

Influence of Profitability, Leverage and Managerial Ownership on Firm Value with Corporate Social Responsibility as Moderation Variable

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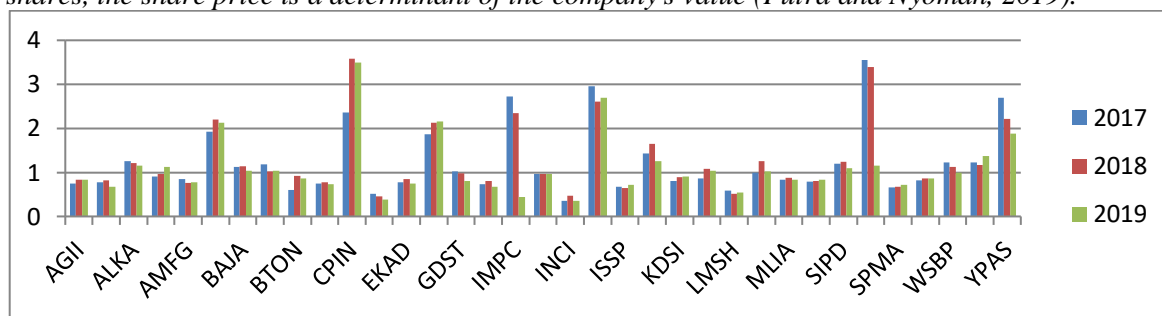
Abstrak – This study aims to analyze the effect of profitability, leverage and managerial ownership on firm value with Corporate Social Responsibility (CSR) as a moderating variable in basic industrial and chemical sector companies listed on the IDX. This research is a type of secondary data quantitative research in the form of panel data. The population used in this research is the basic industrial sector companies and chemicals listed on the IDX for the period 2017 to 2019. There are approximately 75 companies. The sample model in this study used purposive sampling with the aim of obtaining samples that match the predetermined criteria, there were 35 companies so the total observations in this study were 105 observations. The data obtained is processed using the Eviews 11 version analysis . The data were analyzed using descriptive statistical tests, classical assumption tests, multiple linear regression tests and MRA tests. The regression test results show that profitability has no effect on firm value while leverage and managerial ownership have a negative effect on firm value. Corporate social responsibility (CSR) is unable to moderate the relationship between profitability and managerial ownership variables on firm value, while Corporate Social Responsibility (CSR) is able to moderate the relationship between leverage and firm value.

Keywords: Profitability, Leverage, Managerial Ownership , Firm Value, Corporate Social Responsibility (CSR).

I. INTRODUCTION

The progress of the times from year to year is getting more sophisticated and this requires everyone to be able to adjust themselves, especially the development of information so that it is always up to date, as well as developments in the business world that make a company have to be able to produce a firm value that can be viewed well by stakeholders. Financial information is important information for external parties to assess how the company is performing in a certain period. Firm value is usually associated with a stable and increasing share price.

Firm value is important for investors because firm value is one of the market indicators to assess the success of a company so that if the firm value is high it can provide prosperity for stakeholders (Ni Made Laksmi, 2019). The firm value is a reflection of the price that potential buyers are willing to pay when the company is sold, if the company makes a public offering of shares, the share price is a determinant of the company's value (Putra and Nyoman, 2019).



Graph 1: Firm Value

The table above is a table of firm values processed based on Tobin's Q . The table illustrates that each company has different firm values from 2017 to 2019. Some companies in the basic industry and chemical sector still have a firm value below 1, meaning that the market assesses The company's performance is not good so that the firm value is below its book value, but there are also companies with a firm value above 1, meaning that the market assesses the company's performance as good and can provide a firm value of 2 times, even 3 times higher than its book value.

Financial performance in the form of profitability proxied by the Return on Equity Ratio (ROE) and leverage proxied by the Debt to Equity Ratio (DER) is used as a variable measuring its influence on firm value, but supervision of a manager is also needed in managing the company. The basic industrial sector and chemical companies are companies whose production activities cause chemical waste which is quite dangerous to the surrounding environment so that it requires corporate social responsibility for the surrounding environment which is listed in the annual report in the form of Corporate Social Responsibility (CSR). In this study, CSR is used as a moderating variable in strengthening or weakening the relationship between ROE, DER, and managerial ownership on firm value.

II. Theoretical basis

1. Signaling Theory

Signal theory was first introduced by Spence in 1973 in his research entitled Job Market Signaling. He argued that the signal or cue given was a piece of information that was expected to provide benefits to the recipient (Nursanita et al., 2019). This signal can be a sign given to investors by the company to reduce information asymmetry that occurs between the company and investors. Profitability information can also be a signal for prospective or investors because profitability describes the company's ability to earn profits, high profits will be a positive signal because dividends to investors depend on the profit generated.

2. Trade off Theory

Trade off theory is often referred to as exchange theory, where companies try to balance profits by utilizing debt financing. This exchange theory says that a company that has a good level of debt contained in its capital structure means that if the company has debt it will incur interest so that it will reduce the tax on total income. The reduced tax will increase the value of the company and the profits from company income can be used as an investment in the future or give dividends to shareholders (Nauval, 2018). Trade off theory assumes that the company will take advantage of debt to a certain point in order to maximize firm value by utilizing taxes due to the use of debt. The optimal point in the trade off theory is when the benefits of debt are greater than the sacrifices given so that it can increase the value of the company (Vivi and Vinola, 2019).

3. Agency Theory

Agency theory has a relationship between shareholders as principal and management as an agent. Management as the party given the responsibility to work by the shareholders so that all management must be able to account for their work to the shareholders. An increase in share ownership by management can reduce agency costs because share ownership can unify the goals of managers and shareholders, namely increasing firm value. The management who has extensive information while the shareholders have the advantage of power, both have personal interests.

One of the things that usually occurs from this difference in interest is that the distribution of dividends to shareholders is low due to the game factor played by the agent (management), so that agency problems arise. Managers prioritize personal interests over the interests of shareholders (Nursanita et al., 2019). Management and shareholders in maximizing prosperity have goals for themselves so that there is a possibility that decisions made by management are not always in accordance with the interests of shareholders so that controllers are needed to equalize the differences between managers and shareholders, one of the controllers in question is to provide opportunities for managers to owning shares so that the interests between managers and shareholders are the same (Ulfa and Nadia, 2017).

4. Managerial Ownership

Managerial ownership is the management that actively participates in decision making for the company (commissioners, directors and managers) and is given the opportunity to own company shares (shareholders). An increase in managerial ownership can create equal interests between shareholders and managers so that managers can act according to the wishes of shareholders because managers are also one of the shareholders (Nursanita et al., 2019). Managerial ownership can be measured by a formula:

$$\text{Managerial Ownership} = \frac{\text{Total Managerial Ownership}}{\text{Total Outstanding shares}} \times 100\%$$

5. Firm Value

Firm value is the share price in the stock market that investors pay to become shareholders (Vivi and Viola, 2019). The firm value is related to the stock price where if the stock price is good then the firm value is also good. Market conditions will believe that companies that have good value will have good future prospects. The development of company performance can also determine the value of the company apart from the stock price. The company's financial performance is in the form of financial information

provided by the company for analysis by investors and potential investors. Usually the analysis carried out by investors is based on financial ratios such as leverage, liquidity, probability and other bases that can be used as a consideration in investing. In measuring firm value, it can be done with Tobin's Q formula as follows.

$$\text{Tobin's } Q = \frac{\text{MVE} + \text{DEBT}}{\text{TA}}$$

Note:

MVE : Price of end shares year x outstanding shares

DEBT : Total Off Debt Company

TA : The total value of assets in the financial statements

6. Profitability

Profitability is the profit that the company has achieved during a certain period. The profitability ratio is used to assess how much return on investment will be received by investors. The profitability ratio provides an overview and measures the level of the company's ability to make a profit by utilizing company resources such as capital, assets or company sales. This study uses Return on Equity (ROE) as an independent variable, Return on Equity (ROE) is a ratio that assesses the company's ability to generate profits through the company's capital. For investors, this ratio is important because it is closely related to the investment made. You can calculate ROE using a formula:

$$\text{ROE} = \frac{\text{Earning After Taxes}}{\text{Total Equity}}$$

7. Corporate Social Responsibility (CSR)

CSR has been known since 1970, which reveals that the company's responsibility is not only to shareholders but also to stakeholders. These stakeholders consist of the public, suppliers, employees, customers and competitors. Previously, CSR was a voluntary action by companies, but now it has become mandatory based on law number 40 of 2007. Assessment of CSR disclosure requires an indicator commonly known as the Global Reporting Initiative (GRI). GRI was formed by a non-profit organization from the United States (USA). There are 91 indicators in CSR disclosure according to GRI G4 (Global Reporting Initiative) which are divided into 3 categories, namely environmental, social and economic. CSR can be calculated using the formula :

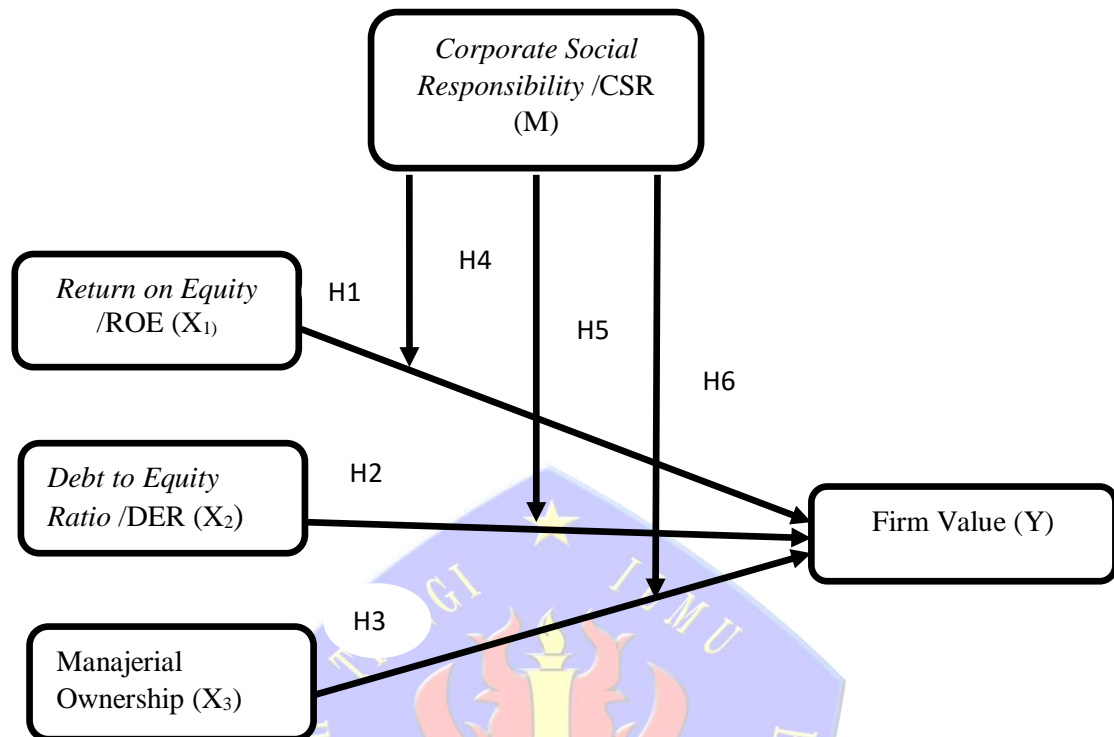
$$\text{CSR}_{ij} = \frac{\sum X_{ij}}{N_j}$$

8. Leverage

The leverage ratio is a ratio that measures the level of company spending by using debt (I Made Sudana, 2015). This study uses DER as an independent variable. DER is a ratio that measures funds originating from debt to finance company equity. This ratio is getting bigger, indicating that the portion of debt use in the company's equity financing is getting bigger so that the financial ratio will increase. This study uses DER as an independent variable. DER is a ratio that measures funds originating from debt to finance company equity. This ratio is getting bigger, indicating that the portion of debt use in the company's equity financing is getting bigger so that the financial ratio will increase. Calculating DER can use the formula:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Conceptual Framework



Hypothesis Development

- H1 : Return On Equity (ROE) has an affects firm value.*
- H2 : Debt to Equity Ratio (DER) has an affects firm value.*
- H3 : Manajerial ownership has an affects firm value*
- H4 : Corporate Social Responsibility (CSR) can moderate the effect of Return On Equity (ROE) on firm value.*
- H5 : Corporate Social Responsibility (CSR) can moderate the effect of the Debt to Equity Ratio (DER) on firm value .*
- H6 : Corporate Social Responsibility (CSR) can moderate the effect of managerial ownership on firm value.*

III. Research Methods

This study uses an associative research strategy with the aim of knowing the relationship of two or more variables (Sugiono, 2017: 37). The approach used in this research is a quantitative approach.

Population and Sample

The population used in this study is the basic industry and chemical sectors listed on the Indonesia Stock Exchange in 2017-2019. The population in this study were 75 (seventy five) companies. The sample collection uses purposive sampling method, which is a sampling technique based on certain considerations and criteria.

Table 1: Sample selection procedure

<i>No</i>	<i>Criteria</i>	<i>Total</i>
1	<i>Basic industrial and chemical companies listed on the Indonesia Stock Exchange for the 2017-2019 period.</i>	75
2	<i>Basic industrial sector companies and chemicals that do not have the complete information needed by researchers.</i>	(28)
3	<i>Basic industrial sector companies and chemicals that are not listed consecutively from 2017 to 2019 on the Indonesia Stock Exchange.</i>	(12)
	<i>The number of sample companies studied</i>	35
	<i>Years of Research</i>	3
	<i>Total of sample research</i>	105

Operationalization of Variables

Table 2: Operationalization of Variables

<i>No</i>	<i>Variabels</i>	<i>Measurement</i>	<i>Scale</i>
1	<i>Profitability (X₁)</i>	$ROE = \frac{\text{Earning After Taxes}}{\text{Total Equity}}$	<i>Ratio</i>
2	<i>Leverage (X₂)</i>	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$	<i>Ratio</i>
3	<i>Manajerial Ownership (X₃)</i>	$KM = \frac{\text{Total Ownership}}{\text{Total Outstanding shares}} \times 100\%$	<i>Ratio</i>
4	<i>Firm Value (Y)</i>	$\text{Tobin's } Q = \frac{\text{MVE} + \text{DEBT}}{\text{TA}}$	<i>Ratio</i>
5	<i>CSR (Z)</i>	<i>Total CSR/91</i>	<i>Ratio</i>

IV. Discussion

Descriptive statistics

Based on descriptive statistical testing, it can be seen the calculation results from the minimum, maximum, average and standard deviation values. The minimum value is the lowest value of each variable, while the maximum value is the highest value of each variable. The average value is used to determine the average value of each variable and the standard deviation is the distribution of data used in the study.

Table 3: Descriptive statistical

	<i>NP</i>	<i>ROE</i>	<i>DER</i>	<i>KM</i>	<i>CSR</i>
<i>Mean</i>	1.193619	0.075885	0.938987	0.142893	0.194952

<i>Median</i>	0.970000	0.066100	0.985300	0.045700	0.160000
<i>Maximum</i>	3.580000	0.258000	1.960000	0.894400	0.510000
<i>Minimum</i>	0.360000	0.000100	0.102800	0.000000	0.030000
<i>Std. Dev.</i>	0.731759	0.063099	0.556623	0.244236	0.111365
<i>Observations</i>	105	105	105	105	105

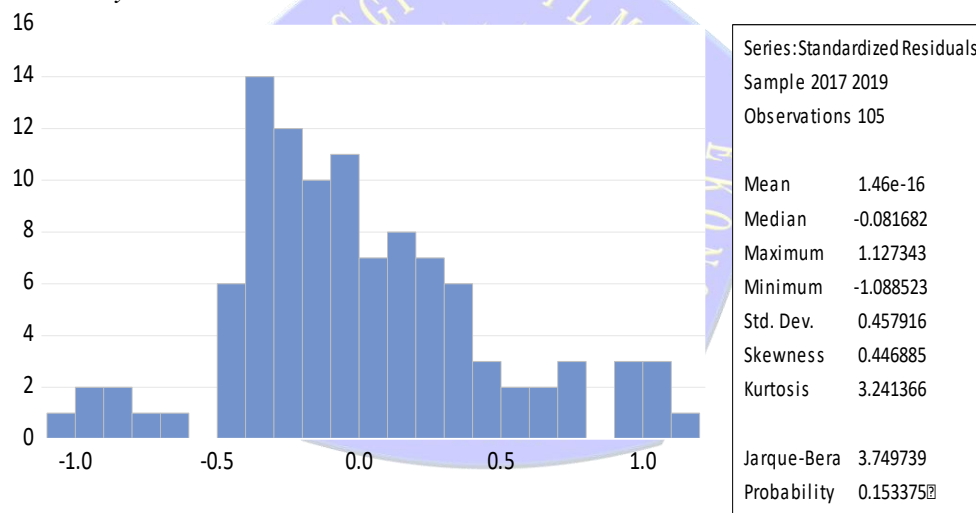
Source: Eviews (2020) processed data

In the table, it can be seen that the average value of the NP, ROE, DER and CSR variables is greater than the standard deviation, meaning that the data is distributed well, while the KM variable has an average value smaller than the standard deviation, meaning that the data is not well distributed.

Classic assumption test

1. Normality Test

The normality test is used to test whether the regression model and the dependent and independent variable data used are normally distributed or not. Good data is data that is normally distributed.



Graph 2: Normality Test

In the graph above the probability value is $0.153375 > 0.05$, so it can be concluded that the research data is normally distributed.

2. Multicollinearity Test

Multicollinearity test is used to determine whether there is a close correlation between the independent variables. This study uses more than 1 independent variable, so a multicollinearity test is needed. The correlation coefficient (R^2) < 0.80 means the independent variable is free from multicollinearity and vice versa if the correlation coefficient (R^2) > 0.80 .

Table 4. Multicollinearity test

	<i>NP</i>	<i>ROE</i>	<i>DER</i>	<i>KM</i>
<i>NP</i>	1.000000	0.307600	-0.10572	-0.19894

ROE	0.307600	1.000000	0.067210	-0.21843
DER	-0.10572	0.067210	1.000000	-0.42124
KM	-0.19894	-0.21843	-0.42124	1.000000

Source: Eviews (2020) processed data

From table 4 it is known that the value of the correlation coefficient (R2) in each variable has a value below 0.80 which means $R^2 < 0.80$ so that it can be concluded that the independent variable is free from multicollinearity.

3. Heterocedaticity Test

The heteroscedasticity test is used to test whether there is an inequality of the variance of the residuals between observations. A good regression is a regression that is homoscedasticity (fixed residual value). This test uses the Glesjer test with the condition that the probability value > 0.05 is homocedaticity, whereas if the probability value is < 0.05 , there is a heteroscedasticity problem.

Tabel 5: Uji Heterokedastisitas

Variable	Prob.
C	0.0001
ROE	0.2191
DER	0.1017
KM	0.1176

Source: Eviews (2020) processed data

In the table above, it is known that the probability value of ROE, DER and KM > 0.05 , with the conclusion that there is no heteroscedasticity problem.

4. Autocorrelation Test

The autocorrelation test is used to test the relationship between members of a series of observations arranged in a cross section and time series. This study uses the Durbin Watson table in the autocorrelation assessment.

Table 6: autocorrelation test

Durbin-Watson stat	1.883486	Prob(F-statistic)	0.000072
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Source: Eviews (2020) processed data

From the research results above, it is known that the DW value is 1.883486. The number of samples in this study were 105 (n) with 3 (k = 3) independent variables. In the Durbin Watson table, it is known that the value $4 - dL = 4 - 1.6237 = 2.3763$ and the value $4 - du = 4 - 1.7411 = 2.2589$ so that $dU < DW < 4 - Du$. The conclusion is that in this study there are no autocorrelation symptoms.

Model Selection

1. Chow Test

The chow test is used to select a model that is better used between the Common Effects Model (CEM) and the Fixed Effects Model (FEM), after the regression results from the Common Effects Model (CEM) and Fixed Effects Model (FEM) are known, the Chow test is carried out with a likelihood ratio. .

Table 7: Chow Test Results

<i>Effects Test</i>	<i>Statistic</i>	<i>d.f.</i>	<i>Prob.</i>
<i>Cross-section F</i>	8.43377	(34,66)	0.0000
<i>Cross-section Chi-square</i>	175.990466	34	0.0000

Source: Eviews (2020) processed data

Based on table 7 above, it can be seen that the chi-square cross-section is 175.990466 with a probability value of 0.0000 < 0.05, so it can be concluded that the correct regression model to use is the Fixed Effect Model (FEM).

2. Hausman Test

The Hausman test is used to determine which model is better used between the Fixed Effects Model (FEM) and the Random Effects Model (REM), after the regression results of the Fixed Effects Model (FEM) and Random Effects Model (REM) are known, the Hausman test is performed.

Table 8: Hausman Test

<i>Test Summary</i>	<i>Chi-Sq. Statistic</i>	<i>Chi-Sq. d.f.</i>	<i>Prob.</i>
<i>Cross-section random</i>	6.051539	4	0.1953

Source: Eviews (2020) processed data

Based on table 8 above, it is known that the random cross-section value is 6.051539 with a probability value of 0.1953 > 0.05, so the conclusion is that the Random Effects Model (REM) model is more appropriate.

3. Lagrange Multiplier (LM) Test

This test is done when the Chow and Hausman tests produce different models.

Table 9: Lagrange Multiplier (LM) test

	<i>Cross-section</i>	<i>Time</i>	<i>Both</i>
<i>Breusch-Pagan</i>	48.12136	0.355247	48.47661
	0.0000	-0.5512	0

Source: Eviews (2020) processed data

From table 9 above, it is known that the Breusch-Pagan value is 48.12136 with a probability value of 0.0000 < 0.05, so it can be concluded that the model used is the Random Effect Model (REM). The three tests that have been carried out to estimate panel data can be seen that when the chow test is carried out between CEM and FEM, it shows a good result is FEM, then the hausman test conducted between FEM and REM shows a good result is REM, because both tests get results different, so that the LM test is needed to test between REM and CEM so that the final result shows that REM is the best model.

Moderated Regretion Analysis (MRA)

The Moderated Regretion Analysis (MRA) test is used to determine whether the moderating variable can strengthen or weaken the relationship between the independent variable and the dependent variable (Ghozali, 2016).

Table 10: Regression without moderating variables

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
<i>C</i>	2.685445	0.801124	3.352099	0.0011
<i>ROE</i>	0.013849	0.033998	0.40734	0.6846
<i>DER</i>	-0.298983	0.138983	-2.151212	0.0339
<i>KM</i>	-2.013371	0.96559	-2.08512	0.0396
<i>Mean dependent var</i>	0.402191	<i>Adjusted R-squared</i>		0.033915

Source: Eviews (2020) processed data

The *t* test is conducted to measure the significant level of the independent variable affecting the dependent variable individually. In the table above the partial test without moderation yields:

1) *ROE to firm value*

The coefficient on the *ROE* variable is 0.013849 with a probability value of 0.6846 > 0.05, it can be concluded that the *ROE* variable has no effect on firm value.

2) *DER to firm value*

The coefficient on the *DER* variable is -0.298983 with a probability value of 0.0339 < 0.05, it can be concluded that the *DER* variable has an effect on firm value.

3) *Managerial ownership of firm value*

The coefficient on the managerial ownership variable is -2.013371 with a probability value of 0.0396 < 0.05, it can be concluded that the managerial ownership variable affects firm value.

Table 11: Moderated Regretion Analysis (MRA)

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
<i>CSR</i>	6.613386	5.212309	1.268802	0.2075
<i>ROE*CSR</i>	-0.270139	0.190492	-1.418107	0.1594
<i>DER*CSR</i>	-1.230778	0.599017	-2.054662	0.0426
<i>KM*CSR</i>	-9.69955	7.143505	-1.357814	0.1777
<i>Root MSE</i>	0.373707	<i>R-squared</i>		0.18984
<i>Mean dependent var</i>	0.540233	<i>Adjusted R-squared</i>		0.131374
<i>Durbin-Watson stat</i>	1.307476	<i>Prob(F-statistic)</i>		0.003869

Source: Eviews (2020) processed data

In the table above the partial test with moderation yields:

1) *ROE is moderated by CSR*

The coefficient on the *ROE* variable is moderated by *CSR* of -0.270139 with a probability value of 0.1594 > 0.05, it can be concluded that *CSR* cannot moderate the effect of *ROE* on firm value

2) *DER is moderated by CSR*

The coefficient on the *DER* variable is moderated by *CSR* at -1.230778 with a probability value of 0.0426 < 0.05, it can be concluded that *CSR* can moderate the effect of *DER* on firm value.

3) *Managerial ownership is moderated by CSR*

The coefficient on the managerial ownership variable is moderated by *CSR* of -9.699550 with a probability value of 0.1777 > 0.05, it can be concluded that *CSR* cannot moderate the effect of managerial ownership on firm value.

Coefficient of Determination (R²)

The coefficient of determination (R²) is used to explain how much the independent variable affects the independent variable. The adjusted R² value is at a value of 0 to 1, meaning that the closer to the value 1, the closer the relationship between the independent variable to the dependent variable is. Based on table 4.16, it is known that the value of the coefficient of determination on the adjusted R-Squared is 0.131374 or 13.1374%, meaning that the independent variable can affect 13.1374% of the firm value while 86.8626% of the firm value is influenced by other variables outside the model studied.

Findings and Research Results

Effect of Return on Equity Ratio (ROE) on firm value

Based on the results of testing the ROE hypothesis on firm value in basic industrial and chemical sector companies listed on the Indonesia Stock Exchange, it produces a probability value of $0.6846 > 0.05$ with the ROE variable coefficient of 0.013849, meaning that the ROE variable has no effect on firm value so that H_0 is accepted and H_a is rejected. . In theory, ROE is the use of capital to generate profits, but the resulting profit cannot fully be used as dividend distribution, but can also be used as retained earnings so that it cannot increase firm value. The results of this study are supported by previous researchers such as Nauval (2018) who said that profitability proxied by ROE cannot affect firm value, and Vivi and Vinola's research (2019) also said that ROE has no effect on firm value because investors think that with earnings management , can make profits look bigger so that investors do not only see information from the probability ratio in making investment decisions.

Effect of Debt On Equity Ratio (DER) on firm value

Based on the results of testing the DER hypothesis on firm value in basic industrial and chemical sector companies listed on the Indonesia Stock Exchange, it produces a probability value of $0.0339 < 0.05$ with the DER variable coefficient of -0.298983 meaning that the DER variable can affect firm value but is negative, so that H_0 was rejected and H_a accepted. An increase in debt will reduce the value of the company because the burden borne by the company is also getting bigger, this shows that a high DER also has a risk of company bankruptcy. Signaling Theory states that the company's debt ratio is a positive signal as well as a negative signal, but in this study DER is a negative signal so that investors will think that it is risky when investors buy shares in companies with high debt levels so they are reluctant to buy their shares.

The results of this study are in line with previous researchers such as the research of Ida Ayu and Gusti (2019) which said that when debt increases it can be interpreted as a company's future obligations also increase, this increase in liabilities provides high business risk so that the market views companies with high debt negatively. This is in line with Putra and Budiasih's (2017) research which states that the higher the company's debt, the higher the chance for the company to go bankrupt.

The effect of managerial ownership on firm value

Based on the results of testing the hypothesis of managerial ownership on firm value in basic and chemical industrial sector companies listed on the Indonesia Stock Exchange, it produces a probability value of $0.0396 < 0.05$ with the managerial ownership variable coefficient of -2.013371 meaning that the managerial ownership variable has an effect on firm value but with a relationship negative, so that H_0 is rejected and H_a is accepted, with increasing managerial ownership will reduce firm value. The increase in shares owned by management makes management act in accordance with its decision for the welfare of management alone without paying attention to share ownership outside management, this can cause differences in perceptions

between management and company owners so that it can reduce the value of the company (I Dewa and Gusti, 2016). Previous research by M. Ryan (2017) also obtained the same results where management as a shareholder still has personal interests that are prioritized compared to efforts to improve performance that can increase firm value, the greater the shares owned by management will provide management control of vote. in protecting his position.

The effect of Return on Equity Ratio (ROE) on firm value is moderated by CSR

Based on the results of testing the Return on Equity ratio (ROE) hypothesis on corporate value with CSR moderation in basic and chemical industry sector companies listed on the Indonesia Stock Exchange, it produces a probability value of $0.1594 > 0.05$ with a coefficient of -0.270139 meaning that CSR cannot moderate the effect. ROE on firm value so that H_0 is accepted and H_a is rejected. CSR is a social action that is required for companies in accordance with the laws and regulations, if the company does not carry out CSR, the company will be subject to sanctions in accordance with the laws and regulations. This regulation makes the assumption for investors that all companies that are directly related to the environment will take CSR actions so that CSR disclosure is not a reason for investors to invest. The results of this study are in line with research conducted by Hafidah and Anang (2017) and I Dewa (2016) who say that CSR is not a moderating variable for the relationship between ROE and firm value because how much CSR disclosure will not affect the relationship between ROE and firm value because the company does not need to wait for an increase in profitability to disclose CSR because basically CSR is a company obligation.

Effect of Debt to Equity Ratio (DER) on firm value with CSR moderation

Based on the results of testing the Debt to Equity Ratio hypothesis to corporate value with CSR moderation in basic industrial and chemical sector companies listed on the Indonesia Stock Exchange, it produces a probability value of $0.0426 < 0.05$ with a coefficient of -1.230778 meaning that CSR can moderate the effect of DER on firm value, towards a negative relationship so that H_0 is rejected and H_a is accepted. Supported by agency theory where the level of DER has a negative effect on firm value because when DER is high, management will tend to reduce CSR disclosure so that it does not become the spotlight of investors, increasing debt along with increased spending on CSR can give negative signals to investors who think that too much the high risk in investing in companies that have high debt and high CSR financing. Ni Made and Gusti (2017) say that a high increase in debt and high CSR disclosure will reduce the competitiveness of the company so that it has an impact on firm value. This research is supported by the research of Ida Ayu and Gusti (2019) and Laksmi and Dharma (2019) who say that CSR can moderate the effect of DER on firm value.

The effect of managerial ownership on firm value is moderated by CSR

Based on the results of testing the hypothesis of managerial ownership on corporate value with CSR moderation in basic and chemical industry sector companies listed on the Indonesia Stock Exchange, it produces a probability value of $0.1777 > 0.05$ with a coefficient of -9.699550 meaning that CSR cannot moderate the effect of managerial ownership on firm value. so that H_0 is accepted and H_a is rejected. Contrary to agency theory which says that with an increase in managerial ownership, managers will pay attention to firm value for a long period of time by disclosing CSR, but this study proves that CSR is not a factor that can moderate the relationship between managerial ownership and firm value.

The increase in shares owned by management can provide control of vote in decision making, one of which is the decision to carry out CSR in the hope that it can increase the hassle of the company, but investors think that CSR is a company obligation that must be done so that the CSR carried out by management is not a factor in investment decisions. . The results of this study are in line with

previous researchers such as research by M. Ryan (2017) which states that CSR cannot moderate the relationship between managerial ownership and firm value because CSR has become an obligation for companies. Managers as shareholders cannot increase the value of the company by simply disclosing CSR.

Conclusion

Based on the results of the analysis and discussion that has been carried out in the previous chapter, the conclusions from the research results are as follows:

- 1) Partially, return on equity ratio (ROE) has no effect on firm value, meaning that if the return on equity ratio (ROE) increases or decreases, it does not have a direct effect on firm value.
- 2) Partially the debt on equity ratio (DER) has an influence on firm value but is negative towards firm value, meaning that when DER increases, firm value will decrease.
- 3) Partially, managerial ownership has an influence on firm value but it is negative, meaning that if the shares owned by the manager increases, it can make the manager the decision holder.
- 4) Partially CSR cannot moderate the effect of ROE on firm value, meaning that even though there is an increase in CSR disclosure and an increase in ROE it cannot help firm value.
- 5) Partially CSR can moderate the effect of DER on firm value but towards the negative, meaning that when high CSR disclosure is accompanied by an increase in debt it can reduce firm value.
- 6) Partially CSR cannot moderate managerial ownership of firm value, which means that even though CSR disclosure increases accompanied by an increase in managers as shareholders, it cannot increase firm value.

Research Limitations

Future researchers are expected to pay attention to the following points:

- 1) Researchers only use the annual report in compiling CSR data so that future researchers are expected not only to use the annual report as secondary data collection but also to use sustainability reports
- 2) In this study, using only 3 years of researchers, it takes a longer period of years to measure company performance.
- 3) This study only obtained the influence of 13.13% of the independent variables, so that further researchers can add external variables such as interest rates, inflation and other economic conditions.

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