

THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY AND GOOD CORPORATE GOVERNANCE IN ENHANCING THE VALUE OF MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aims to examine the role of Corporate Social Responsibility and Good Corporate Governance in enhancing the value of mining companies listed on the Indonesia Stock Exchange during the period of 2019 to 2021. The population of this study is all mining companies listed on the stock exchange, with a sample of 10 companies determined using a purposive sampling technique with specific considerations. The research method used is quantitative with an associative causal model and SPSS 24 application as the analysis tool. Based on the results of the F-test, both Corporate Social Responsibility and Good Corporate Governance variables play a role in increasing the value of the company, and the t-test shows that each variable has a partial role in enhancing the value of the company.

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1. INTRODUCTION

Firzha and Soulthan said that the higher the value of the company, the more prosperous the owner of the company will be [1]. High company value makes (investors) believe not only in the company's current performance but also in the company's prospects in the future, to determine the value of a company can be seen from many factors [1].

The value of the company is the selling price of the company that is considered appropriate by a potential investor so that he is willing to pay it if one day the company is to be sold [2]. To be able to increase the value of the company, it can be fortified by implementing Corporate Social Responsibility (CSR) and Good corporate governance practices. It is supported by [3] who said one of the more effective ways of monitoring company managers which is expected to increase firm value is by having good corporate governance. Furthermore, the results of research from Maryanti and Wildah [4] shows that CSR has a significant effect on firm value.

The importance of implementing Corporate Social Responsibility (CSR) because companies not only have an economic responsibility to shareholders to get large profits, but companies must also have social responsibility to shareholders in the environment where the company carries out its activities [5]. Every region and every community where the company operates, corporate social responsibility practices are carried out to meet local social needs, which provide added value to the company. As such, businesses of all types undertake corporate social responsibility initiatives for various reasons, including advancing their relationships with consumers, employees and communities.

Implementing Corporate Social Responsibility (CSR) practices within a company can increase the number of customers, which in turn will result in higher sales revenue. The positive impact of CSR on company profit margins can increase the overall value of the company.

Besides that, good corporate governance can also increase the value of the company, Ali in [6] explained that Good corporate governance or corporate governance is a system used in directing and controlling the company's business activities. Good Corporate Governance also contains an understanding of the division of tasks and responsibilities among the shareholders and stakeholders in running the company. One of the more effective ways of monitoring company managers which is expected to increase firm value is by having good corporate governance [3].

From the description above, the researcher tries to find out whether there is an influence of Corporate Social Responsibility and Good Corporate Governance on company value in companies listed on the Indonesian stock exchange. The research was conducted using financial data for 2019-2021.

2. METHOD

The data in this study used secondary data derived from the annual financial statements of the sampled companies, which were obtained from www.idx.co.id and also from the website of the company that became the research sample. The population and sample in this study are mining sector companies listed on the IDX, using a purposive sampling technique, namely companies registered in 2019-2021 and having complete financial reports and having complete board of directors data. so that 10 companies were selected, namely:

Table.1 List of Companies as Samples

No	CODE	COMPANY NAME
1	ANTM	Aneka Tambang (Persero) Tbk
2	BSSR	Baramulti Suksessana Tbk
3	BUMI	Bumi Resources Tbk
4	BYAN	Bayan Resources Tbk
5	GOD	Darma Henwa Tbk
6	HRUM	Harum Energy Tbk
7	ADRO	Adaro Energi Tbk
8	ESSA	Surya Esa Perkasa Tbk
9	CTTH	Citatah Tbk
10	DOID	Delta Dunia Makmur Tbk

Source: www.idx.co.id

This study uses a quantitative method with a causal associative model, saying causal associative is research to determine cause and effect[7].

This study uses descriptive statistical data analysis with multiple regression analysis with equations[8]:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Information:

Y = Firm Value

X1 = Corporate Social Responsibility

X2 = Good Corporate Governance

a = Constant

e = errors

b1 = variable coefficient X1

b2 = variable coefficient X2

Before the data is processed further, a prerequisite test is carried out, this test is one of the conditions so that the regression model does not have "bias" which consists of a normality test, multicollinearity test and heteroscedasticity test[9].

Then the hypothesis testing that was carried out was the F-test and t-test as well as the coefficient of determination test (R²).

3. RESULTS AND DISCUSSION

The data obtained from the financial reports were then inputted into Microsoft excel which was then analyzed using the SPSS version 24.0 assistance program. the results obtained are as follows:

Parasarat Test.

a. Normality test.

The normality test is intended to determine whether the data is normally distributed or not, the technique used is the One-Sample Kolmogorov-Smirnov Test, along with the SPSS output results.

Table 2. Output of Normality Test results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residuals
N		30
Normal Parameters, b	Means	,0000000
	std. Deviation	1.55792568
Most Extreme Differences	absolute	,118

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	Positive	,118
	Negative	-.071
Kolmogorov-Smirnov Z		,647
asyp. Sig. (2-tailed)		,797

a. Test distribution is Normal.
b. Calculated from data.

Based on the data above, it can be seen that the Asymp. Sig. (2-tailed) obtained is 0.797, this value is greater than the standard significant value of 0.05, so it can be concluded that the data obtained has been normally distributed.

b. Multicollinearity Test.

To see whether or not multicollinearity exists in the regression model, it can be seen from the tolerance value and its opposite Variance Inflation Factor (VIF). Where if the VIF value ≤ 10 and the tolerance value ≥ 0.1 , then multicollinearity occurs. And if VIF < 10 and tolerance value > 0.1 , then multicollinearity does not occur. The following is the SPSS output:

Table 3. Output of Multicollinearity Test results

Model	Coefficients ^a		Collinearity Statistics	
			tolerance	VIF
	(Constant)			
1	Corporate Social Responsibility	,962	1,040	
	Good Corporate Governance	,962	1,040	

a. Dependent Variable: Company Value

All independent variables have a tolerance value of $0.962 > 0.1$ and $VIF < 10$, which is 1.040 so that it can be concluded that there is no multicollinearity.

c. Heteroscedasticity Test.

A good regression model should not have heteroscedasticity. The basis for decision making on the Heteroscedasticity test is:

1. If the significant value is greater than 0.05, it means that heteroscedasticity does not occur
2. If the significant value is less than 0.05, it means that there is heteroscedasticity

The following is the result of the SPSS output:

Table 4. Output of Heteroscedasticity Test results

Model	Coefficients ^a				Sig.
	Unstandardized Coefficients		Standardized t Coefficients		
	B	std. Error	Betas		
	(Constant)	,621	,757	,820	,419
1	Corporate Social Responsibility	-.871	2,280	-.073	,705
	Good Corporate Governance	,069	,059	,224	1.171

a. Dependent Variables: RES2

From the output it can be seen that each significant value in the sig. has a value of 0.705 and 0.252 where this value is greater than 0.05. So it can be concluded that all variables do not occur heteroscedasticity.

Descriptive Statistical Analysis

Decomposition of descriptive statistical data displays details about the lowest value, highest value, average, and the size of variation of the data used without intending to make conclusions. This aims to make the data presented easier to understand and provide useful information for the reader. The following is a description in the table below:

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Table 5. Descriptive output results

Descriptive Statistics					
	N	Minimum	Maximum	Means	std. Deviation
Corporate Social Responsibility	30	,10	,41	,2243	.08439
Good Corporate Governance	30	5.00	17.00	10.8667	3.28773
The value of the company	30	-1.68	6.50	2.0343	2.00233
Valid N (listwise)	30				

From the table above it can be seen that the lowest minimum value is the company value of -1.68% and the highest value is the Good Corporate Governance value with a value of 17.00%.

Inferential Statistical Analysis

The inferential statistical analysis used in this study is multiple linear regression, where multiple linear regression analysis is used to see the role of the Corporate social responsibility (X1) and Good Corporate Governance (X2) variables in increasing the firm value variable (Y). To analyze these equations, SPSS assistance is used, with the following output:

Table 6. Output of Regression results

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	std. Error	Betas			
(Constant)	,711	1.203			,592	,559
1 Corporate Social Responsibility	-10,269	3,623	-,433		-2,834	,009
Good Corporate Governance	,334	,093	,548		3,589	,001

a. Dependent Variable: Company Value

From the coefficient values above, the regression equation is obtained as follows:

$$Y = 0.711 - 10.269X_1 + 0.334X_2$$

From the results of the multiple regression equation above, it can be concluded:

- Constant of 0.711 indicates that if there are no independent variables ($X_1 = 0$ and $X_2 = 0$) then the firm value is 0.711
- b1 as big as -10.269 indicates that every 1% increase in the number of Corporate Social Responsibility Disclosures will be followed by an increase in Company Value of -10.269 assuming other variables are constant.
- b2 of 0.334 indicates that every 1% increase in the Proportion of Good Corporate Governance will be followed by an increase in Corporate Value of 0.334 assuming other variables remain constant.

Hypothesis Test Results

a. Determination Coefficient Test

The coefficient of determination (R²) aims to measure the extent to which the model's ability to explain the variation in the dependent variable. The value of the coefficient of determination ranges between 0 and 1. The smaller the value of the coefficient of determination (closer to zero) means the limited ability of the independent variable to explain the variation in the dependent variable. The coefficient of determination is said to be strong if the value is greater than 0.5. Following is the SPSS output:

Table 7. Determination test output

Summary model b				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	,628a	,395	,350	1.61460

a. Predictors: (Constant), Good Corporate Governance, Corporate Social Responsibility

b. Dependent Variable: Company Value

From this output the value obtained is 0.395 or 39.5%, this indicates that the Corporate Social Responsibility and Good Corporate Governance variables are able to play a role of 39.5% in increasing the firm value variable, 60.5% is influenced by other factors not examined.

b. F-test (Simultaneous)

The simultaneous test shows how the independent variables, namely Corporate Social Responsibility (X1) and Good Corporate Governance (X2) together (simultaneously) influence the Company Value (Y). on the basis of decision making if F-count > F-table: then Ha is accepted and Ho is rejected. The following is the output of the SPSS results:

Table.8 Simultaneous test output

ANOVAa						
	Model	Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	45,883	2	22,942	8,800	,001b
	residual	70,387	27	2,607		
	Total	116,270	29			

a. Dependent Variable: Company Value

b. Predictors: (Constant), Good Corporate Governance, Corporate Social Responsibility

Based on the data in the table (Anova), where the calculated F-value is 8,800 and from the F-table at the 95% confidence level and degrees of freedom (2:27) obtained from (df1 = k - 1 and df2 = n - k) (df1 = 3 - 1 = 2 and df2 = 30 - 3 = 27) then the value of F-table = 3.354 is obtained. Therefore the F-count is 8.800 greater than the F-table value of 3.354. then with a degree of error of 5% (a = 0.05) Ha is accepted and Ho is rejected, meaning that with a confidence level of 95% it can be said that Corporate Social Responsibility and Good Corporate Governance together have a significant role in increasing company value

c. t-test (Partial)

Partial test (t-test) shows how the influence of each independent variable, namely Corporate Social Responsibility and Good Corporate Governance on the dependent variable, namely Corporate Value. If the t-count > t-table and the significance value is less than 0.05 or 5% then the hypothesis is accepted and declared significant. Meanwhile, if the t-test < t-table and the significance value is greater than 0.05 or 5%, the hypothesis is rejected and declared insignificant. The following is the output of the SPSS results:

Table 9. Partial test output

Coefficientsa					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error			
(Constant)	,711	1.203		,592	,559
1 Corporate Social Responsibility	-10,269	3,623	-,433	-2,834	,009
Good Corporate Governance	,334	,093	,548	3,589	,001

a. Dependent Variable: Company Value

Based on the table above it can be concluded that:

a. The Corporate Social Responsibility variable partially has a significant role in increasing company value

From the results of calculating the partial regression coefficient, the t-test value is 2.834 and a significant value is 0.009 which is less than 0.05. Thus, at a confidence level of 95% it can be said that Corporate Social Responsibility has a positive role in increasing Company Value.

b. Variable Good Corporate Governance partially has a significant role in increasing company value

From the partial calculation of the regression coefficient, the t-count value is 3.589 and a significant value is 0.001, which is less than 0.05. Thus, at the 95% level of confidence it can be said that Good Corporate Governance has a positive role in increasing corporate value

3.4 Discussion

a. Role Corporate Social Responsibility in increasing company value.

The results of this study indicate that Corporate Social Responsibility has a role in increasing company value. It can be seen from the regression coefficient of -2.834 and the significance (0.009) is greater than the required significant level of 5% (0.05).

This is because companies that carry out activities and disclose Corporate Social Responsibility are better known by the public as companies that care about the environment, and can increase product sales followed by an increase in stock prices which are nothing but a reflection of the company's value.

The results of this study are in line with research[4] with the research title "The effect of corporate social responsibility and good corporate governance mechanisms on firm value" found that CSR in the companies he studied also had a significant effect on firm value.

b. The role of Good Corporate Governance in increasing Company Value

The results of this study indicate that Good Corporate Governance has a role in increasing corporate value as seen from the regression coefficient of 3.589 and it is significant as seen from the significance (0.001) which is smaller than the required significance level of 5% (0.05).

Good Corporate Governance which in this study consists of a board of commissioners, independent commissioners, and a board of directors, have a role in increasing company value because, good corporate governance reflects policies, provides accurate information and company decision making does not only favor company profits, but also shareholders. That way shareholders and potential investors are interested in investing in the company. The results of this study are in line with research[10] with the title "the effect of implementing good corporate governance on the value of companies listed on the IDX" where the results of his research found that GCG has a significant effect on company value.

c. The role of Corporate Social Responsibility and Good Corporate Governance in increasing Company Value

The results of the study show that Corporate Social Responsibility and Good Corporate Governance together have a role in increasing corporate value. It can be seen that the f-count is 8,800, which is greater than the f-table, which is 3,354. It was concluded that Corporate Social Responsibility and Good Corporate Governance jointly or simultaneously affect the Company Value of Mining Companies listed on the Indonesia Stock Exchange.

By implementing Corporate Social Responsibility, the company will gain the trust of the community so that the existence and operation of the company will provide more benefits to the environment in which the company is located. Likewise with Good Corporate Governance, with the company implementing corporate governance, it will increase the value of the company in the eyes of shareholders and potential investors, because the company will pay attention to shareholders and even minority shareholders to involve themselves in making company decisions and policies, so that this does not happen. abuse of power that is concerned only with corporate profits.

The results of this study are different from the results of the study[11] with the title The Influence of Good Corporate Governance and Disclosure of Corporate Social Responsibility on Real Estate and Property Company Value on the IDX 2011-2013, which in his research Good Corporate Governance and Disclosure of Corporate Social Responsibility either partially or simultaneously have no effect on Company Value.

4. CONCLUSION

Based on the results of this study, it can be concluded that all independent variables have a positive role in increasing the dependent variable, namely Corporate Social Responsibility has a partial and significant role in increasing company value, Good Corporate Governance has a partial and significant role in increasing corporate value and corporate social. Responsibility and Good Corporate Governance have a simultaneous and significant role in increasing Company Value.

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