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CORPORATE SOCIAL RESPONSIBILITY AND GCG DISCLOSURE ON FIRM VALUE WITH PROFITABILITY

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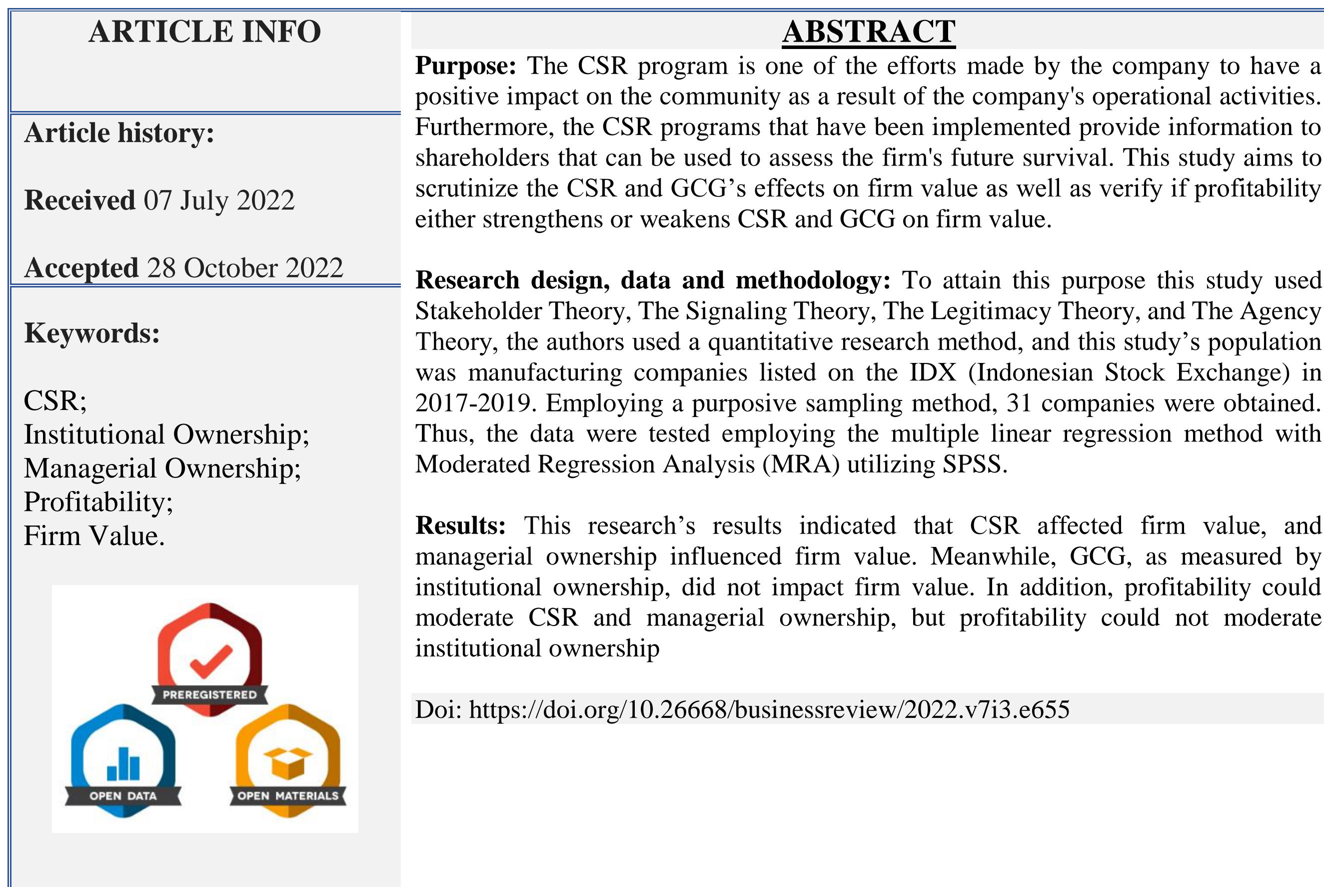

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ABSTRACT

Purpose: The CSR program is one of the efforts made by the company to have a positive impact on the community as a result of the company's operational activities. Furthermore, the CSR programs that have been implemented provide information to shareholders that can be used to assess the firm's future survival. This study aims to scrutinize the CSR and GCG's effects on firm value as well as verify if profitability either strengthens or weakens CSR and GCG on firm value.

Research design, data and methodology: To attain this purpose this study used Stakeholder Theory, The Signaling Theory, The Legitimacy Theory, and The Agency Theory, the authors used a quantitative research method, and this study's population was manufacturing companies listed on the IDX (Indonesian Stock Exchange) in 2017-2019. Employing a purposive sampling method, 31 companies were obtained. Thus, the data were tested employing the multiple linear regression method with Moderated Regression Analysis (MRA) utilizing SPSS.

Results: This research's results indicated that CSR affected firm value, and managerial ownership influenced firm value. Meanwhile, GCG, as measured by institutional ownership, did not impact firm value. In addition, profitability could moderate CSR and managerial ownership, but profitability could not moderate institutional ownership

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RESPONSABILIDADE SOCIAL CORPORATIVA E DIVULGAÇÃO DO GCG SOBRE O VALOR DA EMPRESA COM RENTABILIDADE

RESUMO

Objetivo: O programa de RSE é um dos esforços feitos pela empresa para ter um impacto positivo na comunidade como resultado das atividades operacionais da empresa. Além disso, os programas de RSE que foram implementados fornecem informações aos acionistas que podem ser usadas para avaliar a sobrevivência futura da empresa. Este estudo visa examinar os efeitos da RSE e do GCG sobre o valor da empresa, bem como verificar se a rentabilidade fortalece ou enfraquece a RSE e o GCG sobre o valor da empresa.

Projeto de pesquisa, dados e metodologia: Para atingir este objetivo, este estudo utilizou a Teoria das Partes Interessadas, A Teoria da Sinalização, A Teoria da Legitimidade e A Teoria da Agência, os autores utilizaram um método de pesquisa quantitativa, e a população deste estudo era de empresas fabricantes listadas na IDX (Bolsa

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de Valores da Indonésia) em 2017-2019. Empregando um método de amostragem proposital, foram obtidas 31 empresas. Assim, os dados foram testados empregando o método de regressão linear múltipla com a Análise de Regressão Moderada (MRA) utilizando o SPSS.
Resultados: Os resultados desta pesquisa indicaram que a RSC afetou o valor da empresa, e a propriedade gerencial influenciou o valor da empresa. Enquanto isso, a GCG, medida pela propriedade institucional, não afetou o valor da empresa. Além disso, a rentabilidade poderia moderar a RSC e a propriedade gerencial, mas a rentabilidade não poderia moderar a propriedade institucional.

Palavras-chave: RSE, Propriedade Institucional, Propriedade Gerencial, Rentabilidade, Valor Firme.

LA RESPONSABILIDAD SOCIAL DE LAS EMPRESAS Y LA DIVULGACIÓN DE LOS BIENES CULTURALES EN EL VALOR DE LA EMPRESA CON LA RENTABILIDAD

RESUMEN
Objetivo: El programa de RSC es uno de los esfuerzos realizados por la empresa para tener un impacto positivo en la comunidad como resultado de las actividades operativas de la empresa. Además, los programas de RSC implantados proporcionan información a los accionistas que puede utilizarse para evaluar la supervivencia futura de la empresa. El presente estudio pretende analizar los efectos de la RSE y la GCG en el valor de la empresa, así como verificar si la rentabilidad refuerza o debilita la RSE y la GCG en el valor de la empresa.
Diseño de la investigación, datos y metodología: Para lograr este propósito, este estudio utilizó la Teoría de las Partes Interesadas, la Teoría de la Señalización, la Teoría de la Legitimidad y la Teoría de la Agencia, los autores utilizaron un método de investigación cuantitativo, y la población de este estudio fueron las empresas manufactureras que cotizan en el IDX (Bolsa de Valores de Indonesia) en 2017-2019. Empleando un método de muestreo intencional, se obtuvieron 31 empresas. Así, los datos se probaron empleando el método de regresión lineal múltiple con el Análisis de Regresión Moderada (ARM) utilizando el SPSS.
Resultados: Los resultados de esta investigación indicaron que la RSC afectaba al valor de la empresa y que la propiedad de los directivos influía en el valor de la empresa. Por su parte, la GCG, medida por la propiedad institucional, no influyó en el valor de la empresa. Además, la rentabilidad podía moderar la RSE y la propiedad de los directivos, pero la rentabilidad no podía moderar la propiedad institucional.

Palabras clave: RSC, Propiedad Institucional, Propiedad Directiva, Rentabilidad, Valor de La Empresa.

INTRODUCTION

The phenomenon of ups and downs of share prices in the stock exchange market is attention-grabbing to discuss the issue of fluctuations in the firm value itself. Thus, investors need to consider the company’s performance they are going to invest in. Investors can consider the company's performance by using the Tobin'Q ratio. This ratio shows the company's growth opportunities in the future through investment policies (Sunarwijaya, 2016). Meanwhile, funding decisions are associated with the source of funds obtained by the company. The sources of funds can come from capital and debt. In this case, the management can weigh up how much the composition of capital and debt is desired, and investors will make their decisions based on funding decisions. In this regard, the financing structure will determine the capital cost, which will be the foundation for determining the required return (Himawan and Christiawan, 2016).

On the other side, the CSR program is one of the efforts made by the firm to give a good positive impact on the community for the company's operational activities that have been carried out. In addition, for shareholders, the CSR programs that have been carried out provide information that can be used to assess the firm's survival in the future. If a company implements a CSR program or CSR disclosure regularly and continuously, the market will indirectly increase stock prices, increasing the firm value. Implementing the company's CSR program will require quite a lot of costs, cutting the company's revenue. However, the company will get a long-term effect, where companies that carry out CSR programs on a continuous and regular basis will make the company's image better and attract external parties (new investors) to invest their funds in the firm (Murnita & Putra, 2018).

In essence, the company's CSR program is an activity that must be done and is not an option. It is because Law Number 40 of 2007 article 74 regarding the Limited Liability Company regulates the social and environmental responsibilities of companies to society and the environment. Based on its objectives, companies that implement CSR programs are expected to provide benefits to the company. Companies can avoid a negative image labeled as environmentally destructive and create a good and ethical framework that helps managers face obstacles, such as job demands in the company environment. In addition, the company can get appreciation or respect from the community.

In addition to the factor of Corporate Social Responsibility, other factors can impact the firm value, covering managerial ownership and institutional ownership. Moreover, in the process of increasing firm value, conflicts between shareholders and managers will undoubtedly emerge, or what is called agency conflict (Puspaningrum, 2017). Managers in companies usually pursue personal interests; for example, they want to get high bonuses (Arianti & Putra, 2018). Basically, managers also only want to pursue their personal interests, which only focus on company projects in obtaining maximum profits or high profits in the short term compared to maximizing the shareholders' welfare who invest their funds for long-term investments (Rudiyanto, Dhiana, & Suprijanto, 2018). Problems will begin to arise when shareholders do not think like their managers, who only care about their personal interests because doing so is likely to increase the cost burden for the company, which will impact firm value (Dewi & Nugrahanti, 2014). One solution is to have managerial stock ownership. With that, it is expected that managers in a company will be motivated to improve performance, increasing the firm value. With managerial ownership, the similarities between managers and shareholders in advancing the company for the long term can be seen.

With the higher share ownership, behavior or actions that benefit the manager's personal self can be reduced, increasing the firm value. Based on this, the existence of share ownership and institutional ownership can reduce agency problems. Furthermore, the factors affecting corporate social responsibility, managerial ownership, as well as institutional ownership are profitability. The level of net profit achieved by a corporation while carrying out its operations is known as profitability. The more a company's capacity to pay dividends, the greater its profit. In this regard, the ROA (return on assets) ratio is utilized to calculate the company's profitability. The return on assets (ROA) is a metric that assesses a company's capacity to profit from its activities.

This research builds on Dila Nur Aini's (2019) earlier work, which was titled *"Research on the Influence of CSR and GCG on Firm Value in Manufacturing Companies Listed on the Indonesia Stock Exchange from 2015 to 2017."* The study discovered that CSR and management ownership impacted business value, while institutional ownership had no impact. However, different results were obtained from research carried out by Al Ani, M.K. (2014), with tittled *" Effects of assets structure on the financial performance: Evidence form sultanate of Oman"*. In that research, it was uncovered that CSR and managerial ownership did not impact firm value. From the differences in the research results above, the current researchers are interested in re-examining the research with a more recent period, namely 2017-2019. From the background described above, the problem formulation was drawn as follows. Do corporate social responsibility disclosure, institutional ownership, and managerial ownership with profitability as a moderating variable positively affect the value of manufacturing companies listed on the Indonesia Stock Exchange?

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory explains that companies in their activities not only work for the company's benefit but also pay attention to the benefits provided to stakeholders. Thus, the support obtained from stakeholders affects the company's existence (Chariri, 2008). Support from stakeholders is also one factor affecting the company's survival. In the adaptation process, it will be easier for the company if there is stakeholder support.

The Legitimacy Theory

In this theory, the legitimacy concept is considered vital in analyzing the relationship between the organization and its environment. Legitimacy theory provides a link between

analysis levels of organization and society. In addition, actions taken by organizations are constrained by values and norms, and organizational contributions constitute a form of legitimizing behavior. The company's legitimacy will be jeopardized if there is a conflict between the company's and society's values (Dowling and Pfeffer, 1975)

The Signaling Theory

When two parties (individuals or organizations) have access to differing information, signaling theory is important in projecting behavior. The transmitter must decide how to communicate (or signal) the information, while the recipient must determine how to decipher the received signal. In the literature on strategic management, entrepreneurship, and human resource management, signaling theory plays an important role (Brian L. Connelly and S. Trevis Certo and R. Duane Ireland & Christopher R. Reutzel , 2011).

The Agency Theory

Agency theory puts forward voluntary disclosure as a type of risk disclosure (Campbell, Shrives and Bohmbach-Saager, 2001). According to Ball (2006), reducing agency theory can be done by increasing disclosure. Increased disclosure and transparency will contribute to aligning the interests of managers and investors. Disclosure is made so that the principal can monitor the manager's performance as an agent. It can prevent fraud by agents for their interests and avoid agency conflicts.

Agency theory assumes that individuals act in self-interest. Because the agent may not always work in the owner's best interests, a conflict of interest occurs between the owner and the agent, resulting in agency expenses. Three factors influence environmental disclosure: supervision costs, contract costs, and political visibility costs (Haryanto and Bawono, 2015).

HYPOTHESIS DEVELOPMENT AND RESEARCH MODEL

The Impact of Corporate Social Responsibility on Firm Value

The study that has been done by Didi F. (2019) found that the CSR the company carried out influenced the firm value, which could happen because most companies have followed and implemented Law No. 40 of 2007 regarding limited liability companies. One of its contents is to require companies to disclose social responsibility activities in the company's annual report even though the CSR items the company disclosed are still voluntary information. With the issuance of this regulation, companies, both large and small, must carry out social responsibility activities as well as report them to the company's annual report. The company's compliance in

implementing these rules indicates that the company has implemented information transparency to the public so that in the future, it can minimize the occurrence of legal sanctions that have been set. In addition, the study explained that CSR was also an item used to balance commitments to advance the company's operational activities towards individuals and groups within the firm, including customers, other companies, investors, and employees. In this case, in proving their commitment through CSR, investors will trust the company to dare to buy stocks even at a greater price, which will affect the stock price to increase and make the firm value better.

That research supports the earlier research conducted in the same year by Sriwulan (2019). It was uncovered that corporate social responsibility positively impacted firm value. With these results, high CSR disclosure will also enhance the firm value since investors will be interested in investing in firms with high social responsibility disclosures. Likewise, a study carried out by Desita R. M. K. and Iwan S. (2020) proved that corporate social responsibility significantly and positively impacted firm value. In this case, the better the CSR application in the company, the higher the firm value.

Based on previous researchers' studies, this concept aligns with legitimacy theory, which provides a relationship between the analysis level of organizations and society. Actions taken by organizations are constrained by values and norms, and organizational contributions constitute a form of legitimizing behavior. In addition, the company's legitimacy will be jeopardized if there is a conflict between the company's and society's values (Dowling and Pfeffer, 1975). It is based on the paradigm, which states that only through fulfilling a company's social obligation to the community can it achieve long-term economic development and stability. The research hypothesis was formulated using the above explanation:

H1: Corporate social responsibility has a positive impact on firm value.

The Impact of Institutional Ownership on Firm Value

Institutional ownership basically can have a duty as a party that can monitor or supervise the company. Institutional ownership refers to when a company's shares are owned by an institution. Government, business, domestic, and international institutions are all involved. Institutional investors are also unlikely to be the majority in share ownership in a company. It can happen because institutional investors have more resources than other shareholders. The larger the share of institutional ownership, the greater the power or support from the institution in controlling management. As a result, it will create a great impetus to maximize the firm value (Arianti and Putra, 2018). Consistent with research conducted by Dila Nur Aini (2019),

institutional ownership affected firm value. In addition, the firm value can also increase if the institutional ownership in the company is high and the efficiency of company assets' utilization increases. Institutional ownership is also expected to minimize waste and profit manipulation behavior by management to increase firm value. In this case, institutional investors are considered to be more capable of controlling their investment portfolios, so they are expected to prevent earnings management from occurring (Enggar N. and Novia D. I. A., 2020).

Based on research that previous researchers have done, this concept is consistent with the stakeholder theory, which elucidates that the company in its activities not only works for the benefit of the company itself but also pays attention to the benefits provided to stakeholders. Thus, the support obtained from stakeholders affects the company's existence (Chariri, 2008). Support from stakeholders is also one factor impacting the firm's survival. In the adaptation process, it will be easier for the company if there is stakeholder support. Based on these results, the following formula was obtained:

H2: Institutional ownership has a positive effect on firm value.

The Effect of Managerial Ownership on Firm Value

A study conducted by Dyah W. and Dini L.S (2020) stated that with every increase in the value of managerial stock ownership, the firm value would also increase. Based on their statement, when management ownership is low, it is likely that the opportunistic behavior of managers will increase. That way, with a high level of managerial ownership value, it is expected to minimize it and make the actions taken by the management in accordance with the principal wishes. In agency theory, there is a major assumption or speculation that the principal goals and the agent goals, which are not of the same mind, can lead to contra or conflict. One of them is because managers have their personal goals, such as wanting to get bonuses. Managerial ownership can be intended as a system for preventing agency problems that will later arise between the two parties to decrease the possibility of the manager's opportunistic behavior. The existence of ownership in a company will also create the notion that increased management ownership will also increase the firm value. High management share ownership will effectively monitor the company's activities. In addition, the existence of management ownership of a company's shares will reduce the difference in interests between management and shareholders (Dila Nur Aini, 2019).

Research carried out by Enggar N. and Novia D. I. A. (2020) affirmed that managerial ownership of a firm would motivate management to improve performance for the benefit of both shareholders and managers. Low levels of managerial ownership might lead to

management prioritizing personal interests over the interests of the organization. The insignificant amount of share ownership also causes managers to prioritize their goals as professional managers than being a shareholder.

Furthermore, based on research that previous researchers have done, this concept is in accordance with agency theory, which assumes that individuals act on personal interests. Because the agent may not always work in the owner's best interests, a conflict of interest occurs between the owner and the agent, resulting in agency expenses. On the other hand, three factors influence environmental disclosure: oversight costs, contract costs, and political visibility costs (Haryanto and Bawono, 2015). Based on these results, the following formula was proposed:

H3: Managerial ownership has a positive effect on firm value.

The Effect of Corporate Social Responsibility on Firm Value with Profitability

Tenriwaru et al. (2020) found that using ROA as a proxy as a moderating variable could boost the influence of CSR on company value. It follows stakeholder theory, which states that a firm cannot function solely for the benefit of its individuals but must also benefit its stakeholders. It is because the more activities on social responsibility the firm carried out, the greater the confidence of shareholders so that its profit, its name, and share price increase. Thus, increased stock prices will make the firm value increase. In line with research, in a company, the profitability in question is often associated with the company's expertise in earning profits or managing companies that are categorized as good because getting high profits is expected to increase the firm value in the eyes of stakeholders or the community (Arianti and Son, 2018). Likewise, research carried out by Yanto (2018) uncovered that profitability could have moderation in the relationship between CSR and firm value.

Based on previous research studies, this concept corroborates with signaling theory, explaining that companies will take actions aimed at stakeholders, who can read a sign about the company's condition, such as company profits and financial conditions in difficult times. Companies with higher profitability tend to have sufficient ability to finance social and environmental disclosures and legitimize company activities for the stakeholders' benefit (Diantimala and Amril, 2018). Based on these results, the following formula was put forward:

H4: Profitability strengthens corporate social responsibility towards firm value.

The Impact of Institutional Ownership on Firm Value with Profitability

In a company, the amount of investment can be related to its ability to earn a profit, which will be compared between the current and previous periods. The increasing profitability

of a company that increases each period will undoubtedly attract potential investors to the firm. In addition, institutional ownership is a condition in which an institution has share ownership in a company. In his research, Yanto (2018) found that profitability could be used as a moderating tool for the relationship between institutional ownership and firm value. Prior studies conducted by Rahmadani L. (2019) also asserted that profitability could moderate institutional ownership. Besides, the company's desire to boost the firm value does not only focus on making profits but also on monitoring the performance of company management, which high profitability will make the supervision carried out by institutional parties better. Moreover, in line with research carried out by Dyah W. and Dini L.S. (2020), institutional ownership will increase supervision of management performance to be more vigilant in making decisions. The bigger the profitability, the more valuable the firm. It is because a high level of profitability reflects the company's good prospects so that it has the potential to attract outside investors, raising the firm's value.

Based on research that previous researchers have conducted, this concept aligns with signaling theory, explaining that companies will take actions aimed at stakeholders who can read a sign about the company's condition, such as company profits and financial conditions in difficult times. Companies with higher profitability tend to have sufficient ability to finance social and environmental disclosures and need to legitimize company activities to benefit stakeholders (Diantimala and Amril, 2018). Based on this brief explanation, it could be formulated:

H5: Profitability strengthens institutional ownership of firm value.

The Impact of Managerial Ownership on Firm Value with Profitability

One Good Corporate Governance mechanism is managerial share ownership, which is expected to increase managerial share ownership. Managers will act according to their principal wishes, motivating management to work optimally in increasing firm value. In this case, profitability is an indicator that can affect the firm value. The higher the management performance in generating profits, the more it will entice numerous investors to put their money into it and increase the firm value (Dedesti, 2018). In addition, in a company, the amount of investment is often related to the firm’s capability to earn profits, which will be compared between the current and previous periods. The increasing profitability of a company that increases each period will undoubtedly attract potential investors to invest in the company. Besides, problems between management and shareholders can be avoided if the manager also

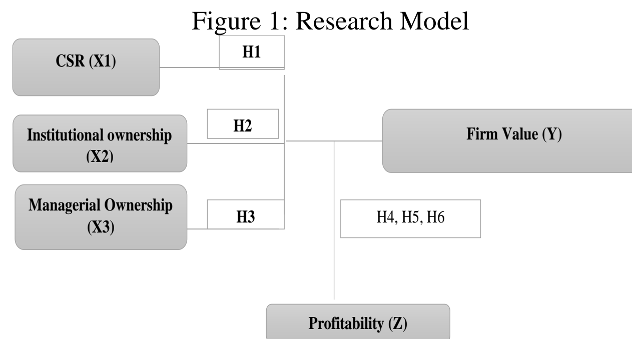
has stocks in the firm. Thus, a company's profitability can also increase managerial ownership of firm value (Arianti and Putra, 2018).

In line with Dyah W. and Dini L.S.'s (2020) research, managerial share ownership is expected to impact firm value positively. Based on research that previous researchers have done, this concept is in accordance with signaling theory, which elucidates that companies will take actions aimed at stakeholders who can read a sign about the company's condition, such as company profits and financial conditions during difficult times. Companies with higher profitability tend to have sufficient ability to finance social and environmental disclosures and need to legitimize company activities to benefit stakeholders (Diantimala and Amril, 2018). It is because managers' share ownership is increasing, and it is assumed that they will operate in accordance with their principal desires, which will motivate managers to increase firm value. Based on this explanation, the following formulation was obtained:

H6: Profitability strengthens managerial ownership of firm value.

Based on the hypothesis, a conceptual framework is developed, as illustrated in Figure 1.

Figure 1: Research Model



RESEARCH METHODS

This quantitative research used secondary data generated from annual reports as well as sustainability reports of manufacturing companies listed on the IDX in 2017-2019 through the www.idx.co.id website and official websites owned by related companies. The data obtained were then analyzed further. In this study, the technique employed to collect data was documentation, using secondary data gathered from the Indonesia Stock Exchange's annual reports and sustainability reports. The analytical tool utilized in this study was SPSS 24, while multiple linear regression analysis models were used to evaluate the hypothesis in this study. All manufacturing companies listed on the Indonesia Stock Exchange between 2017 and 2019

were the subjects of this study. Furthermore, the purposive sample methodology was used in this research. Purpose sampling is one method of sampling by limiting the number of samples in accordance with predetermined provisions or criteria. The following criteria were determined in this research. First, all manufacturing companies were listed on the Indonesia Stock Exchange from 2017 to 2019. Second, the company met the sustainability reporting criteria from 2017 to 2019. Third, manufacturing companies were listed on the IDX and had published an annual report on the IDX website during the 2017-2019 period. Fourth, manufacturing companies disclosed information regarding the required data relating to research variables and were available in full for the 2017-2019 period.

The firm value as the dependent variable here could be noticed in the form of financial ratios of stock price movements in financial statement examination. In this research, to measure firm value, the measuring instrument used was Tobin'Q. The variables in this research are in agreement with previous research by Rutiarini (2010), while the measurement of firm value was developed by White et al. (2002) with the following formula:

$$Q=((EMV+DEPT))/EBV$$

Description:

Q = Firm value

EMV (Equity Market Value) = P (Closing Price) X Q shares (Number of outstanding shares)

DEBT = Total Company Debt

EBV = Total Assets

The method for assessing CSR disclosure was to assign a value or score between 0 and 1. Items not revealed received a value of 0, while items disclosed by the company received a value of 1. Referring to Rita Wijayanti (2016), the CSR calculation formula is as follows:

$$CSRIj=(\sum Xij)/nj$$

Description:

CSRI j: Corporate Social Responsibility Disclosure Index

nj: Number of items for j

ΣX ij: Total number of CSR disclosures by companies

Institutional ownership is a condition in which an institution has share ownership in a company by a non-bank institution, which manages funds over other people. The high level of institutional ownership will reflect the higher control level exercised by external parties over a firm. That way, the agency costs that a company incurs will reduce, and the firm's value will improve. In a previous study by Sholekah (2014), institutional ownership was denoted by INST,

the ratio of the number of shares owned by the institution divided by the number of outstanding shares.

$$INST = \frac{Number\ of\ shares\ owned\ by\ the\ institution}{Number\ of\ outstanding\ shares} x100\%$$

Managerial ownership is a measure of how much of a company's stock is owned by managers, directors, and commissioners, as shown in the financial statements. With this share ownership, the managerial party will be more careful in acting because they bear the risk of the decisions. In this case, the managers will also be more motivated to improve their performance to manage the company to increase the firm value. In prior research by Sholekah (2014), managerial ownership was represented by MOWN, which is a comparison of the number of shares owned by management to the number of shares outstanding.

$$MOWN = \frac{Number\ of\ shares\ owned\ by\ management}{Number\ of\ outstanding\ shares} x100\%$$

Meanwhile, the moderating variable is a variable with a function to strengthen or weaken the relationship between the study variables (Sugiyono, 2013). The moderating variable in this study was profitability (ROA). The ability of a corporation to create profits related to the use of existing sources in cigarette companies with sales for the 2017-2019 period is characterized as profitability. The ROA measurement formula based on previous research by Harahap (2013) is as follows, then the Table1 present variable operational measurement

$$ROA = \frac{Net\ profit\ after\ tax}{Total\ assets}$$

Table1: Variable Operational Measurement

No.	Variable	Measurement	Scale
1	Corporate Social Responsibility	Using CSR disclosure items in the annual report $CSRIj = \frac{\sum Xij}{nj}$	Index
2	Institutional ownership	$INST = \frac{Number\ of\ shares\ owned\ by\ the\ institution}{Number\ of\ outstanding\ shares} x100\%$	Ratio
3	Managerial ownership	$MOWN = \frac{Number\ of\ shares\ owned\ by\ management}{Number\ of\ outstanding\ shares} x100\%$	Ratio
4	Profitability	$ROA = \frac{Net\ profit\ after\ tax}{Total\ assets}$	Ratio

5	Firm value	$Q = \frac{(EMV + DEPT)}{EBV}$	Ratio

RESULTS

Cluster Mapping

The minimum, maximum, mean, and standard deviation (SD) values were included in this study's presented in descriptive statistical data analysis table no 2. The descriptive statistical analysis results of research data are as follows:

Table 2: Descriptive Analysis Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
NP (Y)	93	0.159	2.855	1.33886	0.598620
CSR (X1)	93	0.260	0.750	0.41775	0.106913
KI (X2)	93	0.117	0.968	0.59539	0.244979
KM (X4)	93	0.001	0.873	0.12297	0.158194
P (Z)	93	-0.353	0.794	0.07614	0.169441

Classical Assumption Test Analysis Results

The classical assumption test was used to obtain a regression model that produced the best estimator without bias. In order to avoid errors in the classical assumptions, normality, multicollinearity, heteroscedasticity, and autocorrelation tests were performed. Thus, The normality test results can be seen in the table no 3 below:

Table 3. Normality Test

		Unstandardized Residual
N		93
Normal Parameters [a.b]	Mean	0.0000000
	Std. Deviation	0.42558233
Most Extreme Differences	Absolute	0.070
	Positive	0.070
	Negative	-0.051
Test Statistics		0.070
Asymp. Sig (2-tailed)		0.200[c.d]

Multicollinearity Test

Table no 4. shows the results of the multicollinearity test: From the multicollinearity test results above, it can be seen that the independent variables in this study were not correlated with

each other because each independent variable had a tolerance value > 0.1 and VIF < 10. Thus, it may be determined that the variables were not multicollinear.

Table 4: Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CSR	0.738	1.355
	KI	0.687	1.455
	KM	0.842	1.188
	Z	0.962	1.040

Autocorrelation Test

Autocorrelation test results are displayed in the table below no 5.

Table 5: Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.583[a]	.340	.309	.43577	1.973

The Durbin Watson test results showed that the Durbin Watson value was 1.973. In this test, the variable is said to be free from autocorrelation when du < d < 4-dl. Based on the DW table in this research, the du value was 1.7531, and the 4-du value was 2.2469. Based on these values, it can be seen that 1.973 was higher than du and smaller than 4-du. As a result, it is possible to conclude that the data did not contain autocorrelation.

Heteroscedasticity Test

Heteroscedasticity test results are disclosed in the table no 6. below:

Table 6. Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.37	0.157		2.359	0.021
	CSR	0.201	0.294	0.069	0.683	0.496
	KI	0.168	0.16	0.114	1.045	0.299
	KM	-0.601	0.251	-0.264	-2.399	0.087
	P	0.271	0.22	0.127	1.235	0.22

a. Dependent Variable: ABS_RES

The significance values of the independent variables were higher than 0.05; then, all variables did not experience heteroscedasticity.

Multicollinearity Test

The partial significance test results are shown in the table no 7.

Table 7: Partial Significance Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Results
	B	Std. Error				
(Constant)	.676	.331		2.043	.044	
CSR	2.284	.553	.408	4.130	.000	Accepted
KI	-.308	.248	-.126	-1.243	.217	Rejected
KM	-.873	.345	-.231	-2.531	.013	Rejected
ZCSR	5.949	2.633	.716	2.259	.026	Accepted
ZKI	-2.878	2.141	-.512	-1.344	.182	Rejected
ZKM	7.287	2.806	.251	2.597	.011	Accepted

DISCUSSION

The Impact of Corporate Social Responsibility on Firm Value

This hypothesis test's results support previous research conducted by Dila Nur Aini (2019) and Arianti (2018), finding that Corporate Social Responsibility had a positive relationship with firm value due to several factors. First, information related to social responsibility has been well received by investors. Second, the company has provided information that CSR programs are long-term social investments. Third, management has realized CSR or social responsibility as a long-term investment. Fourth, the management understands that its obligation extends beyond the stockholders. Also fifth, CSR disclosure is an indicator that a corporation follows good corporate governance practices. As a result, high levels of corporate social responsibility can boost firm value.

The Impact of Institutional Ownership on Firm Value

On the basis of the data in Table 7, the institutional ownership variable had a negative T-count of -1.243, with a significance value of 0.217. As a result, the significance level was more than 0.05. The institutional ownership variable was shown to have no effect on business value. In other words, hypothesis 2 was rejected. In her research, Susanti (2014) stated that institutional ownership did not impact firm value since institutional ownership could decrease the company's stock price in the capital market. Putting it differently, institutional ownership has not been able to become a mechanism that can be used to boost firm value. In this case, it can happen because

institutional ownership tends to side with management and leads to individual interests, so it often ignores minority shareholders. Like a game of tug of war, institutional ownership focuses solely on current profits. Alternatively, in the stock market, if the current earnings do not provide a good profit for the institutional side, the institutional party will withdraw its shares from the company, causing a negative reaction in the form of a decrease in share trading volume and share price thereby reducing shareholder value. Thus, high institutional ownership does not necessarily guarantee high firm value.

This study's results align with research conducted by Dila Nur Aini (2019) and Nurkhin (2017), which found that institutional ownership had no relationship with firm value caused by a conflict of interest between the principal and the agent. As a result of the existence of this disagreement, the corporation must suffer agency costs. In this situation, expanding institutional ownership in a corporation is seen as a viable alternative to avoiding agency conflicts because large institutional ownership ensures management performance oversight. The level of institutional ownership, on the other hand, has no bearing on business value.

The Impact of Managerial Ownership on Firm Value

Based on the data in Table 7 presented above, the managerial ownership variable had a negative T-count of -2.531, with a significance value of 0.013. Thus, the significance level was below 0.05. It concludes that the managerial ownership variable affected firm value. It also signifies that hypothesis 3 was rejected. In other words, the ownership variable affected firm value but in a negative direction.

This study's results reinforce a prior study carried out by Dila Nur Aini (2019) and Budianto & Payamta (2019), which found that managerial ownership affected firm value. In this case, the lower the firm value, the higher the management ownership value. The greater managerial share ownership will also minimize managers' fulfillment of individual interests.

The Impact of Corporate Social Responsibility on Firm Value with Moderating Variable of Profitability

Table 7 shows the data that the profitability variable in moderating Corporate Social Responsibility had a positive t-count of 2.259, with a significance value of 0.025. Thus, it is shown that the significance value was below 0.05, concluding that the profitability variable affected moderating Corporate Social Responsibility on firm value. It also indicates that hypothesis 4 was accepted; profitability, as a result, has been shown to increase the link between corporate social responsibility and firm value.

This hypothesis test's results corroborate with research done by Murnita (2018), Dila Nur Aini (2019), and Yanto (2018), which revealed that profitability strengthened the Corporate Social Responsibility's impact on firm value, caused by an increase in profits within the company; thus, the higher the corporate social responsibility disclosure level shown by the company. It is because the company is considered to be setting aside a little more to make a more comprehensive corporate social responsibility disclosure. This statement agrees with the signal theory, which proposes that the company's increased profitability reflected in the financial statements is an attempt to attract external parties.

The Impact of Institutional Ownership on Firm Value with Moderating Variable of Profitability

The data in Table 7 displays that the profitability variable in moderating the institutional ownership variable had a negative T-count of -1.344, with a significance value of 0.182. Thus, the significance value was above 0.05. It can be denoted that the profitability variable did not affect moderating the institutional ownership variable on firm value. In other words, hypothesis 5 was rejected. Thus, it is evident that profitability could not strengthen institutional ownership of firm value. In this case, profitability could not be used as a moderating tool for institutional ownership on the firm value. According to Sausan et al. (2015), when a company's profitability is considered good enough, potential investors will mainly continue to invest in the company without thinking and considering the amount of social responsibility and corporate governance. In a condition where investors feel safe and confident in accountability and the disclosure of information and corporate governance with the presence of institutional investors or vice versa, profitability here cannot strengthen or weaken the initiative to invest. On the other hand, if the primary consideration is profitability, inevitably, the availability of information related to CSR and GCG is not crucial for potential investors.

This hypothesis test's results reinforce the research carried out by Dini W. and Dini L.S. (2020) and Arianti & Putra (2018), which asserted that low-level profitability indicates weak institutional control in monitoring management or company performance; thus, the company's performance declines and impacts lower profitability. As a result, it will impact investors who do not want to name their capital in the company

The Impact of Managerial Ownership on Firm Value with Moderating Variable of Profitability

Table 7 reveals that the profitability variable moderating the managerial ownership variable had a positive T-count of 0.973, with a significance value of 0.011. Thus, it is shown that the significance value was below 0.05. It can be denoted that the profitability variable affected moderating the managerial ownership variable on firm value. It also indicates that hypothesis 6 was accepted. Hence, profitability was proven to strengthen managerial ownership with firm value.

This study's results confirm previous studies that have been carried out by Dila Nur Aini (2019) and Ramadhani (2017), which affirmed that the ownership of shares by management in a company, when profitability is high, would impact the size of the company's share ownership by management. It can happen because the higher the profitability in a company, the firm value will also increase, thus making managers in companies who have ownership try their best to carry out their duties optimally to continue to increase the firm value.

CONCLUSIONS

On the basis of the problem formulation described in this research, several findings can be derived from the analysis results of the research from an accounting perspective view indicating that the Corporate Social Responsibility variable affected the firm value; this study's results indicated that CSR affected firm value, and managerial ownership influenced firm value. Meanwhile, GCG, as measured by institutional ownership, did not impact firm value. In addition, profitability could moderate CSR and managerial ownership, but profitability could not moderate institutional ownership. Then, the main contribution is especially in the manufacturing sector, are advised to increase their social responsibility activities for the community and increase share ownership by company managers so that it will improve management performance and increase company value, as well as this research, can be used as a reference material for factors that impact the firm value and provide benefits in the development of science, especially those related to company values. Thus, this research is hoped to contribute ideas about the importance of social responsibility towards society and the environment and its benefits for maintaining the stability of company values. Second, this research can provide additional references in terms of investing in a company and provide lessons wherein investing should look more deeply at the activities carried out by the company. Additionally, investors can use the results of this study in making decisions and investment

strategies by considering the CSR disclosures made by the company, which is one of the important aspects that need to be considered.

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