

Effects of Corporate Social Responsibility and Managerial Ownership on Corporate Value

(Evidence from Consumer Goods Companies Listed on Indonesian Stock Exchange during 2015-2019)

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ABSTRACT

Abstract: This research aimed to determine the effect of Corporate Social Responsibility and Managerial Ownership on Corporate Value simultaneously or partially. Data were collected using a purposive sampling method on manufacturing companies in the consumer goods industry sector listed on the IDX during 2015-2019. The population covered 34 companies, 24 of which were chosen as the samples due to meeting the specified criteria. Corporate Social Responsibility in this research was calculated by Corporate Social Disclosure Index while management ownership was obtained by knowing the percentage of share ownership by boards of managers. Corporate values in this research were calculated by the value of Tobin's Q. The results of this research indicate that Corporate Social Responsibility and Management Ownership simultaneously did not affect corporate values. However, partially, Corporate Social Responsibility had a positive effect on corporate values while managerial ownership did not affect corporate values.

Keywords: *Corporate Social Responsibility, Managerial Ownership, Corporate Value.*

1. INTRODUCTION

As many companies are continuously growing, social inequality and surrounding environmental damage are also likely to occur. Therefore, efforts are made to reduce negative impacts. Many companies are now developing what is called Corporate Social Responsibility (CSR).

Currently, Corporate Social Responsibility is no longer only voluntary or commitment but also an obligation in being responsible for the activities carried out by companies. Corporate Social Responsibility is often considered as the core of business ethics, meaning that companies do not have economic and legal obligations to shareholders only but also to other stakeholders.

Corporate Social Responsibility refers to all relationships occurring between a company and its stakeholders, including customers, employees, communities, owners or investors, government, suppliers and even competitors. The Global Impact Initiative (2002) states, "This understanding uses the 3Ps (profit, people, planet), in which the business goals are not only about profit but also the welfare of the people and the sustainability of the life of this planet. Development of social programs can be in the form of physical, health services, community development, scholarships and so on. The objectives of this research are as follows:

- To determine the effect of Corporate Social Responsibility on Corporate Value
- To determine the effect of Managerial Ownership on Corporate Value
- To determine the simultaneous effect of Corporate Social Responsibility and Managerial Ownership on Corporate Value

2. LITERATURE REVIEW

Corporate Value

Corporate value in this research is defined as market value. Corporate value can provide shareholders with prosperity if the company's share price increases. The higher the share price, the higher the level of the shareholder's prosperity. To achieve

corporate values, investors generally hand management over the professionals. Professionals can be positioned as managers or commissioners Nurlela and Islahuddin [1]

The objective of financial management is to maximize corporate values. If a company's finance is smooth, the value of the company's share price will increase while the value of the company's debt in the form of bonds will not be affected at all. In conclusion, the value of share ownership can be a measuring tool for the level of company effectiveness. Therefore, as said earlier, financial management aims to maximize the value of corporate share ownership or maximize share prices. Maximizing share prices is meaningless if managers increase share prices by victimizing the bondholders.

Good corporate values can be reflected in corporate good performance and share values. If the share values are high, the corporate values are also considered good. Because the main goal of companies is to increase corporate values by increasing the prosperity of the owners or shareholders.

One of the alternatives used in assessing corporate values is to use Tobin's Q, which was developed by Tobin [2]. This ratio is a concept representing current financial market estimates of the return on each dollar of incremental investment.

If the Q ratio reaches > 1 , it indicates that the investment in assets generates returns providing higher value than investment expenditure, triggering new investment. Meanwhile, if the Q ratio is < 1 , the investment in assets is not appealing Herawaty [3]

The Q ratio is a studied measure of how effectively management uses economic resources in its power. A study conducted by Copeland [4], cited by Darmawati [5] in Herawati [3], shows how the Q ratio can be applied to each company. They found that several companies were able to maintain a Q ratio of > 1 . The economic theory states that a Q ratio of > 1 will attract new flows of resources and competition until the Q ratio is close to 1.

Corporate Social Responsibility

According to the CSR Forum, Corporate Social Responsibility means open and transparent business practices based on ethical values and respect for employees, communities and the environment. Meanwhile, based on the ISO (International Organization for Standardization) 26000, Corporate Social Responsibility is an organization's responsibility for the impact of its decisions and activities on society and the environment through transparent and ethical behavior, which is:

1. Consistent with sustainable development and community welfare
2. Paying attention to the interest of stakeholders
3. Following applicable law and international norms
4. Integrated into all organizational activities, in the sense covering both product and service activities

The business activities carried out by companies, in addition to having positive impacts, can also cause negative impacts. Some definitions of Corporate Social Responsibility have emphasized on the efforts to reduce negative impacts and maximize positive impacts. As explained by *Lingkar Studi CSR*, Corporate Social Responsibility is a genuine effort by a business entity to minimize negative impacts and maximize positive impacts of the business operation on all economic, social and environmental stakeholders for sustainable development.

Corporate Social Responsibility is a mechanism for an organization to voluntarily integrate environmental and social concerns into its operations and interactions with stakeholders, beyond its legal responsibilities Anggraini [6].

Disclosure of social responsibility, commonly known as Sustainability Reporting, is significant. Sustainability Reporting is reporting on economic, environmental and social policies, the effects and performance of the organization and its products in the context of sustainable development. Sustainability Reporting includes the report of the organizational economy, environment and the performance effect on organizational performance Anggraini [6]. Sustainability Reporting must be a high-level strategic document placing issues, challenges and opportunities towards the core business and its industrial sector.

The Objectives and Benefits of Implementing Corporate Social Responsibility

The objectives of implementing Corporate Social Responsibility include:

1. To disclose the social benefits generated by companies
2. To show the social damage caused by companies
3. To change corporate behavior to be better

The benefits of implementing Corporate Social Responsibility are as follows:

1. Companies are easier to get access to capital.
2. Companies can grow and be sustainable as well as get a positive image from the wide-community.
3. Companies can maintain their qualified human resources.
4. Companies can improve decision making on critical matters and facilitate risk management

In conclusion, Corporate Social Responsibility is considered as one of the future investments for a company. The capital owner's interest in investing in companies that have implemented Corporate Social Responsibility is higher than in those that have not implemented Corporate Social Responsibility Sugiono [7]

Principles of Corporate Social Responsibility

According to Aaker [8] the principles of corporate social responsibility are generally divided into three as follows:

1. **Sustainability** is related to how companies keep considering the sustainability of future resources in every activity carried out
2. **Accountability** refers to the company's efforts to be open and responsible for the activity carried out. It is highly necessary when there is an activity influencing and being affected by external parties.
3. **Transparency** is an important principle, especially for external parties. Transparency is concerned with reporting corporate activities and their impacts on external parties, which is beneficial in reducing misunderstanding of information particularly on the responsibility for various environmental impacts.

Reporting on Corporate Social Responsibility Activities

The implementation of Corporate Social Responsibility activities has now commonly been disclosed in a report called Sustainability Reporting. Sustainability reporting includes three elements, namely economy, social and environment (triple-bottom-line reporting). Besides pursuing profit, companies must also pay attention to and be involved in fulfilling the welfare of the community (people) and contribute actively to preserving the environment (planet) Wibisono [9]

a. Profit (Return)

Profit is the key and most important goal in every business activity. It is not surprising that the main focus of all business activities is to gain profit and increase the share price as high as possible as it is the most essential form of economic responsibility to shareholders. Activities that can be taken to boost profits include increasing productivity and cost-efficiency. Productivity can be increased by improving work management from simplifying processes, reducing inefficiency activities, saving process and service time. Meanwhile, cost-efficiency can be achieved if a company can use the material as economical as possible and reduce costs as low as possible Wibisono [9]

b. People (Community Stakeholders)

People are very important stakeholders for companies because their support is needed for the existence, survival and development of the company. Therefore, companies need to be committed to providing maximum benefits to the community. It is also realized that business operations potentially have an impact on society. Therefore, companies need to carry out various activities that can meet community needs Wibisono [9]

c. Planet (Environment)

Planet or environment is related to all areas of human life because all activities carried out by humans as living creatures always relate to or come from the environment, for example, drinking water, inhaled air and all equipment used. However, most humans still do not care about the environment around them. It is because there are no direct benefits that they can take from it.

Profits are the essence of and a natural thing in the business world. By preserving the environment, humans will get more benefits, especially in terms of health and comfort, besides the availability of resources with more guaranteed sustainability Wibisono [9]



Figure1. Triple Bottom-Line Theory

Forms of Corporate Social Responsibility Activities

According to Kartika [10], there are three forms of corporate social responsibility activities, covering:

1. *Corporate philanthropy*, where the corporate responsibility is limited to generosity or willingness, not reaching its responsibility yet and this form of responsibility includes charity activities, donations, or other activities that may not be directly related to the company.
2. *Corporate responsibility*, where the responsibility activities are already part of or the actualization of the corporate responsibility, either because of a statutory provision or part of the company's willingness

3. *Corporate policy*, where corporate responsibility is part of the policy

Managerial Ownership

Wahidawati [11], Junaidi [12] stated that managerial ownership is the percentage of share ownership by directors, managers, and the board of commissioners. The presence of managerial ownership in a company will lead to an interesting assumption that the corporate value will increase as a result of increased managerial ownership.

Jensen & Meckling [13] analyzed how corporate values are affected by the distribution of ownership between managers who enjoy benefits and outsiders who do not. In this framework, increased managerial ownership will reduce agency difficulties by reducing incentives to get benefits and take over shareholder wealth. This reduction is very potential in the location of resources, which in turn increases corporate values.

3.METHOD

Object of Research

The object of this research consisted of manufacturing companies in the sector of Consumer Goods industries listed on the Indonesia Stock Exchange (IDX) in the 2015-2019 period. Companies listed on the IDX were grouped into five sector subsections, including:

- a. Food and Beverage Sub Sector
- b. Cigarette Sub Sector
- c. Pharmaceutical Sub Sector
- d. Cosmetics and Household Necessities Sub Sector
- e. Household Appliances Sub Sector

Types of Data Required

The type of data used in this research is secondary data. The secondary data in this research were obtained from the Indonesia Stock Exchange. The data used in this research were in the form of Annual Reports of companies listed on the Indonesia Stock Exchange during 2015-2019.

Data Collection Technique

Data in this research were collected by tracing annual reports and sustainability reports or corporate social information selected as samples. This research also used instruments in the form of a checklist or a list of questions containing items of social responsibility disclosure.

Population and Samples

The population in this research covered all manufacturing companies listed on the Indonesia Stock Exchange (IDX) that disclose Corporate Social Responsibility activities and implement them within the company.

Meanwhile, the samples selected were manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) during 2015-2019 which did not experience *delisting* and disclosed their Corporate Social Responsibility activities. The sampling criteria are as follows:

- a. Manufacturing companies in the Consumer Goods Industry sector listed on the IDX during 2015-2019
- b. The companies did not experience delisting during 2015-2019
- c. The companies presented annual reports during 2015-2019
- d. The companies presented the data needed in this research

Research Variables and Operational Definitions

There are three variables used in this research, including:

Independent Variable

Corporate Social Responsibility

Corporate Social Responsibility symbolized (X1), based on the ISO 26000:2010 standard, includes 7 core subjects of disclosure (www.CSRIndonesia.com) as follows:

1. Organizational Governance

Organizational Governance is a system created and implemented by an organization in achieving its goals by applying the following principles and preamble of Corporate Social Responsibility:

- a) Accountability
- b) Transparency
- c) Ethical Conduct

d) Respect for the interests of stakeholders and legal compliance

All of these must be included in the company's decision making.

2. Human Rights

The aspect of human rights referred to in this research includes as follows:

- a) In-depth research
- b) Conditions posing Human Right risks
- c) Avoidance of violations
- d) Resolution of complaints
- e) Discrimination and vulnerable
- f) Civil and political rights
- g) Economic, social and cultural rights
- h) Fundamental labor rights

3. Employment Practices

The aspect of employment practices in this research includes as follows:

- a) Work and employment relations
- b) Conditions of work and social security
- c) Employment dialogue
- d) Occupational health and safety
- e) Human resources development and training

4. Environment

The aspect of the environment in this research includes as follows:

- a) Pollution prevention
- b) Sustainable use of resources
- c) Adaptation to climate change
- d) Protection of the environment and biodiversity and habitat restoration

5. Fair Operating Practices

The aspect of fair operating practices in this research includes as follows:

- a) Anti-corruption
- b) Responsible involvement in the political landscape
- c) Fair competition
- d) Promotion of Social Responsibility
- e) Respect for copyright

6. Consumer Issues

The aspect of consumer issues in this research includes as follows:

- a) Fair marketing
- b) Maintenance of consumer health and safety
- c) Sustainable consumption
- d) Service and support to consumer
- e) Protection and privacy of consumer data
- f) Access to essential services
- g) Education and awareness

7. Community Involvement and Development

The aspect of community involvement and development in this research include as follows:

- a) Community involvement
- b) Education and culture
- c) Job creation and skill improvement
- d) Development and access to technology
- e) Prosperity and increased income
- f) Health
- g) Investment

2. Steps for Disclosure of Corporate Social Responsibility

Considering that there are still a few of Indonesia's companies reporting these seven aspects in the form of sustainability reporting, this research was limited to only involving the data contained in the company's annual report. This was to avoid the emergence of gaps between companies that have and have not made sustainability reporting Raja [14].

a. Providing Corporate Social Responsibility Index Score

In this research, the Corporate Social Responsibility using an index by tracing the company's annual report would be scored as follows:

Score 0: If the company does not disclose the item on the questionnaire

Score 1: If the company discloses the item on the questionnaire

b. Determining Corporate Social Responsibility

Here is the list of indicators to disclose and track Corporate Social Responsibility in the company's annual report:

1. Societal Theme

- 1) Support for arts and cultural activities
- 2) Support for sporting activities (including sponsorship)
- 3) Participation in community activities held around the factory office
- 4) Support for spiritual institutions
- 5) Support for educational institutions (including scholarships, internship opportunities, research opportunities)
- 6) Support for other social institutions
- 7) Social facilities and public facilities
- 8) The priority of employment for the surrounding community (including the provision of facilities and motivation by companies to become entrepreneurs)

2. Product and Consumer Theme

- 9) Product quality
- 10) Quality appreciations (including quality certificates, halal certificates, and awards)
- 11) Customer Satisfaction (efforts to increase customer satisfaction)

3. Employment Theme

- 12) Total manpower
- 13) Occupational Safety (occupational safety policies and facilities)
- 14) Health (including the company's doctor and polyclinic facilities)
- 15) Employee cooperatives
- 16) Salary/ wages
- 17) Other benefits and health facilities (including Regional Minimum Wages, assistance during a crisis, welfare for employees, insurance, and transportation facilities)
- 18) Education and training (including cooperation with public universities)
- 19) Gender equality in employment and career opportunities
- 20) Worship facilities (including religious holidays)
- 21) Worker's paid leave (including the paid leave required by female workers)
- 22) Pension (including formation or selection of pension funds)
- 23) Labor Union
- 24) Collective work agreement
- 25) Turn over of workers

4. Environmental Theme

- 26) Environmental policy
- 27) Environmental certification and environmental impact analysis (AMDAL)

- 28) Rating (including awards in the environmental sector)
- 29) Energy (including the energy-saving, total energy used, and so on)
- 30) Pollution prevention/management (including waste management)
- 31) Support for animal conservation
- 32) Support for environmental conservation

c. Calculating Corporate Social Disclosure Index

The measurement of the Corporate Social Responsibility variable employed the Corporate Social Disclosure Index (CSDI). The social disclosure level on the company’s annual report stated in CSDI was assessed by comparing the number of social disclosures that had been made by the company with the maximum number of social disclosures if all items were met. This corporate social disclosure index has previously been used by Raja [14].

$$Corporate\ Social\ Disclosure\ Index = \frac{\Sigma\ Disclosure\ Score}{Maximum\ Development\ Score}$$

Zuhroh and Sukmawati [15] explained that the calculation of the social disclosure index can be carried out in the following steps:

1. Making a social disclosure checklist. The checklist is compiled in the form of a list of disclosure items, each of which is provided with an answer space to the status of disclosure in the annual report concerned. This social disclosure checklist is based on the list of items that have been done by the previous study conducted by Sembiring [16]
2. Determining the social disclosure index for each sample company based on the social disclosure checklists using the following stages:
 - a. The score obtained by each company is added up to get a total score.
 - b. The index calculation for each company is done by dividing the total disclosure score of each company by the maximum disclosure score

Managerial Ownership

Managerial ownership was given the MGR symbol measured by natural logarithms, symbolized by (X2). Management ownership is the percentage of share ownership by directors, management, commissioners and any parties directly involved in making corporate decisions Diyah and Widanar [17]. This variable was used to determine the benefits of management ownership in the agency conflict reduction Haruman [18]. In this research, managerial ownership was measured by the percentage of the number of shares, in which the proportion of shareholders was from management who actively participate in corporate decision making (directors and commissioners) Diyah and Widanar [17].

$$Management\ Ownership = \frac{Number\ of\ Managerial\ Shares}{Number\ of\ Outstanding\ Shares} \times 100\%$$

Dependent Variable

Corporate Values

Corporate value symbolized by (Y) was an alternative used to assess the value of the company using Tobin’s Q, a ratio developed by Tobin [2]. This ratio is a valuable concept because it represents current financial market estimates of the return on each incremental investment.

If the Q ratio reaches > 1, it indicates that the investment in assets generates returns providing higher value than investment expenditure, triggering new investment. Meanwhile, if the Q ratio is < 1, the investment in assets is not appealing Herawaty [3].

The Q ratio is a studied measure of how effectively management uses economic resources in its power. A study conducted by Copeland [4] cited by Darmawati [5] in Herawati [3], shows how the Q ratio can be applied to each company. They found that several companies were able to maintain a Q ratio of > 1. The economic theory states that a Q ratio of > 1 will attract new flows of resources and competition until the Q ratio is close to 1. This variable is given the symbol Q. This variable has been used by Herawaty [3], Suranta and Pranata [19] and Nurlala and Islahudin [1].

Here is the formula:

$$q = \frac{(EMV + D)}{(EBV + D)}$$

Where :

- q = Corporate Values
- EMV = Equity Market Value (EMV = closing price x number of outstanding shares)
- D = Book value of total debt
- EBV = Book value of total assets

4. ANALYSIS RESULTS

Descriptive Statistics Test

Table1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	24	9.38	68.75	31.0442	17.48011
Management Ownership	24	.02	98.18	57.3963	28.63196
Corporate Values	24	10.45	13.72	12.1033	.95633
Valid N (listwise)	24				

In the CRS variable (X_1), the minimum value obtained was 9.38 while the maximum value was 68.75. The mean CSR of all companies was 31.04 with a standard deviation of 17.22. The minimum value of the Managerial Ownership variable (X_2) obtained 0.02 while the maximum value was 98.18. The mean Managerial Ownership of all companies reached 57.39 with a standard deviation of 28.98. As for the Corporate Value variable (Y), the minimum value was 10.45 while the maximum value was 13.72. The mean Corporate Value of all companies was 12.1033 with a standard deviation of 0.95633.

Classic Assumption Test

1. Normality Test

The test results are presented as follows:

Table2. Kolmogorov-Smirnov Test

Variable	Significance	Description
Residual Model (e)	0,886	Normal

The table above shows that the Kolmogorov-Smirnov had a significance value of > 0.05 , so H_0 was accepted. In other words, the data used were normally distributed. Furthermore, the test results through the normal graph of P-P Plot also showed that the residual points were around the diagonal line. Here is the normal graph display of P-P Plot.

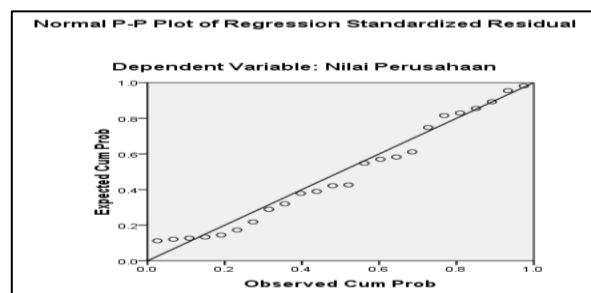


Figure1. Normal Graph of P-P Plot

Thus, the results of the data normality test based on the P-P Plot graph and the Kolmogorov-Smirnov statistical test indicated that the data used were normally distributed so that the assumption of normality was fulfilled.

2. Multicollinearity Test

Here are the results of non-multicollinearity assumption test.

Table3. Multicollinearity Test

Dependent Variable	Independent Variable	VIF	Description
Corporate Values	CSR	1.450	Free from Multicollinearity
	Managerial Ownership	1.450	Free from Multicollinearity

The table of test results above shows that all independent variables had a VIF value of < 10, so no multicollinearity was found in this model.

3. Autocorrelation Test

The autocorrelation test is used to find out whether the errors in the model are correlated or not. A good regression is a regression whose residuals are independent of each other. To determine the presence of autocorrelation in the residuals, the Durbin Watson test is used. The regression results are said to have met the non-autocorrelation assumptions if $1,5464 < DW < 2,4536$.

Table4. Durbin Watson Test

Variable	DW	Description
Residual Model (e)	1,735	Non-autocorrelation

The table above shows that the DW value was 1.735. This value lies between the specified limits so that the non-autocorrelation assumption is met.

4. Heteroscedicity Test

The results of testing the heteroscedasticity assumption with the Glejser test are as follows:

Table5. Glejser Test

VariableY	Variable X	Significance of t-Test	Decision
Absolute Residual	CSR	0.384	H ₀ is accepted
	Managerial Ownership	0.203	H ₀ is accepted

Based on the table of the glejser test results, it can be learned that all independent variables had a significance value (probability) > $\alpha = 0,05$, so H₀ was accepted. This indicates that no heteroscedasticity case was found in the data used, so this assumption is met. Besides, the plot results obtained showed points spreading randomly and not forming a pattern as can be seen below. It means that there was no heteroscedasticity in the model being tested.

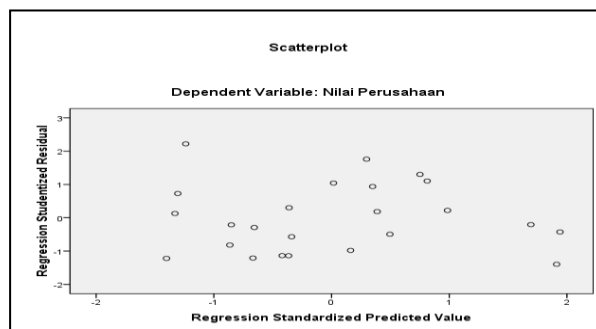


Figure2. Scatter Plot

Regression Analysis

When all the assumptions are met, it means that the regression results obtained are BLUE (Best Linear Unbiased Estimation). The multiple regression results of this research entitled "Effects of CSR and Managerial Ownership on Corporate Values" can be seen in the following table:

Table6. Regression Analysis Results

Dependent Variable	Independent Variable	B	t _{count}	Significance	Description
Corporate Values	Constanta	11.532			
	CSR	0.032	2.537	0.019	Significant
	Managerial Ownership	-0.007	-0.944	0.356	Not significant
F count	3.377				
Significance of F-test	0.053				
α	5%				
R ²	0.243				

The table above shows that the regression model of the effect of Corporate Social Responsibility and Managerial Ownership on Corporate Values is as follows:

$$Y = 11,532 + 0,032 * CSR - 0,007 * Managerial Ownership$$

Hypothesis Testing

1. F-Test

Based on the table above, it can be seen that the significance value obtained was 0.053, greater than α (5% or 0.05). Besides, the F_{count} value reached 3.377, smaller than the F_{table} (3.46). Therefore, H₀ was accepted, meaning that CSR (X₁) and Management Ownership (X₂) simultaneously influenced Corporate Values (Y).

2. T-Test

Partial regression model testing is used to determine whether each independent variable forming the regression model individually has a significant effect on Corporate Values (Y) or not. This testing has several criteria as follows: H₀ is rejected if the t_{count} > t_{table} or sig < 0.05 and H₀ is accepted if t_{count} < t_{table} or sig > 0.05. Based on these criteria, the results of the regression t-test on Corporate Values (Y) can be presented as follows:

Table7. Testing Results of Partial Regression Estimated Parameter

Variable X	B	t _{count}	Significance	Description
CSR	0.032	2.537	0.019	Significant
Managerial Ownership	-0.007	-0.944	0.356	Not significant

1. Variable X₁ (CSR)

Based on the table above, the significance of the CSR variable was 0.019 (< 0.05) with a t_{count} = 2.537 (> t_{table} of 2.07). This test results indicate that H₀ was rejected. In other words, the X₁ (CSR) had a significant effect on Y (Corporate Values). The b₁ coefficient value was positive (0.032), indicating that every 1% increase in CSR (X₁) will increase the Corporate Value (Y) by 0.032%.

2. Variable X₂ (Managerial Ownership)

The testing hypotheses used are as follows:

H₀: $\beta_2 = 0$ (The variable X₂ does not affect Y)

H₁: $\beta_2 \neq 0$ (The variable X₂ has a significant effect on Y)

Based on the table above, the significance value of the Managerial Ownership variable was 0.356 (> 0.05) with a t_{count} = 0.944 (< t_{table} of 2.07). This test results indicate that H₀ was accepted. In other words, the X₂ (CSR) had no significant effect on Y (Corporate Values). The b₂ coefficient value was positive (-0.944), indicating that every 1% increase in Managerial Ownership (X₂) will reduce the Corporate Value (Y) by 0.007%. However, this was not proven statistically.

3. Determination Coefficient (R^2) Test

The determination coefficient (R^2) is a statistical measurement providing the goodness of fit information from the regression equation, which provides a proportion or percentage of the effect of Corporate Social Responsibility and Management Ownership on Corporate Values. Based on the table of the regression analysis results, it can be seen that the R^2 value was 0.243. These results explained that the contribution of the independent variables in influencing the Variable Y amounted to 24.3% while the remaining 75.7% was contributed by other variables not included in this equation.

DISCUSSION

Based on this research, Corporate Social Responsibility partially has a significant effect on Corporate Values. This result should be able to open the minds of policyholders in the company that corporate social responsibility must be aimed at maintaining the surrounding environment not only from the natural aspect but also the wide community. Early on, people have also started to care about the environment and sort out which products are good for the environment. If people know that the products they consume are environmentally friendly and socially responsible, this surely can increase the corporate value. Also, the high disclosure of corporate social responsibility will lead to increased corporate values since investors are interested in investing in the company with a high level of social responsibility disclosure.

This research is supported by Murwaningsari [20] finding that Corporate Social Responsibility (CSR) disclosure affects corporate values. The higher Corporate Social Responsibility (CSR) disclosure will also increase corporate values.

The positive coefficient value of the Corporate Social Responsibility variable of 0.032 indicates that every 1% increase in CSR will increase the corporate value by 0.032%.

Conversely, the testing results of the Variable X_2 showed a significance value of 0.356, not significant on Corporate Values. This result indicates that managerial ownership in Indonesia, especially in manufacturing companies of the consumer goods industry sector, is still low. This condition demands management still act to maximize its utility which can harm other shareholders. Low management ownership also results in a non-optimal performance, making it unable to become a mechanism to increase corporate values.

5. CONCLUSION

The results of this research indicate that in manufacturing companies, especially of the consumer goods industry sector, Corporate Social Responsibility and managerial ownership simultaneously have no significant effect on corporate values. This is shown by the F_{count} value reaching 3.377, smaller than the F_{table} at the 5% significance level of 3.46 ($F_{count} < F_{table}$). Thus, H_0 is accepted, indicating that Corporate Social Responsibility (CSR) and managerial ownership simultaneously do not affect corporate values. However, it does not mean that the two variables do not affect at all on corporate values.

Partially, only Corporate Social Responsibility has a significant effect on corporate values. This is indicated by the T_{count} value reaching 2.537, greater than the T_{table} of 2.07 ($T_{count} > T_{table}$). Thus, H_0 is rejected, indicating that Corporate Social Responsibility has a significant effect on corporate values. The b coefficient value is also positive (0.032), meaning that every 1% increase in Corporate Social Responsibility will increase the corporate value by 0.032%. Meanwhile, the managerial ownership variable obtained a T_{count} of 0.944, smaller than the T_{table} of 2.07 ($T_{count} < T_{table}$). Thus, H_0 is accepted, indicating that managerial ownership has no significant effect on corporate values. This indicates that Corporate Social Responsibility is the most influencing factor of corporate values. In other words, the thing that most encourages workers and investors to decide to join the company is the Corporate Social Responsibility carried out by the company.

6. Contribution and Implication

This research is useful for investors to invest their funds on the importance of corporate social responsibility and managerial ownership of the company to increase corporate values. This research has an impact on increasing the value of companies with good corporate social responsibility.

7. Limitation

This research is limited only to the effect of corporate social responsibility and managerial ownership on corporate values with a sample of 24 manufacturing companies listed on the Indonesian Stock Exchange. Further research is expected to add research variables or samples to generalize and develop the results of this research.

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