The Effect of Corporate Social Responsibility on Corporate Value; Case Study in LQ45 Company

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Article Info	Abstract
	This study aims to analyze the Effect of Corporate Social Responsibility on the Value of companies listed as LQ45 companies on the Indonesia Stock Exchange (IDX). This type of research used in this research is quantitative descriptive. The analysis technique used in this study is descriptive analysis and simple linear regression analysis. Based on the results of data analysis, it can be concluded that Corporate Social Responsibility has a significant negative effect on firm value. This is indicated by the t count CSR value of -70,024 smaller than t table 2,048 and the significance value of CSR of 0.049 smaller than 0.05.

Introduction

Profit is one of the most important indicators in a company to fulfill its obligations to its funders, but along with increasingly fierce business competition, many companies carry out production activities solely to achieve maximum profits without regard to social inequalities and increasing environmental damage created by company activities on natural resources. Activities undertaken by the company in increasing company value are often not accompanied by maintaining sustainability of existing sources, in addition to the natural resources of parties who are not directly involved in the company such as the community and the surrounding environment also feel the impact of company activities, the development of a company will cause problems social and environmental damage around it is also higher (Siallagan & Machfoedz, 2006).

Increased attention and concern over the impact of business on the social environment and the impact of issues and social issues has prompted a number of companies to actively manage it (Andjarwati & Budiadi, 2018). Because of the emergence of awareness on the part of the company to reduce the negative impacts caused by the business operation, the concept of Corporate Social Responsibility (CSR) began to develop (Kusumadilaga, 2010).

Furthermore, Corporate Social Responsibility will be commemorated as CSR, CSR is not only voluntary but has become an obligation since the Indonesian government issued regulations governing CSR, namely Law No. 40 of 2007 concerning limited liability companies in article 74 stating that "the company those who carry out their business activities in the field and/or related to natural resources are required to carry out social and environmental responsibilities. The more social responsibility carried out by the company, the more a positive image of the

company is created in the community, a good corporate image will attract many investors who will ultimately increase share prices. The value of the company is reflected in the price of its shares, high stock prices can be said the value of the company is also good. And the purpose of a company is to increase the value which ultimately will prosper the shareholders.

The main focus of business now is not just to increase profit alone, companies are now aware of the importance of paying attention to the company's social environment for increasing value on an ongoing basis (Almilia et. Al., 2011). And now CSR does not only focus on the single bottom line but has been based on the triple bottom line, namely people, planet, profit. Here other bottom lines besides financial are also social, and environmental because financial conditions alone are not enough to guarantee the value of the company to grow sustainably. Corporate sustainability will only be guaranteed if the company pays attention to the social and environmental dimensions (cessilia 2016).

Several studies have been conducted on how the influence of CSR on company value and have varying results. Based on the results of Putra & Wirakusuma, (2017) titled the effect of corporate social responsibility disclosure on firm value with profitability as a moderating variable has the hypothesis that CSR has a significant negative effect on firm value and earnings management has no significant effect on the effect of CSR on firm value.

In contrast to research conducted by Febri (2019) with the title influence of corporate social responsibility on firm value with company size as a moderating variable (empirical study on LQ45 companies listed on the Indonesia Stock Exchange in 2013-2017), the results of this study indicate that corporate social responsibility has a positive and significant effect on corporate value with a significance level of 0.002. company size is not able to weaken the relationship between corporate value and corporate social responsibility with a significance level of 0.548.

This research was conducted based on previous studies with some differences, namely in sampling in the LQ45 company sector listed on the IDX that is not specific to one sector only. Based on background exposure, the problems that have been described previously as well as the results of previous studies that vary regarding the effect of CSR on firm value.

Methods

The method used in this research is quantitative study. This research was conducted at the Stock Exchange Gallery of the University of Muhammadiyah Makassar JL. Sultan Alauddin No. 259 Makassar City for 2 (two) months, August-September in 2019.

Population and Sampling

The population of the study was 45 LQ45 company data listed on the Indonesia Stock Exchange (BEI) during 2016 - 2018. The sample selection was carried out through the Purposive Sampling method, namely the selection of samples based on certain criteria and systematic aims to obtain representative samples.

The characteristics that are determined in the sample in this study include; LQ45 companies listed on the Indonesia Stock Exchange successively from 2016-2018; Companies that are consistent in LQ45 are listed on the Indonesia Stock Exchange since January 2016, and publish complete annual report data; Has published an annual report containing CSR disclosures in each for the period 2016 - 2018; The company in LQ45 publishes sustainability reports and can be accessed from every official website of the company.

Data Collection Technique

The data collection method is the documentation method by collecting the documents in the 2016-2018 CSR report and reporting, literature study or literature in the form of books, journals, internet web and other related data needed by researchers. Data collection is done by

examining the annual report in the research sample using a research instrument in the form of a check list that contains items of social responsibility disclosure.

Data Analysis

Simple regression analysis is used in this study and aims to determine how much influence the independent variable has on the dependent variable. Regression is used to measure the effect of the independent variable on the dependent variable and predict the dependent variable using the independent variable.

Hypothesis Testing

T-tests are performed to show the extent of the influence of individual explanatory/independent variables in explaining the variation of the dependent variable. Determination test is done to measure how far the model's ability to explain the variation of the dependent variable

Results and Discussion

Descriptive Statistical Analysis

Descriptive Statistical Analysis is a statistic used in analyzing data by describing or collecting data that has been collected. This analysis aims to provide an overview or describe data in variables that are seen from the average (mean), minimum, maximum and standard deviation.

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.6407	.7806	.7487	.03342	30
Std. Predicted Value	-3.230	.956	.000	1.000	30
Standard Error of Predicted Value	.016	.055	.021	.008	30
Adjusted Predicted Value	.6023	.7795	.7473	.03841	30
Residual	-.18041	.15723	.00000	.08581	30
Std. Residual	-2.066	1.800	.000	.983	30
Stud. Residual	-2.117	1.837	.007	1.014	30
Deleted Residual	-.18949	.16369	.00136	.09165	30
Stud. Deleted Residual	-2.268	1.923	.003	1.039	30
Mahal. Distance	.001	10.433	.967	1.976	30
Cook's Distance	.000	.246	.035	.050	30
Centered Leverage Value	.000	.360	.033	.068	30

Source: Data Processing Result, 2019

Classic Assumption Test

Normality test

Normality test is done to test other variables by assuming that the residual value is normally distributed. If this assumption is violated then the test statistic becomes invalid and parametric statistics cannot be used.
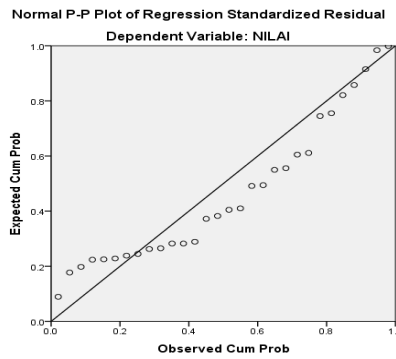
Figure 1. Normality test

Heteroskedasticity Test

According to Imam Ghozali (2013) Heterokedastisita test aims to test whether in the regression model there is an inequality of variance from residuals of one observation to another, If the variance of residuals from one observation to another is different then it is called heteroskedasticity.
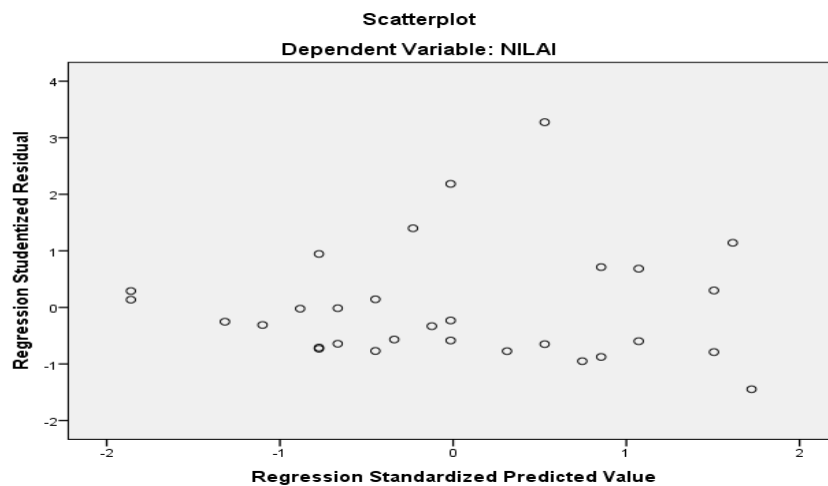

Figure 2. Heteroskedasticity test result

Based on the picture above it appears that the points spread above and below the Y axis, no particular pattern occurs. Thus it can be concluded that heteroskedasticity does not occur.

Simple Linear Regression Test

This analysis aims to find out how much influence the independent variable has on the dependent variable. Regression is used to measure the effect of independent variables on the dependent variable and predict the dependent variable using the independent variable.

Table 1. Simple Linear Regression Test

Coefficients[a]					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	T
1	(Constant)	77.495	25.627		3.024
	CSR	-70.024	33.982	-.363	-2.061
a. Dependent Variable: Value					

A constant of 77,495 implies that the consistent value of the company is 77,495. The regression coefficient X of -70.024 states that every 1% increase in the value of CSR, the value of the company will decrease by 70,024, so it can be said that the direction of the influence of CSR variables on company value is negative.

Hypothesis testing

Partial Test (T-Test)

Partial Test (t-test) is used to determine whether CSR variables partially affect the value of the company. The test criteria used are to compare t arithmetic with t_{table} based on a significant level of 0.05 and 2 side degrees of freedom df (nk-1) = (30-1-1) = 28 (n is the amount of data and k is the number of independent variables), so the table obtained from the statistics table is 2.048. If $t_{count} > t_{table}$ then Ho is accepted, while $t_{count} > t_{table}$ then Ho is rejected. The partial test results can be seen as follows:

Table 4. T-Test Results

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	77.495	25.627		3.024	.005		
	CSR	-70.024	33.982	-.363	-2.061	.049	1.000	1.000
a. Dependent Variable: Value								

Based on table 4.2, the significant value of the results of testing the research hypothesis shows that corporate social responsibility (CSR) has a significant level of 0.049 or 0.049> 0.05. Based on the value of t above, there is t-value of -2.061, which means that this shows that CSR has a significant negative effect on firm value.

Determination Coefficient Test

The coefficient of determination (R^2) measures the ability of the dependent variable to explain the independent variable. The coefficient of determination is between zero and one. A small R^2 value means that the ability of the independent variables to explain the dependent variable is very limited, but based on the analysis obtained the following analysis:

Table 5. R Test Results

				Std. Error of the	
Model	R	R Square	Adjusted R Square	Estimate	Durbin-Watson
1	.363[a]	.132	.101	16.85269	1.336
a. Predictors: (Constant), CSR					
b. Dependent Variable: NILAI					

From the test results, it can be seen that the coefficient of determination (adjusted R Square) obtained is 0.363. This shows that the CSR variable can explain the value of the company by 13.2% while the remaining 86.8% is explained by other variables not included in the model.

Effect of Corporate Social Responsibility (CSR) on the value of the company Price Earning Ratio (PER)

Based on table 4.2 above, the results of the study show that CSR disclosure has a negative effect on the firm value measured using Price Earning Ratio (PER). The results of this study indicate that CSR data has a significant negative effect on PER due to the sig value. In the table less than 0.05 which is equal to 0.049 (0.049> 0.05). Based on the t value above, there is t-count of -2.061, which means that CSR has a significant negative effect on PER due to the t-table value of 2.048. The direction of the regression coefficient of negative CSR disclosure shows that the more CSR disclosure will reduce the value of the company.

CSR disclosure has a negative effect on the company's value because although there is GRI as a guideline for implementing CSR, CSR disclosure which is voluntary in every company makes CSR disclosure not transparent not in accordance with the existing field and GRI standard which makes investors more focused on financial performance information as basic decision making.

The policy implication for the company is that companies need to formulate strategies in CSR disclosure such as increasing awareness, performance, functions, roles, authority, and responsibilities and the company also needs to apply guidelines as a standard in implementing and disclosing CSR in accordance with company characteristics, the business environment faced and can be well received and responded to by stakeholders. The results of this study can be taken into consideration for potential investors and investors in making investment decisions by looking at CSR information disclosed by the company.

This study is in line with research conducted by Sabatini & Sudana (2019) which states that Corporate Social Responsibility has a significant negative effect on firm value and earnings management does not significantly influence the effect of Corporate Social Responsibility on firm value.

In contrast to research conducted by Ayem (2019) with the title influence of corporate social responsibility on firm value with company size as a moderating variable (empirical study on LQ45 companies listed on the Indonesia Stock Exchange in 2013-2017), the results of this study indicate that corporate social responsibility has a positive and significant effect on corporate value with a significance level of 0.002. company size is not able to weaken the relationship between corporate value and corporate social responsibility with a significance level of 0.548.

Conclusion and Suggestion

Based on the results of the study it can be concluded that CSR has no real effect on increasing company value. The results of this study indicate that CSR data has a significant negative effect on PER due to the sig value. In the table less than 0.05 which is equal to 0.049 (0.049> 0.05). Based on the t value above, there is a t-count of -2.061, which means that CSR has a significant negative effect on PER due to the t-table value of 2.048. This proves that CSR activities have an influence but are not able to increase the value of the company because CSR has a negative relationship with the value of the company, and indicates that investors in buying shares in companies that enter the LQ45 stock index do not put priority valuation on aspects of CSR in decision investing and focus on financial performance and profits that exist in the company.

Future studies should add other research variables beyond this research variable. Such as Profitability, Leverage, Managerial Ownership, Profit Management, Tax Avoidance, etc. For the government, it is suggested to be able to make new regulations regarding CSR disclosure, namely clarifying CSR indicators that must be disclosed by companies in the company's annual report. For investors, it is advisable to continue to consider CSR activities by reading the disclosures contained in the annual report for investment decision making even though this is

mandatory in accordance with the mandate of the law, given the absence of clear regulations from the Government of Indonesia regarding CSR disclosure indicators. So that it can be known companies that carry out CSR activities comprehensively.

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