AN ANALYSIS ON THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY, PROFITABILITY, AND FIRM SIZE ON FIRM VALUE WITH MANAGERIAL OWNERSHIP AS MODERATING VARIABLE IN OPEN MINING COMPANIES

Christine Herawati Limbong, Khaira Amalia, Narumondang Siregar
University of Sumatera Utara
christinehera63@gmail.com

I. INTRODUCTION

A firm value will be reflected from its stock value. High stock value is an indication that firm value is good. High firm value becomes what every company’s owner longs for because high value indicates the prosperity of shareholders. In 2013, mining companies declined due to low price of crude oil and coal. The result was that the debt increased significantly, either short-term liability or long-term liability for financing companies’ operational which increased continuously. The Table below showed the movement of stock price of mining companies.

<table>
<thead>
<tr>
<th>No</th>
<th>Company Name</th>
<th>Stock Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>1</td>
<td>Adaro Energy Tbk</td>
<td>1.090</td>
</tr>
<tr>
<td>2</td>
<td>Apexindo Pratama Duta Tbk</td>
<td>2.550</td>
</tr>
<tr>
<td>3</td>
<td>Golden Energy Mines Tbk</td>
<td>2.175</td>
</tr>
<tr>
<td>4</td>
<td>Harum Energy Tbk</td>
<td>2.750</td>
</tr>
<tr>
<td>5</td>
<td>Tambang Batubara Bukit Asam Tbk</td>
<td>10.200</td>
</tr>
<tr>
<td>6</td>
<td>Timah Tbk</td>
<td>1.081</td>
</tr>
<tr>
<td>7</td>
<td>Toba Bara Sejahtera Tbk</td>
<td>740</td>
</tr>
<tr>
<td>8</td>
<td>Vale Indonesia Tbk</td>
<td>2.650</td>
</tr>
</tbody>
</table>

The phenomenon of the stock price above indicates the up and down of stock price of mining companies in the period of 2013-2016. The company with above the average stock price of the other companies is PT. Bukit Asam, Tbk. Even though in 2015 it underwent the drastic decrease in stock price, but its stock price gradually increased in 2016 which indicated that firm size increased due to the increase in stock price in 2016. Meanwhile, the stock price of PT. Mitra Investindo, Pt. Vale Indonesia, and PT. Golden Energy Mines increased in 2016 even though in the period of 2014-2015 the stock price of these companies decreased drastically.

The sustainability of a company can be secured when it pays its attention to its environment. Today, Corporate Social Responsibility (CSR) becomes a very important thing in a company as it is stipulated in Law No. 40/2007 on Limited Liability Company. A company which takes its responsibility for its environment will have a great impact on the increase in its own image.

Firm value can also be influenced by the size of the profitability it produces. A company with high profitability indicates its high capability of obtaining profit. The higher its performance and profitability are, the higher its firm value. Firm size reflects the size of a company which indicated by the total assets or the average total sale of assets. A company which has big total assets will have strong financial condition and more stable operational activity so that investment recovery will be high. Therefore, the bigger the firm size is, the higher the firm value.
II. RESEARCH OBJECTIVE

The objective of the research was to examine and to analyze the influence of CSR, profitability, and firm size on firm value in mining companies listed in BEI (Indonesia Stock Exchange) simultaneously and partially and to examine and to analyze whether managerial ownership could moderate the influence of CSR, profitability, and firm size on firm value in mining companies listed in BEI.

III. HYPOTHESIS

1. CSR, profitability, and firm size simultaneously and partially had the influence on firm value in mining companies listed in BEI in the period of 2013-2016;
2. Managerial ownership could moderate the influence of CSR, profitability, and firm size simultaneously and partially had the influence on firm value in mining companies listed in BEI.

IV. METHODOLOGY

The research used associative causal research method. It also used quantitative and secondary data. The data were gathered by conducting documentary study on financial statement and annual report of mining companies listed in the Indonesia Stock Exchange in the period of 2013-2016 with the total of 128 observations. E-vies 8 software program was used to process the data.

The model and technique of gathering the data used statistical descriptive test, while the selecting of estimation method consisted of 3 models: Common Effect Model, Fixed Effect Model, Random Effect Model. Chow Test and Hausman test were used to select the best model in the model significance test. Classic assumption test consisted of normality, multicollinearity, heteroscedasticity, and autocorrelation, while determination coefficient (Adjusted R²), F (simultaneous) test, and t (partial) test were used for hypothetical test. Moderating variable test was used to find out whether moderating variable could strengthen or weaken the correlation of independent variables with dependent variable with the equation as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]
\[ Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]
\[ e = \alpha + \beta_1 Y \]
\[ e = \alpha + \beta_2 Y \]
\[ e = \alpha + \beta_3 Y \]

Explanation:
Y = Firm Value
\( \alpha \) = Constance
\( \beta_1 \ldots \beta_3 \) = Regression Coefficient
X1 = CSR
X2 = Profitability
X3 = Firm Size
Z = Managerial Ownership
\( \varepsilon \) = Error or intervening variable

The result of data processing above was to answer the hypotheses in the research which consisted of
1. CSR, profitability, and firm size simultaneously and partially had the influence on firm value in mining companies listed in BEI.
2. Managerial ownership could moderate the correlation of CSR, profitability, and firm size with firm value in mining companies listed in BEI.
V. RESULT OF THE RESEARCH
1. Determination Coefficient Test (R² Test)
   Determination coefficient indicated the amount of contribution of independent variables to dependent variable. The value of determination coefficient (Adjusted R-Squared) was $R^2 = 0.4725$. This value could be meant that CSR, profitability, and firm size were able to influence/explain firm value simultaneously at 47.25%, while the remaining 52.75% was influenced by other factors.

2. Significance Test of Simultaneous Influence (F-test)
   Hypothetical test, as a whole, was done by using F-test which was aimed to find out the influence of all independent variables simultaneously on dependent variable. It was found that Probability value (F-statistics) was $0.0000 < 0.05$ which indicated that all independent variables (CSR, profitability, and firm size) simultaneously had the influence on the variable of firm value.

3. Significance Test of Partial Influence (t-test)
   Partial hypothetical test was aimed to find out the influence of each of independent variables on dependent variable. The result of the regression equation of panel data as follows:
   \[ Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \]
   \[ Y = 5.15 + 0.53X_1 + 0.73X_2 - 0.41X_3 + \varepsilon \]
   Based on the regression equation above, it was found that
   1) Coefficient value of independent variable, SCR, was 0.53 (positive value). This value could be interpreted that the variable of CSR had positive influence on firm value. The probability value was $0.6759 > 0.05$ which indicated that CSR did not have any significant influence (statistically) on the variable of firm value at the significance level of 5%.
   2) Coefficient value of independent variable, profitability, was 0.73 (positive value). This value could be interpreted that the variable of profitability had positive influence on firm value. The probability value was $0.0069 < 0.05$ which indicated that profitability had significant influence (statistically) on the variable of firm value at the significance level of 5%.
   3) Coefficient value of independent variable, firm size, was -0.41 (negative value). This value could be interpreted that the variable of firm size had negative influence on firm value. The probability value was $0.2074 > 0.05$ which indicated that firm size did not have any significant influence (statistically) on the variable of firm value at the significance level of 5%.

4. Moderating Variable Test
   a. Significance Test of Managerial Ownership in Moderating the Correlation between CSR and Firm Value
      The result of moderation of ABS_RES-ZXI stated in equation was as follows:
      \[ e_i = \alpha + \beta_1Y \]
      \[ e = 11.040 + 2.33Y \]
      The result of Moderating test using residual test showed that a variable was considered moderating independent variables when regression coefficient of dependent variable (Y) was negative and significant (Ghozali, 2013); coefficient value of firm value was 2.33 (positive value) which indicated that the variable of Managerial Ownership was not significant in moderating the correlation between CSR and firm value.
b. Significance Test of Managerial Ownership in Moderating the Correlation between Profitability and Firm Value

The result of moderation of ABS_RES-ZX2 stated in equation was as follows:

\[ e = \alpha + \beta_2 Y \]
\[ e = 0.175 + 0.014 Y \]

Coefficient value of firm value was 0.014 (positive value) which indicated that the variable of managerial ownership was not significant in moderating the correlation between profitability and firm value.

b. Significance Test of Managerial Ownership in Moderating the Correlation between Firm Size and Firm Value

The result of moderation of ABS_RES-ZX3 stated in equation was as follows:

\[ e = \alpha + \beta_3 Y \]
\[ e = 11.487 + 1.964 Y \]

Coefficient value of firm value was 0.964 (positive value) which indicated that the variable of managerial ownership was not significant in moderating the correlation between firm size and firm value.

VI. RESEARCH DISCUSSION

1. CSR did not have any Influence on Firm Value

The result of the research showed that the variable of CSR did not have any influence on firm value. The result of this research was in accordance with the research done by Cecilia, et. al. (2015) which revealed that CSR did not have any influence on firm value because investors in Indonesia tended to buy and sell stocks without paying attention to the survival of their companies in the long term, while the influence of CSR was a strategy which could not have any benefit in the short term. A company should have as long term strategy in order to survive.

2. Profitability had the Influence on Firm Value

Based on the result of regression test in the variable of profitability, it was found that regression coefficient value was 0.73 which indicated that this variable indicated to have positive direction between profitability and firm value. Its significance value was 0.00069 which value was below or lower than the significance level of 0.005. This finding was also supported by the research done by Putu (2016) which stated that high profitability indicated a company’s good prospect so that it triggered the demand for stocks by investors. Investors’ positive response would increase stock price and will eventually increase firm value.

3. Firm size did not have any Influence on Firm Value

Based on the result of regression test in the variable of firm size, it was found that regression coefficient value was -0.41 which indicated that this variable indicated to have positive direction between profitability and firm value. Its significance value was 0.207 which result was in accordance with the research done by Cecilia, et. al. (2015) which found that firm size did not have any influence on firm value because investors or prospective investors did not pay attention to the size of a company like the number of assets it owned; they tended to pay more attention to its profitability in order to obtain high dividend.
4. The Influence of Managerial Ownership as Moderating Variable on Firm Value

The testing of moderating variable in this research was managerial ownership which influence could be tested on independent variables partially by finding out whether the variable of managerial ownership could strengthen or weaken the interaction among the variables. Based on the result of the research above, it could be concluded that managerial ownership could not moderate the correlation of CSR, profitability, and firm size with firm value. The incapacity of managerial ownership to moderate independent variables was caused by the lack of managerial ownership in 32 companies of the total 44 companies with the proportion of ownership was too small to moderate. There were 13 mining companies used as the samples, and 13 of them had very low percentage in their managerial ownership (0.00%). They were ANTM, BUMI, DKFT, CITK, ELSA, CNKO, SMMT, GEMS, PSAB, MEDC, SMRU, ESSA, and PTBA. Meanwhile, the companies that had moderate percentage in managerial ownership were BYAN in 2013 at 66.65%, BIPI in 2014 at 65.02%, and PKPK in 2013 at 55.32%.

VII. CONCLUSION

From the result of the research, it could be concluded that:
1. Simultaneously, CSR profitability, and firm size had significant influence on firm value;
2. Partially, CSR did not have any significant influence of firm value. It had positive value. If it increased, firm value would also increase.
3. Partially, profitability had significant influence on firm value. It had positive influence on firm value. If its value increased, firm value would also increase.
4. Partially, firm size did not have any significant influence on firm value. It had negative value. When it became higher, firm value would not increase.
5. Managerial ownership could not moderate the correlation between CSR and firm value. It could not change the possibility to increase firm value because of CSR.
6. Managerial ownership could not moderate the correlation between profitability and firm value. It could not change the possibility to increase firm value because of profitability.
7. Managerial ownership could not moderate the correlation between firm size and firm value. It could not change the possibility to increase firm value because of firm size.

DAFTAR PUSTAKA


Undang-Undang No. 40 Tahun 2007 Tentang Perseroan Terbatas Bab IV Pasal 66 dan Bab V Pasal 74

Undang-Undang No. 20 Tahun 2008 Tentang Usaha Mikro, Kecil, dan Menengah.


**Website:**
http://tabloidjubi.com/16/2016/05/23/aktivitas-pt-antam-cemari-sungai-di-sarolangun/
http://walhijatim.or.id/2016/09/banyuwangi-riwayatmu-kini/
http://muhammadrinaldi01.blogspot.co.id/2015/04/signalling-theory-ageny-theory.html
http://www.duniainvestasi.com/bei/prices/stock/INCO
https://goodcsr.wordpress.com/about/csr-bukan-sekadar-tren/