THE EFFECT OF ROA, ROE, NPM AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON COMPANY VALUE BUMN IN THE INDONESIA STOCK EXCHANGE FOR 2017-2019

1st Tegar Santoso
Akuntansi
Sekolah Tinggi Ekonomi Indonesia
Jakarta, Indonesia
Tegarsantoso10@gmail.com;

Abstract - *This study aims to determine the effect of ROA, ROE, NPM and Disclosure of Corporate Social Responsibility on Company Value BUMN on the Indonesia Stock Exchange for the 2017-2019 Period.*

This study uses a quantitative approach. The population in this study used all state-owned companies listed on the IDX. The sample in this study was determined by a saturated sample of 20 companies for 3 years (2017-2020), so that the total data amounted to 60 samples. The analysis method used is panel data regression analysis. The data processing tool is Eviews 10 of 2017

Based on the research results show that: 1). The ROA variable has no significant effect in predicting firm value (PER). 2) ROE variable has no significant effect in predicting firm value (PER). 3) The NPM variable has no significant effect in predicting firm value (PER). 4) The CSR disclosure variable has a significant effect in predicting company value (PER)

Keywords: *Company Value, PER, ROE, ROE, NPM*

I. Preliminary

The Ministry of State-Owned Enterprises (BUMN) found allegations of misuse of funds from the Garuda Indonesia Partnership and Community Development Program (PKBL). PKBL is often referred to as the company's efforts to carry out corporate social responsibility (CSR). The allegation was obtained from proof of transfer. The transfer took place from PT Garuda Indonesia (Persero) Tbk to the Garuda Indonesia Cabin Crew Association (Ikagi). The fund is named as a form of Garuda Indonesia Partnership and Community Development Program (PKBL). The funds were sent from PT Bank Negara Indonesia (Persero) Tbk or BNI to the account of PT Bank Rakyat Indonesia (Persero) Tbk (BRI) on September 17, 2019. In written transaction evidence the purpose of sending funds for the 2019 Ikagi general election.

The BUMN Ministry also ordered Garuda Indonesia's commissioners to audit the use of PKBL or CSR funds that have been used by the company. If it is proven that there is misuse of funds, then there will be administrative sanctions that are ready to be given to Garuda Indonesia. With this incident, Arya stated that the government would check all the use of CSR or PKBL funds from state-owned companies. The BUMN Ministry will restructure the system to make it more transparent.

Companies are the backbone of a country's business economy. Every company, both engaged in trading and manufacturing, generally aims to make a profit. This is because profit is a condition for the company to continue to live and develop. When many companies become more and more developed, at that time social inequality and damage to the surrounding environment can also occur, therefore there is also awareness to reduce these negative impacts. Maximizing company value is very important for a company, because maximizing company value also means maximizing the prosperity of shareholders, which is the main goal of the company.

According to Zuredah (2012) the measurement of financial performance is one of the most important factors for the company, because this measurement is used as a basis for compiling a reward system within the company, which can influence decision-making behavior within the company and provide useful information in making important decisions regarding assets. which is used to make decisions that channel the interests of the company. In carrying out the company's operations, which are summarized in the balance sheet and the elements in the balance sheet are indicated by financial ratios. One of the financial ratios used as a measurement of financial performance is Return on Assets, Return on Equity and Net Profit Margin. Return on Asset is a ratio that compares net income before tax to determine the rate of return from the use of assets owned by the company.

According to Keown (2012), company value is the market value of outstanding debt securities and shareholder equity. The high share price makes the company value also high. A high company value will make the market believe not only in the company's current performance, but also in the company's future prospects. The company's financial performance is the result of many individual decisions made continuously by management. An assessment of a company's financial performance can be done by analyzing its financial statements. Financial reports provide a lot of information to shareholders and the general public about a company's business. Financial reports issued by a company must contain financial information that can be used to make decisions about the company. The parties that have an interest (stakeholders) in the financial information of an entity can generally be classified into two groups. The first is the internal parties of the company and the second is external parties such as creditors, investors, suppliers, government and society.

Besides emphasizing financial performance, companies are also required to implement Corporate Social Responsibility (CSR). Many private companies are now achieving a corporate goal by implementing Corporate Social Responsibility. Currently, Corporate Social Responsibility (CSR) is no longer a commitment made by companies in being responsible for their company's activities, but is mandatory or an obligation for several companies to carry out or implement them. This is regulated in Law Number 40 of 2007 concerning Limited Liability Companies (PT Law), which was passed on July 20, 2007. Article 74 of the Limited Liability Company Law states: "Companies that carry out their business activities in the field of or related to natural resources, must carry out Social and Environmental Responsibility. ”(Mardikanto, 2014).

Corporate Social Responsibility (CSR) is often considered the core of business ethics, which means that a company does not only have economic and legal obligations (meaning to shareholders or shareholders) but also obligations towards other interested parties (stakeholders). its reach exceeds the above obligations (economic and legal). CSR refers to all relationships that occur between a company and all stakeholders, including customers or customers, employees, communities, owners or investors, governments, suppliers and even competitors.

This research refers to research (Rimba, 2014) which previously examined the effect of corporate social responsibility on firm value in 2006 to 2008 and Using profitability as a moderating variable, the results show that profitability has a negative effect in increasing the extent of corporate social responsibility (CSR) disclosure to firm value. Other research results that show different results are those conducted by Antinie and Herry (2013) showing that CSR has a positive effect on company performance which in turn increases profits which will have an impact on company value in the eyes of shareholders.

Return on assets is the ratio used to measure the net profit obtained from the use of assets. In other words, the higher this ratio, the better the productivity of assets (Asset) in obtaining net benefits. The greater the ROA indicates that the profits / profits achieved by the company are getting bigger, so that it will attract investors to invest in the company. The increased demand for these shares will later be able to increase the company's share price in the market (Brighram 2010). Return on equity is the ratio to measure tax net income with own capital. This ratio represents a few percent of the net profit obtained when measured from own capital. The greater the ROE ratio, the better the condition of the company, so that it will increase investor confidence to invest (Lukman Syamsuddin 2010). Researchers chose ROA and ROE ratios as factors that affect stock prices, because ROA and ROE are ratios that represent the taking of all company activities and can influence stock prices.

II. Theoretical basis

2.1. Signaling Theory

Signaling Theory or signal theory was developed by (Ross, 1977), which states that company executives who have better information about their company will be encouraged to convey this information to potential investors so that the company's stock price increases. This is positive in signaling theory where companies that provide useful information good will distinguish them from companies that do not have "good news" by informing the market about their situation, signals about good future performance given by companies whose past financial performance is not good will not be trusted by the market (Wolk and Tearney in Dwiyanti, 2010). Managers are generally motivated to convey good information about their company to the public as quickly as possible, for example through press conferences. However, parties outside the company do not know the truth of the information submitted. A signal or signal is an action taken by company management that provides instructions for investors about how the future management of the company's prospects (Brigham and Ehrhardt: 2006)

Information in Signaling Theory:

a. Information Quality in Signal Theory

Information is an important element for investors and business people because information essentially provides information, notes or descriptions for the past, present and future conditions for the survival of a company and how the securities market is. Complete, relevant, accurate and timely information is needed by investors in the capital market as an analytical tool for making investment decisions. Information published as an announcement will provide a signal for investors in making investment decisions. If the announcement contains a positive value, it is expected that the market will react when the announcement is received by the market.

b. Signal Effects

Signaling theory explains why companies have the urge to provide financial statement information to external parties. The encouragement of companies to provide information is because there is information asymmetry between the company and outside parties because the company knows more about the company and its future prospects than outsiders (investors and creditors). Lack of information for outsiders about the company causes them to protect themselves by charging the company low prices.

Shanty (2014) signal theory (signaling theory) explains why companies have the urge to provide financial reports to external parties. The incentive for companies to provide information is because there is information asymmetry between company management and outsiders (investors). Information asymmetry can occur when one party has a more complete information signal from the other party. Information asymmetry occurs when management does not convey all the information obtained in full so that it affects the company value which is reflected in changes in stock prices because the market will respond to the information as a signal.

Firms can increase firm value by reducing information asymmetry. One way to reduce information asymmetry is to provide signals to outsiders. When the information is announced and all market participants have received the information, market players will first interpret and analyze the information as a good signal (good news) or a bad signal (bad news).

Signal theory suggests how a company should provide signals to users of financial statements. This signal is in the form of information about what management has done to realize the owner's wishes. The signal can be a promotion or other information which states that the company is better than other companies (Mustafa and Handayani, 2014).

2.2. Stakeholder Theory

Stakeholder Theory is a collection of policies and practices related to stakeholders, values, compliance with legal provisions, community and environmental respect, and the commitment of the business world to contribute to sustainable development. According to Sugiharto (2010: 36) Stakeholder theory says that a company is not an entity that only operates for its own interests but must provide benefits to stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties).

Kartajaya (2012: 50) says that the organization will select stakeholders who are considered important and take actions that can produce a harmonious relationship between the company and stakeholders. Stakeholders have the ability to influence the use of economic resources used by the company, as well as to influence the consumption of goods and services produced by the company. It is necessary for companies to monitor stakeholder activities so that stakeholders do not act as they please otherwise the possible consequences of a lack of attention to stakeholders are the low level of social information disclosure and the low social performance of the company. Thus, the existence of a company is strongly influenced by the support provided by stakeholders and this support must be sought so that the company's activity is to seek that support

III. Collection Method

Data

The source of data needed in this study is secondary data. According to Sugiyono (2017) the definition of secondary data is: "Data sources that do not directly provide data to data collectors, for example through people or documents". Secondary data is generally in the form of evidence, notes, historical reports that have been compiled in annual financial reports issued by coal sub-sector mining companies listed on the Indonesia Stock Exchange in the 2017-2019 period. The data is obtained on the official internet sites, namely IDX, www.sahamok.com, and www.idx.co.id

Data Collection Methods

The data collection method used in this research is documentation collecting, studying, and examining secondary data related to the object that the author will research and conduct Internet Research (Online Research) to obtain various additional data and information from sites related to research. In this study the authors using sukender data sources, where annual reports are obtained through the official website of the Indonesia Stock Exchange (BEI), namely www.idx.com, www.sahamok.co.id and so on.

Operationalization of Variables

Operational variables are needed to translate research into the concept of dimensions and indicators. Besides, the aim is to facilitate understanding and avoid differences in perceptions in this study. In this study, the operational variables used are as follows:

Dependent Variable - Bound (Y)

The dependent variable in this study is company value as measured by Price Earning Ratio (PER), which is a ratio that shows the comparison between stock prices in the market or the initial price offered compared to the income received (Harahap, 2013: 311). PER in this study is the share price to earnings per share in the automotive and component manufacturing companies on the IDX 2011-2014.

Independent Variable - Free (X)

The independent variables in measuring firm value are:

Return on assets (X1). According to cashmere (2016) is a ratio that describes a company's ability to generate profits using its assets. Return on assets is calculated using the ratio between net income after tax and total assets.

ROA = (Net Profit After Tax) / (Total Assets)

Return on Equity (X2). According to Saputra (2013), this ratio measures how much profit a company generates compared to the paid-up capital by shareholders.

ROE = (Net Profit) / (Own Capital)

Net Profit Margin (X3) is a ratio that shows the company's ability to generate net profit.

NPM = (Net income) / Sales

Corporate Social Responsibility (X4). According to Mardikanto (2014) Corporate Social Responsibility is a company's concern based on three principles known as triple bottom lines. This concept implies that business is not just looking for profit (profit), but also contributes to the welfare of society (people) and ensures the survival (planet). CSR disclosure according to the Global Reporting Initiative is measured by the proxy of the Corporate Social Responsibility Disclosure Index (CSRDI). The formula used in calculating CSRDI is:

$CSRDIj=(\sum Xij)/nj$

Information :

CSRDIj = Corporate Social Responsibility Disclosure Index for the Company

$\sum Xij$ = Total CSR disclosure in the annual report

nj = Number of items for firm j, $nj \leq 91$ so that $0 \leq CSRIj \leq 1$

Panel Data Regression Analysis

According to Widarjono (2013: 354), the panel data regression model equation can be formulated as follows:

$Yit = \alpha + \beta 1\ X1it + \beta 2\ X2it + \beta 3\ X3it + \varepsilon i$ ………… ..…. .….. (3.4)

Information:

Y = Price Earning Ratio (PER)

α = Constant

β1 - β3 = independent variable regression coefficient

X1 = Return on Asset (ROA)

X2 = Return on Equity (ROE)

X3 = Net Profit Margin (NPM)

X4 = Disclosure of Corporate Social Responsibility (CSR)

ε = Confounding variable

i = 10 Sample Companies

t = The observation period 2013-2016

In estimating model parameters with panel data, there are three techniques that can be used, namely Ordinary Least Square (OLS) or Common Effect, Fixed Effect model, and Random Effect model (Nachrowi and Usman (2013: 311)

IV. Result

4.4.1. Effect of ROA on firm value (PER)

The hypothesis in this test is:

H0: Partially, Return on Assets has no significant effect
to Firm Value (PER)

Ha: Partially, Return on Asset has a significant effect
to Firm Value (PER)

From the test results above, it can be seen that the coefficient value of the ROA variable is 0.887557, this value illustrates that every 1 percent increase in ROA will cause a decrease in PER of 0.88 percent. Based on the results of the t test (partial significant test), it shows that ROA in this study does not have a significant effect on PER. This is indicated by a probability value of 0.8472, which is greater than alpha (0.05). A positive ROA coefficient number shows a positive relationship with PER, where if ROA decreases, PER tends to rise. This indicates that H0 is accepted and Ha is rejected. The results of this study are not in line with Sundus Nur Halimah and Euis Komariah's (2017) research which states that ROA has a significant effect on Firm Value. The result of t statistical test for the variable Return On Asset (ROA) is 4.759 with a significance value of 0.000 <0.05. It can be concluded that the ROA variable has a significant effect on Firm Value, which means that H0 is rejected and Ha is accepted.

4.4.2. Effect of ROE on firm value (PER)

The hypothesis in this test is:

H0: Partially, Return on Equity has no significant effect
to Firm Value (PER)

Ha: Partially, Return on Equity has a significant effect
to Firm Value (PER)

From the test results above, it can be seen that the coefficient value of the ROE variable is 1.622559, this value illustrates that each 1 percent increase in ROE will cause a decrease in PER of 1.622559 percent. Based on the results of the t test (partial significant test), it shows that ROE in this study has an insignificant effect on PER. This is indicated by a probability value of 0.5302, which is greater than alpha (0.05). A positive ROE number indicates a positive relationship with PER, where if ROE goes down, PER will tend to rise. This indicates that H0 is accepted and Ha is rejected. The results of this study are not in line with Octavia Languju's research (2016). The test results show the significance value of ROE which is 0.002 < 0.05 and the t value is 3.168 > t table is 2.44, it can be concluded that H0 is rejected and Ha is accepted or ROE has a significant effect on the value. company. So it can be proven that the ROE variable affects firm value.

4.4.3. The effect of NPM on firm value (PER)

The hypothesis in this test is:

H0: Partially, Net Profit Margin has no significant effect to Firm Value (PER)

Ha: Partially, the Net Profit Margin has a significant effect

to Firm Value (PER)

From the test results above, it can be seen that the coefficient value of the NPM variable is -2.368540, this value illustrates that each 1 percent increase in NPM will cause a decrease in PER of 2.36 percent. Based on the results of the t test (partial significant test), it shows that the NPM in this study does not have a significant effect on PER. This is indicated by a probability value of 0.2310, which is greater than alpha (0.05). A negative NPM coefficient number shows a negative relationship with PER, where if NPM goes down, PER tends to increase. This indicates that H0 is accepted and Ha is rejected. The results of this study are not in line with the research of Cintamy Prananti (2016). Net Profit Margin (NPM) has a tcount of -2.453 with a significant level of 0.019 which means it is smaller than the significant level of significance of 0.05, then Ha is accepted. So it can be concluded that Net Profit Margin (NPM) has a positive influence on Firm Value.

4.4.4. The effect of CSR on firm value (PER)

The hypothesis in this test is:

H0: Partial disclosure of Corporate Social Responsibility

has no significant effect on Firm Value (PER)

Ha: Partial disclosure of Corporate Social Responsibility

has a significant effect on Firm Value (PER)

From the test results above, it can be seen that the coefficient value of the CSR Disclosure variable is -475.0661, this value illustrates that each 1 percent increase in CSR disclosure will cause an increase in PER of 475.06 percent. Based on the results of the t test (partial significant test) shows that CSR disclosure in this study has a significant effect on PER. This is indicated by a probability value of 0.0037, which is smaller than alpha (0.05). A negative coefficient of CSR disclosure shows a negative relationship with PER, where if CSR disclosure decreases, PER tends to decrease. This indicates that H0 is rejected and Ha is accepted. The results of this study are not in line with Rika Nurlela's (2015) study of Corporate Social Responsibility, which is proxied by dummy variables, which shows an insignificant effect on firm value with a tcount of 0.927 while ttable is 2.021, the results of this calculation show that tcount <ttable with a significance level of 0.360 or the probability above = 5%. This means that the implementation of CSR within the company is not a factor that determines the value of a good company or vice versa. Because in this study it did not succeed in answering H1, namely CSR practices have an effect on firm value. This study does not support H0 and

accept Ha, because the quality of CSR disclosure in companies listed on the JSE for 2005 is very low and has not followed the standards issued by GRI. Thus the quality of CSR disclosure within the company is a factor that causes CSR practices to have no effect on firm value

V. Conclusion

The results of the analysis that have been carried out are as follows:

1. Return on Asset (ROA) has no significant effect on Firm Value (PER). With a positive coefficient value this happens because companies in this subsector have ROA component data, namely profit after tax and unstable assets every year during the 2017–2019 period.

2. Return on Equity (ROE) has no significant effect on Firm Value (PER). With a positive coefficient value this happens because companies in this sub-sector have ROE component data, namely profit after tax and unstable equity every year during the 2017–2019 period.

3. Net Profit Margin (NPM) has no effect on firm value (PER). With a negative coefficient value, this happens because shareholders tend not to consider the size of the NPM value. NPM shows the ability of a company to generate net income, because the amount of net income of a company is not fully an indicator that a company has performed well during a certain period.

4. Disclosure of Corporate Social Responsibility (CSR Disclosure) has a significant effect on Company Value (PER). A negative coefficient value indicates that the lower the value of CSR Disclosure, the lower the Firm Value (PER). The test results conducted simultaneously (jointly) show that return on assets, return on equity, net profit margin, and disclosure of corporate social responsibility have an influence on firm value as proxied by the price earning ratio (PER).

5. The value of ROA, ROE, and NPM is influenced by the company's performance in managing profitability which can affect the ups and downs of stock prices. And in 2018-2019 the average company experienced a decrease / minus in the ROA, ROE, and NPM reports. This is why ROA, ROE, and NPM have no significant effect. Whereas CSR is influenced by the performance of the programs held by company management so that it is almost said that the programs that are carried out are permanent and rarely do companies eliminate CSR programs and those that add to CSR programs to increase company value

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