Factor Effecting Firm Value: The Role Of CSR in Plantation Firm Indonesia

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Abstract: This study aims to examine and analyze the effect of firm size, profitability, sales growth, and good corporate governance on firm value with social responsibility as a moderating variable in plantation companies listed on the stock exchange. The data collection method used is secondary data with the population in this study being plantation companies listed on the stock exchange. The study sample was 14 companies from 2013 - 2017 with a total of 70 observations (5 years). The data analysis model is used to test the hypothesis of multiple linear regression models and Moderated Regression Analysis (MRA). The results showed that firm size had a negative effect on firm value, profitability had a positive effect on firm value, sales growth and good corporate governance were not significant to firm value. Corporate social responsibility is able to moderate the firm size and good corporate governance towards firm value. Corporate social responsibility is not able to moderate profitability and sales growth towards firm value.

Keywords: Firm Value, Firm Size, Profitability, Sales Growth, Good Corporate Governance, Corporate Social Responsibility.

1. INTRODUCTION
The company has a goal of maximizing the firm value. Firm value is the market value of the company's shares that describe the wealth of the company owner (Wolley & Untu, 2015). Putu et al. (2014) factors that influence company stock prices are: corporate social responsibility (CSR disclosure), corporate governance (GCG), firm size, and company performance (profitability), while according to Nirmala et.al (2016) firm value is influenced by sales growth, firm size, profitability and managerial ownership.
The size of a large company is considered to be able to develop and manage businesses optimally and be more stable about economic issues (Nirmala et.al, 2016). Pramana and mustanda (2016) High profitability illustrates the company's ability to generate high profits for shareholders. Kim et.al (2017) social responsibility is needed so that the company can improve the company's reputation and ultimately also improve the overall performance of the company. Good corporate governance (GCG) is a principle that directs and controls the company in order to achieve a balance between the strength and authority of the company in providing accountability to interested parties (Effendi, 2016: 144). Pantow et al. (2015) sales growth reflects the company's achievements in the past, where sales growth was used to predict the company's achievements in the future.
Putri (2017) stated that the share price of plantation companies dropped due to exports or sales of Indonesian palm oil abroad which had declined in the previous
period, consequently affecting the profits of plantation companies. The fall in commodity exports of palm oil products is due to a ban on palm oil products to Europe, due to environmental issues regarding the conversion of natural forests and peatlands to oil palm plantations. These problems are then associated with deforestation, loss of wildlife and fauna biodiversity, and forest fires which lead to gas emissions. Likewise, social environmental issues about forced cultivation of community land, practices of collusion and nepotism, and even bribes in permits for operating oil palm plantations.

Based on the explanation and explanation above, researchers are interested in examining firm value in oil palm plantation companies. This is due to the rapid development of plantation companies, absorbing a large number of workers and is a leading export product from Indonesia. The phenomenon of problems that are developing at this time and the results of different studies beforehand make researchers more interested in researching about how CSR moderates firm size, profitability, sales growth and GCG towards firm value.

2. LITERATURE REVIEW

2.1. Agency Theory

Agency theory is a theory that explains the working relationship between the owner of the company (shareholders) and management. The factor that causes the emergence of agency theory is information asymmetry, namely the imbalance of information between principals and agents. Agents have more complete information about the company than the principal (Qomariah, 2015). One way that can overcome the problem or minimize this conflict is by good corporate governance. (Waluyo, 2017)

2.2. Signaling Theory

According to Brigham & Houston (2014) signals or signals are actions that are used by companies to inform investors about how management views the company's prospects. This signal or signal is in the form of information issued by the company, because it can provide an influence on investment decisions by parties outside the company. Information provided by management presents information, descriptions, both for past, present and future conditions. Broadly speaking, signaling theory is closely related to financial ratios because it can be used to make decisions for investors, financial statements are the most important part of the company's fundamental analysis (Putu et.al, 2014).

2.3. Stakeholder Theory

Stakeholders are people who have interests or interests within a company, in other words Stakeholders are people who are affected by what happens because the company, whether it is a negative or positive impact. This interest can involve financial interests or other interests. According to Waluyo (2010) Disclosure of the company's Corporate Social Responsibility is important, because stakeholders need to evaluate and determine the extent to which the company implements Corporate Social Responsibility.

2.4. Legitimacy Theory

Legitimacy theory is based on the notion of social contracts that are implied between companies and society (Rely & Purwanti, 2018). Legitimacy is considered
a concept to equate perceptions or assumptions that actions taken by a company are actions that are desirable, appropriate or in accordance with applicable norms, values, beliefs and definitions developed socially. Legitimacy is considered important for the company because the legitimacy of the community to the company is a strategic factor for the company to develop in the future.

2.5. Firm Value
Firm value can be measured using stock prices using a ratio called the valuation ratio. The company's value in this assessment uses Tobin’s Q which is quoted from Anggeriani et.al (2018). The provision is that if the result of the ratio is below 1, then the company is undervalued or in the market firm value is below the carrying value. Conversely, if the ratio is above 1, the company is rated higher in the market than firm value listed.

\[ Q = \frac{(MVS + D)}{(TA)} \]

Information:
- \( Q \) = firm value
- \( MVS \) = equity market value (year-end stock price x number of shares outstanding)
- \( TA \) = book value of total assets
- \( D \) = book value of total debt

2.6. Firm Size
Pratama and Wiksuana (2016) firm size is a total reflection of assets owned by a company. The size of the company in this study is expressed by total assets, the greater the greater the total assets of the company, the greater the size of the company. The greater the assets, the more capital invested. The size of the company is assessed by log of total assets by quoting from the research of Putu et.al (2014). These Log Of Total Assets are used to reduce significant differences between the size of the company that is too large and the size of the company that is too small.

\[ SIZE = \log \text{ of total assets} \]

2.7. Profitability
Wahyudi et.al (2016) profitability is used to assess a company's performance in generating profits based on the company's assets. This profitability ratio also shows how efficiently the company uses assets to generate profits. Investors will look for companies with a high level of profitability, this is because companies are considered capable of providing high returns. Pantow et.al (2015) ROA is a ratio that measures how efficiently a company manages its assets to generate post-tax net income for a period.

\[ ROA = \frac{\text{Net Income After Tax}}{\text{Total Asset}} \]

2.8. Sales Growth
Limbong and Chabachib (2016) growth in sales (growth) has an important role for management, by knowing how much sales growth, companies can predict how much profit is earned. Mandalika (2016) sales growth is measured by the difference between the number of sales of this period with the amount of sales in the previous period compared to the sales of the previous period.
\[ \text{Growth} = \frac{\text{Sales (t)} - \text{Sales (t-1)}}{\text{Sales (t-1)}} \]

2.9. Good Corporate Governance

Putu et. Al (2014) corporate governance (good corporate governance) is a system used to direct, manage company activities, determine business objectives and achieve the company's vision and mission. Randy and Juniarti (2013) stated that good corporate governance was measured using the GCG Score proxy in it. Each size in the sub index is given point 1 if fulfilled, and 0 if it is not fulfilled. To obtain a total GCG score, the formula is used:

\[ \text{CGI} = A + \frac{(B+C)}{2} + D + E \]

There are several subindexes that are used as references in determining the scoring, including:
1. Shareholder Rights / Sub index A)
2. Boards of Directors (sub index B)
3. Outside Directors (sub index C)
4. Audit Committee and Internal Auditor (D sub index)
5. Disclosure to Investors (E sub index)

2.10. Corporate Social Responsibility

Putu et.al (2014) Corporate Social Responsibility (CSR) is a concept or action taken by a company as a sense of corporate responsibility towards the social and the environment around which the company is located. Nahda and Harjito (2011) One of the reasons management conducts social reporting is for strategic reasons in order to gain social legitimacy. The measurement of CSRi variables uses content analysis that measures variety from CSRI. Each CSR item in the study is given a value of 1 if disclosed, and a value of 0 if not disclosed. Furthermore, the score of each item is summed to obtain the overall score for each company.

\[ \text{CSR}_j = \frac{\sum X_{ij}}{n_j} \]

Information:
\( \text{CSR}_j \) : Corporate Social Responsibility Index of companies j
\( n_j \) : Number of items for the company
\( X_{ij} \) : 1 = if the item is disclosed; 0 if the item is not disclosed.

2.11. Conceptual Framework and Hypothesis

This research is quantitative research. Based on the previous explanation, the conceptual framework in the study is as follows:
Based on the background of the research described earlier, the research hypothesis can be developed as follows:

1. The size of the company affects firm value
2. Profitability affects firm value
3. Sales growth affects firm value
4. Good Corporate Governance affects firm value
5. Firm size, profitability, sales growth, good corporate governance and corporate social responsibility affect firm value
6. Corporate Social Responsibility is able to moderate the influence of firm size on firm value
7. Corporate Social Responsibility is able to moderate the influence of profitability on firm value
8. Corporate Social Responsibility is able to moderate the influence of sales growth on firm value
9. Corporate Social Responsibility is able to moderate the influence of good corporate governance on firm value

3. RESEARCH METHODOLOGY
Causal research is research that aims to test hypotheses and is a study that explains phenomena in the form of relationships between variables (Lubis, 2017: 20). The data used in this study are secondary data taken from companies listed on the Indonesia Stock Exchange plantation sector, from the period 2013 to 2017. The population studied includes companies engaged in plantations which are listed on the Indonesia Stock Exchange. The total population of the study was 16. The sampling method was purposive sampling by making criteria set by Ghozali (2016), the research sample was 14 plantation companies. The research period is 5 years (2013 - 2017), so the total data obtained is as much as 14 x 5 years = 70 data.

3.1. Research model
To test the hypothesis, the following panel data regression equations are used:
1. Regression Model I (Multiple Regression)
   \[ TQ = a + \beta_1 Size + \beta_2 Grow + \beta_3 ROA + \beta_4 CGI + \beta_5 CSRi + e \]  
   (1)
   Proving the influence of firm size, profitability, sales growth, good corporate governance and corporate social responsibility on firm value.

2. Moderated Regression Analysis (MRA) regression model
   \[ TQ = a + \beta_1 Size + \beta_2 Grow + \beta_3 ROA + \beta_4 CGI + \beta_5 CSRi + \beta_6 Size*CSRi + \beta_7 Grow*CSRi + \beta_8 ROA*CSRi + \beta_9 CGI*CSRi + e \]  
   (2)
   Proving the moderating variable (corporate social responsibility) can moderate the relationship between independent variables (firm size, profitability of sales growth and good corporate governance) on the dependent variable (firm value).

Information:
- \( a \) = Constants (not related to independent variables)
- \( \beta_1 \text{ to } \beta_5 \) = Variable Coefficient
- \( TQ \) = Firm value
- \( Size \) = Firm size
- \( ROA \) = Profitability ratio
- \( Grow \) = Sales Growth
- \( CGI \) = Corporate Governance Index
- \( CSRi \) = Corporate Social Responsibility (CSR)
- \( Size * CSRi \) = interaction of firm size with CSR
- \( ROA * CSRi \) = interaction of profitability with CSR
- \( Grow * CSRi \) = interaction of sales growth with CSR
- \( CGI * CSRi \) = interaction of Corporate Governance Index with CSR
- \( e \) = Error (disturbing variable)

4. RESULTS AND DISCUSSION
4.1. Results
Sample data in the study were analyzed using the SPSS 22 application. It showed that the significance value of Asymp. Sig. (2-tailed) of 0.055 which is greater than 0.05. So that it can be concluded that the data from all variables in this study are normally distributed. In the multicollinearity test, it can be concluded that there are no symptoms of multicollinearity in the interaction of firm size variables (Size), profitability (ROA), sales growth (Grow), Good Corporate Governance
(CGI) and Corporate Social Responsibility (CSR) because the variable is greater than 0.1 and the VIF value is less than 10.

In testing the hypothesis, a simultaneous testing analysis (F test) will be conducted, and testing of partial effects (t test), interaction test (MRA) and coefficient of determination. The results of the test, can be seen in the following table:

<table>
<thead>
<tr>
<th>Model</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2.941</td>
<td>14.746</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>.199</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on table 1 above, it can be seen that the F test results show a significant value of 0.000 which is smaller than 0.05. The results of the next test are done by comparing the calculated F value with the F table value. The calculated F value is 14.746 while the F table value is 2.358, because F count is 14.746 > f table 2.358, then all independent variables (firm size, profitability, sales growth, good corporate governance and corporate social responsibility) have proven to have a significant effect on the dependent variable (firm value). The results of this F test also prove that the hypothesis H5.

Table 2 t Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>t</td>
<td>Sig.</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
<td>8.372</td>
<td>2.884</td>
<td>2.903</td>
<td>.005</td>
</tr>
<tr>
<td>Size</td>
<td></td>
<td>-.273</td>
<td>.093</td>
<td>-2.921</td>
<td>.005</td>
</tr>
<tr>
<td>ROA</td>
<td></td>
<td>6.329</td>
<td>.991</td>
<td>6.387</td>
<td>.000</td>
</tr>
<tr>
<td>Grow</td>
<td></td>
<td>.114</td>
<td>.265</td>
<td>.430</td>
<td>.668</td>
</tr>
<tr>
<td>CGI</td>
<td></td>
<td>.015</td>
<td>.066</td>
<td>.223</td>
<td>.825</td>
</tr>
<tr>
<td>CSRI</td>
<td></td>
<td>1.619</td>
<td>.549</td>
<td>2.951</td>
<td>.004</td>
</tr>
</tbody>
</table>

Based on the table above, the effect of the influence of the independent variable (X) on the dependent variable (Y) on firm value is:

Significant value size variable is 0.005 which is smaller than the probability of 0.05 with negative coefficient direction (-0.273), it can be concluded that the variable size of the company (Size) has a negative and significant effect on firm value (TQ). H1 hypothesis is rejected. The significant value of the ROA variable is 0.000 which is smaller than the probability of 0.05, so it can be concluded that the variable profitability (ROA) has a significant effect on firm value (TQ). The H2 hypothesis is accepted.

The significant value of the Grow variable is 0.668 which is greater than the probability of 0.05, so it can be concluded that the variable growth (Grow) has no significant effect on firm value (TQ). The H3 hypothesis is rejected. The significant value of the CGI variable is 0.825 which is greater than the probability of 0.05, so it can be concluded that the variable good corporate governance (CGI) has no significant effect on firm value (TQ). The H4 hypothesis is rejected. The significant value of CSRI variable is 0.004 which is smaller than the probability of 0.05, so it can be concluded that the variable corporate social responsibility (CSRI) has a significant effect on firm value (TQ).
Based on the table above, the effect of the influence of the moderating variable (Z) on the relationship of each independent variable (X) to the dependent variable (Y) on firm value. Interaction Size * CSRi significance 0.000 (smaller than 0.05), with the direction of the coefficient negative (-1.091). These results indicate that Corporate Social Responsibility is able to moderate the relationship between firm size and firm value negatively. The H6 hypothesis is accepted. The interaction of ROA * CSRi is significant at 0.355 (greater than 0.05), with a positive coefficient direction (4.930). These results indicate that Corporate Social Responsibility is unable to accommodate the relationship of profitability with firm value. The H7 hypothesis is rejected. The Grow * CSRi interaction is significant at 0.676 (greater than 0.05), with a negative coefficient direction (-1.006). These results indicate that Corporate Social Responsibility is not able to moderate the relationship of sales growth with firm value. The H8 hypothesis is rejected. Interaction of CGI * CSRi significance 0.004 (greater than 0.05), with positive coefficient direction (1.435). These results indicate that Corporate Social Responsibility is able to moderate the relationship between good corporate governance and firm value. The H9 hypothesis is accepted.

Based on the table above, the value of R Square (R2) is 0.535 which means that it is 0.535 or (53.5%) the independent variables namely firm size, profitability, sales growth, GCG and CSR are able to explain firm value. The remaining 46.5% is influenced or explained by other variables not included in this research model.
4.2. Discussion

Based on the research results obtained through the various tests mentioned above, it can be interpreted that the influence of the independent and dependent variables and the moderating variables are as follows:

4.2.1. Effect of Firm Size on Firm Values

This result explains that the company's efforts to increase business or increase the size of the company through debt will cause concern for investors because of the large amount of interest on the loan to be paid. Investors will assume the amount of debt owned by the company raises a high risk for the company and can cause bankruptcy, then the size of the company is not important for investors so that firm value will also decrease. According to Indriyani (2017) that companies and investors prefer self-owned funding (internal funding sources), because they are considered more independent.

4.2.2. Effect of Profitability on Firm Values

This evidence explains that financial ratios are still one of the main parameters for investors in choosing which company is profitable as a place to invest their capital. Signaling theory explains that a signal or signal is an action used by a company to inform investors about the company's prospects. This is in the form of information about the company's financial performance. A good financial performance will attract investors to try to get company shares which consequently will increase stock prices so that in the end it also increases firm value (Brigham & Houston, 2014).

4.2.3. Sales Growth Against Firm Values

In theory, sales growth will increase the company's revenue so that the company can expand business units so that firm value will increase. If the company's sales growth is positive and increases, it will indicate a large firm value, which is the hope of the company owner. Investors use sales growth as an indicator to see the prospects of the companies they will invest in later. (Pantow et.al, 2015). The results of this study indicate that the increase in sales growth is not able to increase firm value significantly.

4.2.4. Good Corporate Governance Towards Firm Values

Good corporate governance functions as a control tool to prevent agency conflicts that occur in a company resulting in a good perception of investors towards the company. Jallo at.al (2017) the application of the principles of GCG aims to prevent fraudulent practices and intentions by management in financial disclosure that can harm all interested parties, such as agreed targets far beyond actual company performance. The GCG concept makes management have a better guideline in carrying out the practices and business operations of the company and realize the efficiency and effectiveness of the company. The results of this study explain that good corporate governance has not been able to provide a significant influence on the increase in firm value.

4.2.5. Corporate Social Responsibility Towards Firm Values

The results of this study explain that corporate social responsibility can positively and significantly influence firm value. The results of this study are in accordance with the results of research revealed by Kim, et. Al (2017) and Fodio,
et. al (2013). Stakeholder theory explains that stakeholders are people who are affected by what happens because the company, whether it is a negative or positive impact. This interest can involve financial interests or other interests. Waluyo (20107) Disclosure of corporate corporate social responsibility is important, because stakeholders need to evaluate and determine the extent to which the company carries out corporate social responsibility. Legitimacy theory also describes social contracts that are implied between companies and society (Rely & Purwanti, 2018). Legitimacy is considered a concept to equate perceptions or assumptions that actions taken by a company are actions that are desirable, appropriate or in accordance with applicable norms, values, beliefs and definitions developed socially.

4.2.6. Firm Size Against Corporate Values with Corporate Social Responsibility as a moderating variable

Wahyudi et.al (2016) states that the greater firm size, the more effective the company is considered to get funding sources for the company's operations. According to Rely & Purwanti (2018) that legitimacy is considered a concept to equate perceptions or assumptions that actions taken by companies are actions that are desirable, appropriate or in accordance with applicable norms, values, beliefs and definitions that are socially developed.

In this study it is known that around 67% of observations have a composition value of 51% debt, meaning that the company has an obligation with a large value that must be paid annually. This raises a sense of worry about the company because of the range of risks of default, in addition the company also incurs large costs to carry out its social responsibility activities (CSR). The large social costs that must be incurred by the company will certainly have an impact on the company's financial performance. This is what makes investors be careful in buying shares or investing their capital into the company.

4.2.7. Profitability of Corporate Values with Corporate Social Responsibility as a moderating variable

In theory, CSR should be able to moderate the relationship of financial performance with firm value, because according to Nahda and Harjito (2011), reporting and disclosure of CSR will make stakeholders able to evaluate how the implementation of CSR and stakeholders can provide an assessment of the company according to their evaluation results. Today's investors not only see the company's ability to generate profits, but social responsibility reports are also one of the parameters for investing.

In this study, investors are still more concerned with financial performance compared to reports of social responsibility carried out by the company, so that profits or profits are the most important. This is in accordance with the opinion expressed by Nirmala et al. (2016) that companies that can increase profits stably in each period, this will be positively assessed by investors regarding the company's performance. Investors will be more interested in companies that have good and stable financial performance, firm value's shares will increase so that this will increase firm value.

4.2.8. Sales Growth Against Corporate Values with Corporate Social Responsibility as a moderating variable
In this study there was no significant effect of disclosure on the relationship of sales growth with firm value. This can be seen from several research observations that have increased sales growth but firm value is still under value. This data explains that CSR has not been able to contribute to sales growth to increase firm value.

The results of this study are not consistent with the results of Rahman, at.al (2017) research which states that CSR has a positive impact on marketing performance (sales) with firm value. Companies involved in environmental CSR activities, companies benefit from their investments, namely increasing market share of company shares. This shows that customers see CSR activities positively and the community and investors value these activities, making buying more products and services from these companies to ultimately increase the company's stock price.

4.2.9. Good Corporate Governance Against Corporate Values with Corporate Social Responsibility as a moderating variable

The results of this study explain that corporate social responsibility is able to positively moderate and significantly influence the effect of good corporate governance on firm value. Nahda & Harjito (2011) one of the principles of GCG is the responsibility that the emphasis is given to all corporate stakeholders, namely: employees, customers, consumers, the community, and the government as regulators. The principle of responsibility gave birth to the idea of Corporate Social Responsibility (CSR). Corporate CSR is not only environmental responsibility but also corporate value.

CSR and GCG are mutually relevant concepts that together provide a picture of good corporate governance and good corporate practices, thus giving a high sense of trust from investors to companies because the reports presented are considered correct and accurate and minimal manipulation (Waluyo , 2017).

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the results of research conducted to analyze the effect of firm size, profitability, sales growth and good corporate governance on corporate value with corporate social responsibility as a moderating variable (empirical studies on plantation companies in the Indonesia Stock Exchange 2013-2018) the following conclusions were obtained:

1. Firm size has a negative effect on firm value. Profitability and corporate social responsibility have a positive effect on firm value. Sales growth, good corporate governance has no significant effect on firm value.
2. Corporate Social Responsibility is able to moderate the relationship between firm size and corporate governance towards firm value. Corporate Social Responsibility is not able to moderate the relationship between profitability and sales growth towards firm value.

5.2. Recommendations

For the development of this research, the next researcher is advised to do the following:

1. The next researcher, to measure corporate social responsibility variables by using the amount of CSR costs that have been used.
2. The next researcher, can use populations and samples outside the plantation sector, such as the financial sector, manufacturing and services, and use newer data periods

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