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The Effect of Corporate Social Responsibility Disclosures, Board of Commissioners Composition, Public Ownership and Company Performance on Company Value

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ABSTRACT

The objective of this research is to investigate Disclosure of Corporate social Responsibility, Composition of The Board Of Commissioners, The Influence of Public Ownership, Company Performance to The Value of The Company (Empirical Studies On Manufactured Companies Basic Chemical and Basic Industry and Basic Chemical On Indonesian Stock Exchange In The Year 2020 To 2021. The research data and hypothesis were analyzed using linear regression analysis with the program IBM SPSS Version 26. The result of this research showed that partial Disclosure of Corporate Social Responsibility, The Influence of Public Ownership and Company Performance have no effect on the Value Of The Company. While the Return On Assets (ROA) effect to The Value Of The Company. While simultaneously showed that Disclosure of Corporate Social Responsibility, Composition of The Board Of Commissioners, The Influence of Public Ownership, Company Performance have significant effect on The Value of The Company.

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1. INTRODUCTION

Companies are considered institutions that can provide benefits to society (Hawley & Williams, 2000). In maintaining its existence, the company cannot be separated from society as an environment of existence (Dahliani, 2010). The relationship between the two is reciprocal, both of which are essential aspects that must be considered to create a good relationship so that the company's existence brings changes towards improvement and an increase in people's living standards.

The rise and fall of stock prices in the capital market is an exciting phenomenon to discuss (Jensen, 2005; Ofek & Richardson, 2003). Capital market capitalization after the pandemic is something that is more or less a concern for investors, as stated on a website on 20 June 2022 quoted on the website on the website www.cnbcindonesia.com entitled "After the Pandemic, Indonesian Capital Market Capitalization Rises 18 .4%", as follows: The Indonesian capital market throughout 2021 begins to experience recovery and continues to grow. This trend can be seen at the end of 2021, which was closed by the positive performance of the Composite Stock Price Index (IHSG), reaching the position of 6,581.5 or an increase of 10.1% on an annual basis or year on year (yoy), after experiencing a decline during the 2020 pandemic. The total value of stock market capitalization at the end of 2021 was recorded at IDR 8,255.62 trillion, or an increase of 18.4% (yoy).

IDX performance refers to several aspects. Among them, the Jakarta Composite Index (IHSG) represents investors' perception of stock growth. "It took less than 1 year for the JCI to reach before the Covid pandemic," he said in a virtual press conference Wednesday (29/6).

Based on the signalling theory, if the company fails or cannot convey a good signal regarding the value of the company, then the value of the company will experience a discrepancy with its position, meaning that the value of the company can be above or below the actual value (Ross, 1977; Shehata, 2014). The author will examine several factors that affect the company's value, including Disclosure of Corporate Social Responsibility (CSR), Composition of the Board of Commissioners, Public Ownership and Return of Assets (ROA). Corporate Social Responsibility (CSR) is a company's long-term business strategy. CSR is a concept that organizations, especially companies, are responsible for consumers, employees, shareholders, communities and the environment in all aspects of company operations, such as issues that impact the environment, such as pollution, waste, product safety and labour (Anthoni & Yusuf, 2022; Marnelly, 2012). Corporate social responsibility (CSR) is a business commitment to act ethically, operate legally and contribute to employees and their families, local communities and society more broadly (K. A. T. Putri & Mardenia, 2019). The research conducted Siregar & Safitri (2019) states an influence between corporate social responsibility disclosure proxied by GRI-G4 on company value. This is in line with the stakeholder theory that companies have disclosed more social responsibility to influence internal and external parties who are interested in the company.

The board of commissioners plays an essential role in a company's governance. The size of the board of commissioners is the number of commissioners owned by a company. The more boards of commissioners that are owned, the more control within the company will increase and will put pressure on management to disclose social responsibility (Fadillah, 2017; Yusuf et al., 2022). The size of the board of commissioners in a company can also affect the value of the company. The board of commissioners is part of a company organization that acts as a supervisor in general and specifically in running a company's activities (Zagita & Mujiyati, 2023). Research conducted by Gatot et al (2020) states that the composition or size of the commissioners' board significantly positively affects company value.

The ownership structure is an essential factor in determining a company's value. Within this factor, there are two aspects, namely, the ownership of external and internal parties of the company (Sanjaya & Wirawati, 2016; Yusuf, 2020). Every company certainly has a share ownership structure that reflects how considerable the proportion of a company's share ownership is. The ownership structure or insider ownership is the composition, portion, ratio or percentage between capital and equity, including shares owned by people inside the company (insider shareholders) and investors (outside shareholders) (Damayanti, 2017). According to Suchman (1995), public ownership is ownership by individual investors outside management and has no special relationship with the company. Share ownership by the public illustrates the level of company ownership.

Putri and Nuzula's research (2019) state that concentrated share ownership will make it easier for shareholders to coordinate actions and information from management to prevent the emergence of asymmetric information. Conversely, if share ownership is spread, it will be difficult for shareholders to coordinate actions and information from management (Purba, 2021)

Return on Assets (ROA) is one of the profitability ratios. In the analysis of financial statements, this ratio is most often highlighted because it can show the company's success in generating profits (Astuti, 2007; Susilowati & Turyanto, 2011). ROA can measure a company's ability to generate profits in the past and then project it in the future (Arnova, 2016; Yusuf & Suherman, 2021). The assets in question are all of the company's assets obtained from its own capital and foreign capital that the company has converted into company assets that are used for the company's survival (Almajali et al., 2012; Rimardhani & Hidayat, 2016; Saputra & Afrizal, 2017).

Many studies have been conducted on the factors that influence firm value, one of which is the effect of return on assets (ROA) on firm value. Following the signal theory where the higher this ratio, the better the condition of a company and shows that the company is more effective in utilizing assets to generate net profit after tax.

2. RESEARCH METHOD

The population in this study are companies in the manufacturing industry sector in the essential industry and chemical subsectors listed on the IDX for the 2020-2021 period, with a total population of 84 companies. The election year for the 2020 – 2021 period is due to the year of the author's effectiveness research in the last year of research.

The technique used in this study is a non-probability sampling technique, which is a technique that has a greater chance of being a sample of a population. The non-probability sampling technique used in this study is purposive sampling, which is a technique for obtaining a sample based on specific criteria set by the author. After obtaining sufficient data, what is done next is to process and analyze research data based on the structure of the model between variables. Hypothesis testing was carried out to test the effect of corporate social responsibility disclosure, the composition of the board of commissioners, public ownership, and company performance on company value. Data testing was carried out in this study using the Statistical Package for the Social Science (SPSS) version 26 program, and then the data were analyzed using multiple linear regression (Ghozali, 2018).

The model formulated to test the hypothesis related to auditor competence, audit evidence, auditor experience, and audit situation on the accuracy of giving an opinion is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

Y	= Company Value
a	= Constant
$\beta_1, \beta_2, \beta_3, \beta_4$	= Coefficient
X_1	= Corporate Social Responsibility Disclosures
X_2	= Board Of Commissioners Composition
X_3	= Public Ownership
X_4	= Company Performance
ε	= Error

3. RESULTS AND DISCUSSIONS

Based on the purposive sampling method and according to predetermined research criteria, the number of manufacturing companies in the goods and consumer goods industry sector that meet the criteria within the time span and year of sample observation obtained as many as 32 companies, so the total research data is as many as 64 observations.

Based on the data, the minimum value of the company value variable for companies in the manufacturing sector in the primary and chemical industry sub-sectors listed on the Indonesia Stock Exchange during the 2020-2021 period is 0.007, and the maximum is 1.628 with an average (mean) of 0.27144. Disclosure of CSR has a minimum value of 0.000 and a maximum value of 0.480 with a mean value of 0.16531. The composition of the Board of Commissioners has a minimum score of 2 and a maximum score of 9, with a mean value of 3.80. Public Ownership has a minimum value of 0.289 and a maximum value of 48.999 with a mean value of 23.84204. Return on assets (ROA) has a minimum value of 0.002 and a maximum value of 0.364, with a mean value of 0.06250.

Table 1. Model Feasibility Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,247	4	,062	2.714	.042[b]
	Residual	1,025	45	,023		
	Total	1,272	49			

a. Dependent Variable: Company_Value
b. Predictors: (Constant), ROA, Public_Ownership, CSR_Disclosures, Commissioners_Composition

Source: Results of SPSS 26.0 processed data

Based on the output of the f test above, it can be seen that the count value is 2.714, while the table value with a significance level of 0.05 tests the numbers dF = 4 and dF2 = 45 of 2.58. 2.714 > 2.58 and a significance value of 0.042 < 0.05, then H0 is rejected, and Ha is accepted. It means that simultaneously or jointly, there is a significant influence between disclosure of corporate social responsibility (CSR), the composition of the board of commissioners, public ownership, and return on assets (ROA).

Table 2. Partial Test Results (t test)

Model		Unstandardized Coefficients B	Std. Error	t	Sig.
1	(Constant)	.149	0.087	2.243	.030
	CSR_Disclosures	-.459	.241	-1.893	.065
	Commissioners_Composition	.030	.015	2.025	.049
	Public_Ownership	.001	.002	.553	.583
	ROA	-.571	.398	-1.435	.158

a. Dependent Variable: Company_Value

Source: Results of SPSS 26.0 processed data

Effect of Corporate Social Responsibility Disclosure on Company Value

The results of hypothesis testing show that the tcount value of corporate social responsibility is negative, namely -1.893 and a significant value of 0.065 > 0.05, which means that disclosure of corporate social responsibility has no effect on firm value. The results of this study are inconsistent with previous research conducted by Nolita Ayu and Tiara Amelia (2019) researching corporate social responsibility disclosure in company value which states that there is an influence between corporate social responsibility disclosure proxied by GRI-G-4 on company value.

The Effect of Composition of the Board of Commissioners on Company Value

The results of hypothesis testing show that the tcount value of the composition of the board of commissioners is positive, namely 2.025 > ttable (2.01410) and a significant value of 0.049 <0.05, which means that the composition of the board of commissioners has a positive and significant effect on firm value. The board of commissioners is tasked with supervising the company's performance. Other functions, ensuring that the company is running on the right track in an efficient and effective way and avoiding as little risk as possible in the interests of all stakeholders, as well as ensuring Good Corporate Governance (GCG). For the sake of the effectiveness of its duties, the board of commissioners must have a clear plan and strategy for managing organizational behavior, but must not conflict with the function and role of the board of directors. The division of tasks and authorities between the board of commissioners and the board of directors must be pursued carefully and firmly so that misunderstandings do not occur in the future. The better the company's performance, the more it will affect the value of the company. The results of this study are consistent with research conducted by Gatot Nazir Ahmad, Rizal Lullah and Edo Siregar (2020) who examined board size in terms of company value, stating that board size has a positive effect on company value.

Effect of Public Ownership on Company Value

The results of hypothesis testing show that the tcount value of public ownership is positive, namely 0.553 < ttable (2.01410) and a significant value of 0.538 > 0.05 which means that public ownership has no effect on firm value. Public ownership is the percentage of shares owned by the public. The greater the share ownership by the public, the greater the mechanism for controlling management behavior. In other words, an increase in public shareholders will be accompanied by a greater chance of having an outside board of directors elected, which in turn will affect the company's performance. Better performance is one of the triggers for increasing company value. With public ownership, monitoring activities on management are expected to be more effective. Public ownership has no significant effect on stock prices because if public ownership does not increase, there will be no change in the firm value of the company. In addition, these results indicate that the relationship between public ownership and firm value is directly proportional, in the sense that if public ownership does not increase by one unit and the other variables are constant, the firm value will not change.

Effect of Financial Performance (ROA) on Company Value

The results of hypothesis testing show that the count value of public ownership is positive, namely -1.453 < table (2.01410) and a significant value of 0.158 > 0.05, which means that financial performance does not affect firm value. Return on Assets (ROA) is significant in analyzing a company's ability to generate profits. High profits with the efficient use of assets is an excellent performance in the company's operations because the efficient use of assets will reduce costs in generating profits. High profits will attract investors to invest, increasing company value. The results of this study need to be more consistent with previous research conducted by Slamet Mudjijah, Zulfia Khalid, and Diah Ayu Sekar Astuti (2019), who examined company performance in terms of firm value, stating that financial performance

4. CONCLUSION

Based on the articles and research results submitted, there are several significant findings regarding the influence of certain factors on firm value. Specifically, the findings are as follows: Disclosure of Corporate Social Responsibility (CSR) partially does not significantly affect company value. This shows that more than CSR disclosure is needed to increase firm value directly. The composition of the Board of Commissioners has a significant positive effect on the company's value partially. Having a good composition of the Board of Commissioners can increase company value. Partial Public Ownership does not have a significant effect on firm value. In this context, public ownership does not determine company value. Partially company performance does not have a significant effect on firm value. That is, the company's financial performance in the period studied does not directly impact firm value.

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