Conference Paper

Effect of Corporate Social Responsibility (CSR), Leverage, and Profitability on Corporate Value (Empirical Study of Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange for the 2012-2017)

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Abstract

This study aims to analyze the influence of corporate social responsibility, leverage and profitability. This research is a quantitative research using secondary data obtained from the food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2012-2017 period.

In this study the sampling process uses probability sampling using criteria that produce 36 samples. The method of research analysis used is multiple linear regression.

Based on the results of this study indicate that: (1) Corporate Social Responsibility (CSR) has no effect and is not significant on Corporate Value, (2) Leverage has a significantly negative effect on Corporate Value, (3) Profitability has a significantly positive effect on Corporate Value, and (4) Corporate Social Responsibility (CSR), Leverage and Profitability simultaneously have a significant positive effect on Corporate Value.

Keywords: Corporate Social Responsibility (CSR), Leverage, Profitability, Corporate Value (Tobin's Q)

1. Introduction

Company value is a picture of public trust in the success of company management. In companies going public, the value of the company will choose from the price of shares in the capital market (Fanani and Hendrick, 2016). Company value is an investor's perception of the success rate of the company that is closely related to its stock price (Sujoko and Soebiantoro, 2007) in (Jayaningrat, Made and Edy, 2017).

The phenomenon of the value of the company relating to the stock price in a Food and Beverage company occurs at PT. Tiga Pilar Sejahtera Food Tbk (AISA). In 2017, the shares of the AISA-coded issuer precisely fell 24.92% at 1,205 or fell 400 points from the previous position of 1,605 per share. Predicted cases that hit AISA will make the

company's performance crippled. Because the price of AISA's shares is estimated to fall to 1,000 per share. (ekonomi.kompas.com, January 18, 2019)

Another phenomenon occurs at PT. Ultra Jaya Milk Tbk (ULTJ), in 2011 the food and beverage company experienced a decline in stock prices. ULTJ shares dropped sharply to 12.20% to a level of 1,440 per share and became the top three top losers. The total ULTJ shares that were transacted reached 33,700 shares with a transaction value of 26.29 billion (www.investasi.kontan.co.id, December 26, 2018)

Based on the above phenomenon in the food and beverage sub-sector companies, researchers want to focus on researching the food and beverage sub-sector companies listed on the Indonesia Stock Exchange. This condition literally affects the value of the company because the value of the company itself if observed through shareholder prosperity can be measured through the company's stock price in the capital market.

There are many factors that can influence company value, one of them is Corporate Social Responsibility. running a company requires a social responsibility and an increase in social welfare. So that the company is not only a part that is responsible to its owner (shareholder) but is responsible for all parties related to the company (stakeholders). (Ramona, 2017).

Company value can also be influenced by the small amount of leverage generated by the company. The higher the debt, the worse the investor's judgment, which results in a decrease in the value of the company. (Dj et al., 2012) in (Herawati, 2017)

In addition, the value of the company is also influenced by the size of the profitability generated by the company. According to Husnan (2001) in Novrita (2013) states that the better the growth of company profitability, means that the prospects of the company in the future are considered better. That is, the value of the company will also be considered better in the eyes of investors.

Related research is research that isdone by Jariah (2016) states that simultaneously or jointly the independent variables consisting of liquidity, leverage, profitability have a significant effect on the value of manufacturing companies in Indonesia.

Research conducted by Herawati (2017) states that company size and sales growth do not affect the value of the company, while leverage and profitability affect the value of the company.

This research is a development of research conducted by Veronica Hasibuan, et al (2016). Some fundamental differences with previous research have included the addition of variables, namely Corporate Social Responsibility and using secondary data for the past 6 years (2012-2017) in the food and beverage sub-sector companies listed

on the Indonesia Stock Exchange. This study entitled "The Influence of Corporate Social Responsibility, Leverage and Profitability on Corporate Values (Empirical Study of Companies in the Food and Beverage Sub Sector in the Indonesia Stock Exchange for the 2012-2017 Period)"

1.1. Formulation of the Problem

Based on the description on the background above, the formulation of the problem in this study is as follows:

1. Does Corporate Social Responsibility (CSR) affect Company Values?

2. Does Leverage affect Company Value?

3. Does Profitability affect Company Values?

4. Does Corporate Social Responsibility, Leverage and Profitability simultaneously affect Company Values?

2. Literature Review

2.1. Agency Theory

Agency Theory is a contract in which one or more people (principals) involve other people (agents) to perform several services on their behalf which involve delegating part of the decision-making authority to the agent. (Fahrizqi, 2010)

2.2. Legitimacy Theory

Legitimacy theory is an idea of a social contract between a company and society. According to this theory, to be accepted by society, companies must disclose the company's social activities so that they will ensure the survival of the company (Reverte, 2009) in (Rosiana, Gede and Maria, 2013)

2.3. Signalling Theory

Signaling theory is information about the company is a signal for investors, in investment decisions. All company information, both financial and non-financial information must be disclosed by the company. (Rustiarini, 2010)

2.4. Stakeholder Theory

This theory explains that every company must be able to give attention to the company's stakeholders, because stakeholders can influence the survival of the company in the activities and policies implemented by the company. (Murnita and I Made, 2018).

2.5. Corporate Citizenship Theory

The theory of corporate citizenship emphasizes that business is part of the community and must participate in social life, respect universal human rights and contribute in various ways to social welfare, both at the local level and the global arena so as to increase corporate value. (Melé, 2006)

3. Hypothesis

3.1. Effect of Corporate Social Responsibility (CSR) on Corporate Values

Based on agency theory, managers try to meet the interests of stakeholders by revealing the social responsibility of the company. Stakeholders will be satisfied if the company they invest in reveals social responsibility that will increase public trust (Putri, 2017).

In the legitimacy theory states that companies must implement and disclose Corporate Social Responsibility activities as much as possible so that company activities can be accepted by society. because CSR disclosure will show the level of compliance of a company (Branco and Rodrigues, 2008) in (Rosiana, Gede and Maria, 2013)

According to Melé (2006) states that corporate citizenship theory emphasizes that business is part of the community and must participate in social life, respect universal human rights and contribute in various ways to social welfare, both at the local level and the global arena so as to increase corporate value

This is supported by research conducted by Adnantara (2013) which states that Corporate Social Responsibility has a positive effect on firm value. Based on the description above, the hypothesis is:

H1: Corporate Social Responsibility influences Corporate Value

3.2. Effect of Leverage on Corporate Values

Jayaningrat, Made and Edy (2017) state that the influence of leverage on firm value is supported by signaling theory. This theory shows an action taken by company management that provides guidance for investors to look at the company's prospects.

The higher the leverage ratio, the higher the risk of investment. So that there will be a negative relationship between leverage and company value where high leverage makes investors cautious in investing. So, leverage affects the value of the company (Herawati, 2017). This is supported by research conducted by Veronica Hasibuan, et al (2016), which states that leverage affects the value of the company. Based on the description above, the hypothesis is:

H2: Leverageinfluences Corporate Value

3.3. Effect of Profitability on Corporate Values

According to Ramadhani, Akhmadi and Kuswantoro (2018), the relationship of profitability to corporate value is built on signal theory. Investors expect a high rate of return on the funds invested. These results indicate that the greater the profitability of the company, the more the value of the company increases.

Research that supports the Prasetyorini (2013) research states that the results of the study show that the variable profitability affects the value of the company. Based on the description above, the hypothesis is:

H3: Profitabilitas influences Corporate Value.

3.4. Effect of Corporate Social Responsibility, Leverage, and Profitability on Corporate Values

This hypothesis is supported by research from Hasibuan (2016) and Murnita (2018) which states that corporate social responsibility (CSR), leverage, and profitability influence the value of the company. Disclosure of CSR by companies will provide a positive response for investors who can later increase the value of the company. Then each addition of debt (leverage), will reduce the value of the company significantly. And the better the growth of profitability means that the prospects of the company in the future are considered to be better as well so that it increases the value of the company. Based on the hypothesis above, the hypothesis is:

H4: Corporate Social Responsibility, Leverage, and Profitability simultaneously influence Company Values.

4. Method

4.1. Research design

The type of research used is quantitative research. Quantitative research is research that uses numerical data and analyzes using statistics to draw conclusions. (Sugiyono, 2017: 7).

TABLE 1: Operational Variables.

Variables	Indicator	Scale
Corporate Value (Y)	$Tobin's\ Q = \frac{(MVE+D)}{TA}$ (Adnantara, 2013)	Ratio
Corporate Social Responsibility(X_1)	$CSRIj = \frac{\Sigma\ Xij}{nj}$ (Adnantara, 2013)	Ratio
Leverage (X2)	$DER = \frac{Total\ Debt}{Total\ Equity}$ (Utomo, 2016)	Ratio
Profitability (X3)	$ROE = \frac{Earning\ After\ Tax}{Total\ Equity}$ (Hasibuan, dkk, 2016)	Ratio

4.2. Data Sources, Place and Time of Research

The data sources used in this study are secondary data obtained from the annual report of the food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2012-2017 period. The time needed for this research to collect data and information starts from January 2019 to March 2019.

4.3. Population and Samples

The population used in this study is the food and beverage sub-sector companies listed on the Indonesia stock exchange for the period 2012-2017, which amount to 20 companies. The sample used was purposive sampling technique and the results were in accordance with the criteria of 6 companies.

4.4. Method of collecting data

Data collection methods used in this study are library methods and internet research.

4.5. Data analysis method

The data analysis method used in this study is the classic assumption test, multiple linear regression analysis and hypothesis testing with the help of Microsoft Excel and SPSS Version 22 Software.

5. Result and Conclution

5.1. Result

The number of food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2012-2017 is 20 companies. The sample selection using purposive random sampling method, where samples included in the study must meet certain criteria, after being selected based on the criteria set, a sample of 6 companies was obtained from 20 companies with 33 observations

5.2. Data Normality Test Results

The normality test is done to test whether in the regression model the independent variable and the dependent variable or both have a normal distribution or not. (Ghozali, 2016: 154)

The results of this study indicate that a significant 0.200> 0.05 means that residual data is normally distributed.

5.3. Multicollinearity Test Result

The multicollinearity test is used to test whether the regression model found a correlation between the independent variables.

Based on the table above, it can be seen that the data in this study did not have multicollinearity. This can be seen from the value of the Variance Inflation Factor (VIF), all the independent variables are below 10, namely the corporate social responsibility variable of 1,255, the leverage of 1,247 and the profitability of 1,276. The value of tolerance for each variable is above 0.10, namely corporate social responsibility of 0.797, leverage of 0.802 and profitability of 0.784.

KnE Social Sciences

TABLE 2: One-Sample Kolmogorov-Smirnov Test.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		33
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,82377347
Most Extreme Differences	Absolute	,108
	Positive	,108
	Negative	-,067
Test Statistic		,108
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		
Source: SPSS output version 22, 2019		

TABLE 3: Multicollinearity Test.

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CSR	,797	1,255
	LEVERAGE	,802	1,247
	PROFITABILITAS	,784	1,276
a. Dependent Variable: NILAI PERUSAHAAN			
Source: SPSS output version 22, 2019			

5.4. Heterocedasticity Test Result

Heterocedasticity test aims to test whether in a regression model variance from residual inequality occurs one observation to another observation.

(Ghozali, 2016: 134)

From the scatterplot test, we see that the points spread randomly and spread both above and below the number 0, it can be concluded that there is no heterocedasticity in the regression model..
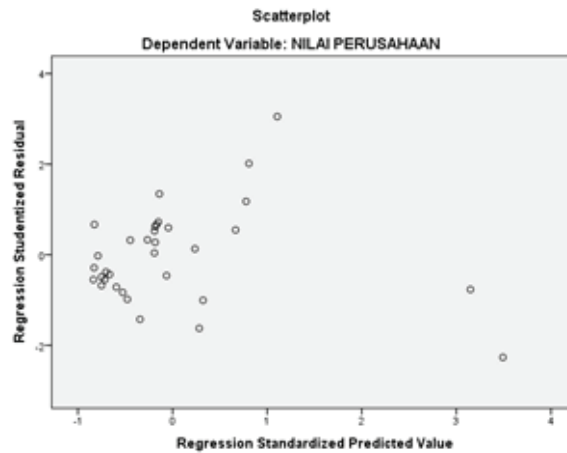
Figure 1: Heterocedasticity Test (Source: SPSS output version 22, 2019).

5.5. Autocorrelation Test Result

The autocorrelation test aims to test whether in the linear regression model there is a correlation between interfering errors in the previous period. (Ghozali, 2016: 107)

TABLE 4: Autocorrelation Test.

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,957^a	,916	,908	,86533	1,632
a. Predictors: (Constant), PROFITABILITAS, LEVERAGE, CSR					
b. Dependent Variable: NILAI PERUSAHAAN					
Source: SPSS output version 22, 2019					

Based on the results of the Durbin-Watson test in the table, it can be seen that the results of the autocorrelation test show a value of 1.632, where the number is between –4 to +4 so it can be concluded that the data in this study are free of autoclaving.

5.6. Multiple Linear Regression Test Result

Multiple linear regression analysis to see firsthand the effect of corporate social responsibility, leverage, and profitability on firm value. The test results of multiple linear regression analysis can be seen in the following table:

TABLE 5: Multiple Linear Regression.

Coefficients^a		Unstandardized Coefficients	
Model			
		B	Std. Error
1	(Constant)	1,304	1,675
	CSR	1,915	4,654
	LEVERAGE	-1,242	,366
	PROFITABILITAS	10,192	,628
a. Dependent Variable: NILAI PERUSAHAAN			
Source: SPSS output version 22, 2019			

5.7. Test t Statistics

According to Ghozali (2016: 97), the t test statistic is used to show how far the influence of one explanatory variable / independent individually in explaining variations in the independent variable.

TABLE 6: Test t Statistics.

Coefficients^a		Standardized Coefficients	T	Sig.
Model				
		Beta		
1	(Constant)		,779	,443
	CSR	,025	,412	,684
	LEVERAGE	-,203	-3,392	,002
	PROFITABILITAS	,985	16,235	,000
a. Dependent Variable: NILAI PERUSAHAAN				
Source: SPSS output version 22, 2019				

1. Effect of corporate social responsibility (X1) on firm value (Y)

   From the results of t-test calculations can be known t_count <t_table (0.412 <2.045) with a significant value (0.684> 0.05) then it can be concluded Ha is rejected and Ho is accepted, which means that the variable corporate social responsibility (X1) has no influence and is not significant to firm value (Y).

2. Effect of leverage (X2) on firm value (Y)

   From the results of t-test calculations can be known t count> t table (-3,392> 2,045) with a significant value (0.002 <0.05) then it can be concluded Ha accepted and

Ho rejected, which means that the leverage variable (X2) has a negative and significant effect on firm value (Y).

3. Effect of profitability (X3) on firm value (Y)

From the results of t-test calculations can be known t count> t table (16,235> 2,042) with a significant value (0,000 <0.05) then it can be concluded Ha accepted and Ho rejected, which means that the profitability variable (X3) has a positive and significant effect on firm value (Y)

5.8. Test F Statistics

According to Ghozali (2016: 96), simultaneous testing (Test F) basically shows whether all the independent variables entered have an effect on the dependent variable together.

TABLE 7: Test F Statistics.

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	237,988	3	79,329	105,941	,000^b
	Residual	21,715	29	,749		
	Total	259,703	32			
a. Dependent Variable: NILAI PERUSAHAAN						
b. Predictors: (Constant), PROFITABILITAS, LEVERAGE, CSR						
Source: SPSS output version 22, 2019						

Based on the results of f test calculations in table 4.13 above, obtained a value of f_count 105.941> 3.32 from table with a significant level of 0.000 <0.05, it can be concluded that Ha is accepted and Ho is rejected, meaning variables of corporate social responsibility (X1), leverage (X2) and profitability (X3) together have a positive and significant effect on firm value (Y).

6. Conclution

Based on the results of testing that has been done, it can be concluded that:

1. Corporate social responsibility (X1) does not affect the value of the company.

2. Leverage (X2) has a negative and significant effect on firm value (Y).

3. Profitability (X3) has a positive and significant effect on firm value (Y).

4. Corporate social responsibility (X1), leverage (X2) and profitability (X3) together have a positive and significant effect on firm value (Y).

7. Limitations

This research has been attempted and carried out in accordance with scientific procedures, however, this study still has limitations, including:

1. Variables that affect company value are only represented by corporate social responsibility (CSR), leverage and profitability.

2. In this study the value of the company variable is only measured by one type of proxy, namely Tobin's Q.

3. Research samples and research periods are limited so that they do not reflect long-term conditions. While there are still many companies from various sectors listed on the Indonesia Stock Exchange that still need to be studied

8. Suggestion

Based on the results of the research obtained, researchers realized that this study still had many shortcomings. So, suggestions that can be given are as follows:

1. For further research it is recommended to add variables that have relevance to company values, such as financial performance, good corporate governance, dividend policy or company size.

2. It is recommended for future researchers to take more expanded samples, both from the types of companies and the period of the year under study, so that the deepening of the research will be more accurate and maximal.

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