The Impact of Corporate Social Responsibility, and Profitability on the Value of Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange 2021-2022

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Abstract	**Article Info**
The purpose of this research is to see whether Corporate Social Responsibility and Profitability have an impact on Company Value. Corporate Social Responsibility and Profitability are independent variables and Company Value is the dependent variable using PBV. In this study, the population used is manufacturing companies in the consumer goods industry sub-sector listed on the Indonesia Stock Exchange for 2021-2022. This research used purposive sampling with 19 samples. The method used in this research is multiple linear regression analysis with the SPSS application. The results of this research show that Corporate Social Responsibility and Profitability have a positive influence on Company Value. Key words: Corporate Social Responsibility, and Profitability and Company Value	**Affiliation:** [1,2]Departement of Accounting, Faculty of Business and Economics, University of Wijaya Kusuma Surabaya, East Java, Indonesia ***Correspondence:** E-mail addres: joechefinamaranatha@gmail.com(author#1) sarahyuliarini@uwks.ac.id (author#2) **Article History:** **Received Feb 21, 2024** **Reviewed Mar 16, 2024**

Introduction

Concern for balancing business with environmental and social aspects is absorbed in the sustainable development program, namely the strategy of Corporate Social Responsibility (CSR). Corporate Social Responsibility is the ethical obligation of a corporation towards its stakeholders, including the local community where its operations are based, as explained by Hamdani (2016: 174). Ultimately, a company will be viewed negatively and will not receive support from the community if it is not responsible to its stakeholders. Stakeholders include workers, consumers, local/global communities, and the environment. On the other hand, CSR can be used strategically to increase shareholder value, but such investments can also reduce shareholder value by increasing costs and shifting focus from operational goals. Companies getting higher rankings in CSR indicate relatively poorer stock market performance. According to Ramadhani (2022), the company value of manufacturing companies as measured by the Price to Book Value (PBV) ratio tends to decline. In 2019, the average PBV of manufacturing companies was 2.97%, then decreased by 0.13% in 2021, namely to 2.84%. The same thing happened in 2022, the average PBV of manufacturing companies decreased by 0.48% compared to 2021, namely 2.36%. From this phenomenon it can be said that company value can increase or even decrease. The increase or decrease in company value can be influenced by external and internal factors from the company itself (Source: www.idx.co.id). Based on this phenomenon, research will reveal whether financial performance is influenced by CSR?

Heading and Subheading

The Impact of Corporate Social Responsibility, and Profitability on the Value of Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange 2021-2022

Literature Review

Stakeholder Theory

Stakeholder theory emphasizes that a business must serve the interests of its stakeholders, not just the interests of its owners. As a result, having satisfied customers and other stakeholders is essential for business continuity

Corporate social responsibility does not stop at maximizing profits for the interests of shareholders. However, more generally the company's ability to produce welfare benefits is not only in the interests of its shareholders but also the interests of its stakeholders, which include all people who are related to or have claims to business.

Sustainability reports are written with the aim of enlightening readers about ecological issues. Corporations should now be able to provide required information to stakeholders thanks to these disclosures. Companies cannot operate independently of their relationships with stakeholder groups including creditors, investors, government, workers, and society. Companies with good governance tend to have better internal and external operations.

Signal Theory

Signaling Theory provides an explanation of the reasons why businesses provide financial data to the public. Because the company knows more about the company and its future prospects than other parties (investors, creditors), the company has an incentive to provide this information. When potential suppliers don't know much about the business, they should play it safe by providing a simple fee to the company.

By reducing information gaps, businesses can increase their value. Reliable financial information is an example of an external signal that can be used to reduce the impact of information asymmetry (Rosiana, 2013). The “signaling” principle suggests to companies how they should communicate with readers of their financial statements. Management actions in accordance with the owner's requirements constitute this signal. These signals can take the form of advertising or data that shows the company's superiority. In signaling theory, it is explained that a company's increasing risk of litigation is certainly a bad signal for investors. Hence, Yuliarini and Inayati (2022) recounting of litigation risk can be reduced by reporting the CSR.

Corporate Social Responsibility (CSR)

Social responsibility is the recognition of the relationship between business and society, and the recognition that this relationship must always be kept in mind by business leaders in achieving goals. According to Said (2018:23), CSR is a company initiative to increase its public profile by supporting communities both inside and outside the corporation. Corporations show their concern for society and the environment by getting involved in external projects through partnerships involving all relevant parties. Even though internally we are able to produce effectively, maximizing profits and employee welfare remains a challenge.

Disclosure of corporate social responsibility is information about corporate social responsibility included in the annual report. This is also a means to exchange information between leaders and stakeholders regarding the forms of corporate social responsibility towards the environment that have been implemented. CSR disclosure can be calculated using the 2017 GRI Standards, the formula is as follows:

CSRDI J =(Number of Disclosure Items i, company j)/(Number of Disclosure Items (91 items))

Profitability

Profitability is the net result of various policies and decisions taken by the company. Profitability plays an important role in all aspects of business because it can show the efficiency of a business and reflect its performance. According to Dewina (2023), profitability can be measured using:

ROA =(Net Profit)/(Total Assets)

The value of the company

Company value according to Husnan and Pudjiastri (2015: 6-7) is the price available to be paid by potential buyers if the business is sold. Company value can be measured using PBV. The following is the PBV calculation formula:

PBV (Share price)/(Company Book Value)

Research Method

Population and Data Sample

The criteria used in the research are:

1. Consumer Goods Industry Sector listed on the Indonesia Stock Exchange during the 2021 – 2022 period.

2. Consumer Goods Industry Sector which publishes a complete Annual Report for the period 2021 – 2022.

Table 1
Description Until

Description Until	**Amount**
Consumer Goods Industry Sector listed on the Indonesian Stock Exchange during the period 2021 - 2022	47
Consumer Goods Industry Sector which did not publish a complete Annual Report during the 2021-2022 period	(5)
Consumer Goods Industry Sector that does not publish a complete sustainability report for the 2021-2022 period	(23)
Total Companies	19
Total Years of Observation	2

Total Sample	38
Data Outliers	(6)
Total Sample Use	32

Source : Processed from IDX

Analysis Techniques

This research is intended to measure data relationships with the aim of obtaining relevant information from data and using the results obtained to solve a problem (Ghozali, 2018). Assisted with SPSS version 22, each data was processed following the testing stages of descriptive analysis and hypothesis testing analysis.

Results and Discussion

Normality test

The results of the normality test show that the company size variable obtained a KS-Z value of 0.691 with a profitability of 0.726 ($p > 0.05$), which means the data on the independent variables, namely CSR and Profitability, is more than 5% ($p > 0.05$), which means the data meets the requirements. normal distribution.

Multicollinearity Test

Table 4.4

Multicollinearity Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.738[a]	.544	.513	2.701933	1.786
a. Predictors: (Constant), PROFITABILITAS, CSR					
b. Dependent Variable: NILAI PERUSAHAAN					

Source: Data processed by the author

From the test results as shown in the coefficient table above, it is known that the CSR tolerance value is 0.999 with a VIF of 1.001; Profitability has a tolerance value of 0.999 with a VIF of 1.001. So it can be concluded that if the VIF value is less than 10 and/or the tolerance value is more than 0.10, then in this data there is no multicollinearity problem.

Heteroscedasticity Test

In testing the graph, the data points spread above and below the number 0 on the Y axis so this research does not occur heteroscedasticity.

Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.738[a]	.544	.513	2.701933	1.786
a. Predictors: (Constant), PROFITABILITAS, CSR					
b. Dependent Variable: THE VALUE OF COMPANY					

Source: Results of spss data processing by the author

The coefficient of determination (R Square) value is 0.544 which can explain that together CSR and Profitability are able to provide an effective contribution of 54.4%. This can explain that apart from the CSR and Profitability variables, there is still 0.456 or 45.6% of company value influenced by other variables which are not analyzed in this research.

Simultaneous test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	252.685	2	126.342	17.306	.000[b]
	Residual	211.713	29	7.300		
	Total	464.398	31			
a. Dependent Variable: THE VALUE OF COMPANY						
b. Predictors: (Constant), PROFITABILITAS, CSR						

Source: Data processed by the author

Based on the results of the F test table, it can be seen that the results of the simultaneous test (F Test) have a significance value of 0.000 so it is less than 0.05 (5%) (0.000 < 0.05) thus showing that CSR and Profitability simultaneously influence

Discussion

The influence of CSR on company value

Partially using t test statistics shows that there is a significant influence of CSR on company value. This means that in this research the higher a company's CSR is a measure of the success of company management in obtaining high company value. Thus, the first research hypothesis which states "Corporate Social Responsibility influences Company Value" is proven. CSR is an indicator of the mechanisms in good corporate governance.

The results of this research are in line with the research results of Dinda et al (2022) showing that corporate social responsibility has a positive effect on company value. Likewise, Aminah (2023) concluded that Corporate Social Responsibility has a positive and significant effect on company value. This is in line with the results of research conducted by D Putri Balqis Salsabila (2023) stating that Corporate Social Responsibility has a positive and insignificant effect on Company Value.

The Influence of Profitability on Company Value

Partially using t test statistics shows that there is a significant influence of Profitability on Company Value. This means that in this research, the higher the profitability of a company is the benchmark for the success of company management in getting high company value. Thus, the second research hypothesis which states "Profitability influences company value" is proven.

The influence of profitability on company value from this research supports the statement of Suwardika and Mustanda (2017), a company's high profitability ratio indicates that the company is able to obtain large profits at the level of sales, assets and capital, so that investors will be interested in investing their shares in the company. and will increase share prices. The company's success in generating profits can be seen in the ROA value. The higher the return on assets, the more effective and efficient the company is in managing its assets. The results of this research state that the high return on assets has an impact on the company's efforts in managing its assets. This supports the results of Tia Rahmasi's research (2023) which proves that profitability has a significant positive effect on company value in manufacturing companies in the consumer goods industrial sector. Suya Rama Fadillah (2023), Aminah (2023), and Dinda et al (2022) also concluded that profitability has a positive effect on company value.

Based on the research findings and conclusions outlined above, several suggestions can be put forward as follows:

1. For companies, this study provides valuable information that can be used as a basis for creating policies and guidance to determine the best way to implement the company's core principles.

2. For investors, this research can help improve their role in meeting the needs of information users.

3. For future researchers, this research can add a range of research periods to improve better test results

Limitations

In research conducted by researchers, there are several limitations to the research that can cause the research results to be delayed, so the research that can delay the results of the research that has been submitted and is in accordance with the hypothesis that has been explained is as follows:

1. The data used in this research are annual reports and company financial reports. The data presented has limitations, namely the available data may be incomplete or inaccurate.

2. The research sample used in this research is manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange.

3. The period in this research was only carried out in 2021-2022 for 2 years because the number of manufacturing companies in the consumer goods industry sector is relatively small but only covers the consumer goods industry sector and there are no other agencies.

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