)*, 168–175.

Kaban, R. F. (2022). Pengaruh profitabilitas dan leverage terhadap nilai perusahaan. *October*.

Kusumawati, R., & Rosady, I. (2018). Pengaruh Struktur Modal dan Profitabilitas terhadap Nilai Perusahaan dengan Kepemilikan Manajerial sebagai Variabel Moderasi. *Jurnal Manajemen Bisnis*, 9(2), 147–160.

Mipo, M. (2022). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan Terhadap Nilai Perusahaan Dengan CSR Sebagai Moderating Variable Pada Perusahaan Manufaktur di BEI. *Owner*, 6(1), 736–745.

Nita, S. A. R., & Istikhoroh, S. (2019). Pengaruh Dewan Komisaris, Komite Audit dan Dewan Direksi terhadap Nilai Perusahaan Telekomunikasi yang Terdaftar di BEI. *Publikasi Ilmiah Akuntansi Universitas PGRI Adi Buana Surabaya*, 1(1), 75–84.

Primadani, N. A., Wahyuni, S., Setyadi, E. J., & Pratama, B. C. (2023). The Influence of Institutional Ownership, Proportion of Independent Commissioners, Gender of Female Board of Directors, and Company Size on Company Financial Performance. *Asian Journal of Management Analytics*, 2(1), 13–28.

Puspaningrum, Y. (2017). Pengaruh Corporate Social Responsibility Dan Kepemilikan Manajerial Terhadap Nilai Perusahaan Dengan Profitabilitas Dan Ukuran Perusahaan Sebagai Variabel Moderating. *Jurnal Profita*, 2(1), 1–14.

Rahmawati, E. D., Wahyuni, S., Dirgantari, N., & Winarni, D. (2022). The Effect of Ownership of Managerial, Independent Board of Commissioners,

Board of Directors and Intellectual Capital on Financial Performance. *Jurnal Manajemen Bisnis, Akuntansi Dan Keuangan*, 1(2), 91–106.

Raningsih, N. K., & Artini, L. G. S. (2018). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility Sebagai Variabel Moderasi. *EEB Unud*, 7(8), 1997–2026.

Royani, Indah. (2016). Pengaruh Kepemilikan Manajerial Dan Leverage Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variabel Intervening. *Jurnal Riset Mahasiswa Akuntansi (JRMA)* Volume 8, No. 2, pp: 1-11

Sari, R. (2019). Moderasi Jumlah Komite Audit atas Pengaruh Pengungkapan Corporate Social Responsibility terhadap Nilai Perusahaan. *Jurnal Ilmiah Ekonomi Global Masa Kini*, 10(2), 119.

Setiawati, P. N., & Wijaya, A. L. (2023). Pengaruh Kinerja Keuangan Dan Komite Audit Terhadap Nilai Perusahaan Bumn Di Bursa Efek Indonesia. *Kompartemen : Jurnal Ilmiah Akuntansi*, 20(2), 203.

Tumanan, N., & Dyah Ratnawati. (2021). Pengaruh Likuiditas, Profitabilitas, Leverage Terhadap Nilai Perusahaan, CSR Sebagai Pemoderasi. *E-Bisnis : Jurnal Ilmiah Ekonomi Dan Bisnis*, 14(1), 123–136.