

THE EFFECT OF FINANCIAL PERFORMANCE TO CORPORATE VALUE WITH THE DISCLOSURE OF GOOD CORPORET GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY AS MODERATING VARIABLE

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ABSTRACT

This research is done to know effects of financial performance toward corporate value by using the disclosure of Good Corporate Governance and Corporate Social Responsibility as a moderating variable. ROA, ROE, and Leverage as an indicator of financial performance is known as the independent variable. Company value measured by Tobin's q is known as the dependent variable. Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) is a moderating variable.

The companies that are in this research are manufacturing companies which are listed in the Indonesia Stock Exchange (IDX) starting from 2004 until 2007, published financial statements ending 31 December, and had complete data of Good Corporate Governance and Corporate Social Responsibility. The data is then processed by using statistical appliance that are called regression with interaction.

According to the research the financial performance (ROA and leverage) has an affect on corporate value. Disclosure of Corporate Social Responsibility (CSR) does not affect to financial performance (ROA and Leverage) toward the value of the company. Disclosure of Good Corporate Governance (GCG) affect the financial performance of relationship (ROA and Leverage) toward the value of the company.

Keywords: *Return on Assets (ROA), Return on Equity (ROE), Leverage, Good Corporate Governance (GCG), Corporate Social Responsibility (CSR)*

INTRODUCTION

Background

Obligations in applying corporate social responsibility (CSR) for the company in Indonesia is regulated by legislation Limited liability companies (UUPT) Article 74, where every company engaged in natural resources have an obligation to implement social and environmental responsibility (CSR). From an economic perspective, the company will disclose any information if the information can increase the value of the company (Verecchia, 1983 in Basamalah and Jermias, 2005).

Yuniasih (2007) has conducted research on the effects of the financial performance of corporate value by using Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) as a moderating variable. The results of these studies indicate that the CSR could moderate the relationship between financial performance with corporate values. In contrast, the GCG was not able to moderate the relationship between financial performance with corporate values. This study will examine previous research on the effects of the financial performance of the company with good corporate governance disclosure and corporate social responsibility as a moderating variable to corporate value

Research Questions

- a. Is there an effect of the financial performance to corporate value?
- b. Is there an effect of the CSR disclosure to financial performance and corporate value?
- c. Is there an effect of the GCG disclosure to financial performance and corporate value?

Organizational of Paper

This research study will be organized into five parts. First, the part will explain about research background, research and organizational questions of this research study. Second, this part is containing of all theories and studies that supports this research study. This literature review will be fundamental resources to build the research study which explains the financial performance, corporate value, good corporate governance, corporate social responsibility. In addition, related previous research will be also examined. On the last part of this chapter, the research hypothesis will conduct what contain in this research study is. Third, this is explaining about research design and methodology of this research study. Those are including variables and measurement which are important to process the data of the research. Besides that, this chapter will also explain about the sampling which is the procedure in collecting the data, and data analysis method. Fourth, this is about containing the analyzing of processed data which collected from some sample companies and discussing some outcomes and objects of this research study. Fifth, this part will conclude all the outcomes of the research, and suggest some solutions and opinions based on the research results and according to the theory in literature review which would be a comprehension for the readers and the rod for the related companies and also for next related research study.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Financial Performance

According to Sucipto (2003), the financial performance is:

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Financial accounting standards (2004) describes the importance of information as well as the benefits of financial performance are as follows:

“Information on the company’s performance, especially profitability, is required to assess potential changes in economic resources that may be controlled in the future. Information of performance fluctuations in this important relationship. “

Financial Performance Measurement

Financial performance measurement can be done by assessing the financial ratios. Financial ratio analysis is the basis for assessing and analyzing the company’s operating performance or company performance. Financial ratios designed to evaluate the report. Financial ratios are often used to measure financial performance is the ratio of liquidity, solvency and profitability.

Corporate Value

Firm value is the perception of investors towards companies that are often associated with stock price. High stock prices indicate that the corporate value is also high. Firm value is closely related to signal theory. Namely, the company provides signals to outside parties to enhance shareholder value. Firm value is determined by the earnings power of the company’s assets. A positive result indicates that the higher earnings power, the more efficient asset turnover and/or the higher profit margin obtained by the company.

Measurements of corporate value using ratio was developed by Professor James Tobin. This ratio is a concept that shows the estimate of the current financial markets about the return value of every dollar of investment. If the q-ratio above one, indicating that investments in income producing assets which provide a higher value than the investment spending. This will stimulate new investors. If the q-ratio below one, the investment in assets is not attractive.

Good Corporate Governance (GCG)

The Organization for Economic Cooperation and Development (OECD) in Sutojo and Alidgre (2005) defines corporate governance as a system that is used to direct and control the activities of a business. Corporate Governance regulate the segregation of duties, rights and obligations of interested parties (stakeholders) to the life company, including shareholders, board members, and managers.

The purpose of the implementation of Good Corporate Governance, namely: (Sutojo and Alidgre, 2008)

- a. Protecting the rights and interests of shareholders
- b. Protecting the rights and interests of the members.

- c. Enhance corporate value and shareholders
- d. Improving the efficiency and effectiveness of Board or Board of Directors and corporate management.
- e. Improving the quality of the relationship of the Board of Directors with the company's senior management.

Corporate Social Responsibility (CSR)

Corporate social responsibility in Law Number 40 of 2007 article 1 point 3 is defined as:

“Social and environmental responsibility is the company's commitment to participate in the sustainable economic development in order to improve the quality of life and environment that are useful, both for his own company, local communities, and society at large”.

Wibisono (2007) in his book “Dissected the concept and Application of CSR” define CSR as a corporate responsibility to stakeholders to behave ethically to minimize negative impacts and maximize positive impacts including social and economic aspects of environmental (triple bottom line) in order to achieve the goal of sustainable development.

According Wibisono (2007) companies gain some advantage because of implementing social responsibility, namely:

1. To maintain and boost the company's reputation and brand image.
2. Deserve a license to operate (social license to cooperate).
3. Reducing the risk of the company's business.
4. Widen access to resources.
5. Expand access to the market.
6. Reduce cost.
7. Improve relationships with stakeholders.
8. Improving relations with regulators.
9. Can improve employee morale and productivity.

Disclosure of CSR is the disclosure of information relating to corporate responsibility in the annual report. CSRI measurement instruments to be used in this study refers to the instruments used by Sembiring (2005) in Yosefa (2007) presented at the National Symposium on Accounting X, Hasanuddin University in Makassar, the CSR information grouped into categories: Environmental, 13 items of disclosure; Energy, 7 items disclosure; Labor's Health and Safety, 8 items disclosure; Others; Labor, 29 disclosure items; Products, 10 disclosure items; Community Engagement, 9 items disclosure; and General Information, 2 items disclosure.

Hypothesis

1. The Effect of Financial Performance to Corporate Value

Financial ratios to reflect the condition of financial a company. Modigliani and Miller in Ulupui (2007) states that firm value is determined by the earning power of the company's assets. Earning power is the ability of a company to obtain profits from assets owned. To obtain a good earning power, it must be supported by good performance. With a good performance the company will give

a signal to the public in order to enhance shareholder value.

Research on the effects of the financial performance of the manufacturing companies listed on the Stock Exchange in 2006 has been carried out by Yuniasih (2007). In that study the results obtained financial performance (ROA) positive effect on the value of the company.

Based on these findings, then the hypothesis proposed is the following:

Ha1: There is an effect of the financial performance to corporate value

2. The Effect of CSR Disclosure to Financial Performance and Corporate Value.

A company's financial performance is considered good if the company has a high profit. To maximize the financial performance, the company not only reveals mandatory disclosure but also a voluntary disclosure of CSR. Given this disclosure, then the market will give a positive appreciation of the companies indicated by an increase in the company's stock price. This increase indicates that the firm's value is increasing.

One of the research on CSR has been done by Yuniasih (2007). She examines the influence of financial performance proxied through ROA manufacturing company to company value of Tobins q is proxied by using CSR as a moderating variable in the study year 2006. The results of these studies indicate CSR considered able to moderate the relationship between ROA with Tobins Q.

Based on these findings, then the hypothesis proposed is the following:

Ha2 : There is an effect of the CSR disclosure as moderating variables to the relationship between financial performance and corporate values.

3. The Effect of Good Corporate Governance Disclosure to Financial Performance and Corporate Value.

The financial performance is a measurement that can estimate the success of a company in making profits. GCG is a required for trusted by companies to investors in capital markets. Therefore, the investor's attentions given to the GCG are as great as attention to the company's financial performance. The investors believe that companies which implement GCG practice has sought to minimize the risk of a wrong decision or that benefit themselves, thus improving company performance, which in turn maximizing corporate value.

Yuniasih (2007) in her study also used the GCG as moderating variables that moderate the relationship of the value of the company's and financial performance. The result is measured through production management, GCG ownership is not able to moderate the relationship between ROA to value companies.

Based on these findings, then the hypothesis proposed is the following:

Ha3: There is an effect of Good Corporate Governance disclosure as moderating variables to the relationship between financial performance and corporate values.

METHODS

Independent Variable

Financial Performance

a. Return on Assets (ROA)

ROA shows how much profits derived from use of the assets acquired from the investments of investors.

ROA is calculated by the formula:

$$\text{ROA} = \text{Net income} \div \text{Total Assets}$$

b. Leverage

This leverage ratio shows how much capital in the company to ensure all corporate debt.

$$\text{Leverage} = \text{Total Liabilities} \div \text{Total Equity}$$

c. Return on Equity (ROE)

Is one of the profitability ratios. This ratio is useful to measure how much the company earned a net income for the utilization of stockholder equity.

ROE is calculated by the formula.

$$\text{ROE} = \text{Net Income} \div \text{Stockholder Equity}$$

Dependent Variable

Firm Value

Firm value is the perception of investors towards companies that are often associated with stock price. In this study, to measure the value of the company, this study use Tobin's q models. This model can be calculated by the formula:

$$\frac{\{(CP \times \text{No. of Share}) + TL + I\} - CA}{TA}$$

Information:

CP = *Closing Price*

TL = *Total Liability*

CA = *Current Assets*

I = *Inventory*

TA = *Total Assets*

Moderating Variables

1. Disclosure of Good Corporate Governance (GCG)

Measurement of Good Corporate Governance Corporate Governance Perception Index (CGPI)

use, which consists of five components, namely:

- a. Good Corporate Governance Policy (15%).
 - b. Rights of shareholders (20%)
 - c. The practice of good corporate governance (30%).
 - d. Audit Functions (15%)
 - e. Disclosure (Disclosure) (20%)
2. Disclosure of Corporate Social Responsibility (CSR Disclosure)

CSRI measurement instruments to be used in this study refers to the instruments used by Sembiring (2005) in Yosefa (2007), which classifies the CSR information into categories:

- a. Environment, there are 13 items
- b. Energy, there are 7 items
- c. Health and Labor, there are 8 items
- d. Other labor-Lin, there are 29 items
- e. Products, there are 10 items
- f. Community Involvement, there are 9 items
- g. General, there are 2 items

Total items of CSR was 78 disclosure items.

To calculate CSRI essentially dichotomous approach of each item of CSR in the research instruments were given a value of 1 if disclosed, and the value 0 if not disclosed (Haniffa et al., 2005). Furthermore, the score of each items are summed to obtain the overall score for each company. Then the number of CSR disclosures percentage is calculated using the formula:

$$CSRI_j = \frac{\sum X_{ij}}{n_j}$$

Information:

- CSRI_j: Corporate Social Responsibility Index for j company
- n_j : Number of items for companyJ, n_j ≤ 78
- $\sum X_{ij}$: dummy variables: 1 if the item i is disclosed, 0 if not disclosed

Sampling

The sample used in this study some 41 companies. The Sampling method is purposive sampling.

Data Collection

In this study, researchers used data sources are secondary data. The research data in the form:

1. The annual financial report (annual report) of the company from 2004 to 2007
2. Disclosure of GCG and CSR is obtained from the annual report are available at the www.idx.co.id site and IDX Corner of Trisakti University.

Method of Data Analysis

Hypothesis testing conducted to determine whether there is significant influence between the financial performance of the firm value. Hypothesis-development base is done with the level of significances (α) of 5%. The model of analysis used to test the hypothesis is multiple linear regression using the interaction.

RESULTS AND DISCUSSION

Hypotesis Testing

Table 1: Test of Partial Regression (t-test)

Variable	T stat	Sig.	Result
ROA	8,050	0.000	Ha not rejected signal (there are significant influence)
ROE	-171.1	0,089	Ha rejected signal (there are no significant influence)
LEVERAGE	3,848	0.000	Ha not rejected signal (there are significant influence)
ROA * GCG	2,513	0,013	Ha not rejected signal (there are significant influence)
ROE * GCG	-0,664	0.508	Ha rejected signal (there are no significant influence)
LEVERAGE * GCG	2,207	0,029	Ha not rejected signal (there are significant influence)
ROA * CSR	1,890	0,061	Ha rejected signal (there are no significant influence)
LEVERAGE * CSR	-0,707	0,481	Ha rejected signal (there are no significant influence)

Source: Data processed by SPSS

The Effect of Financial Performance to Corporate Value

From the result of the t test is known that p-value of 0.000 is less than 0.05 (or t-test of 8.050 is greater than t-table 1,960), then Ha is received, which directly affects corporate ROA means value.

From the result of the t test is known that p-value greater than 0.05 0.089 (or t-test of-1.711 is greater than t-table-1,960), then Ha is rejected signal, which means that the ROE does not affect the value of the firm.

From the result of the t test is known that p-value of 0.000 is less than 0.05 (or t-test of 3.848 is greater than t-table 1,960), so the Ha is received, which means a LEVERAGE effect on corporate value.

The Effect of CSR Disclosure to the relationship of Financial Performance and Corporate Value From the results of the t test, it is known that p-0.061 value greater than 0.05 (or t-test of 1,890 smaller than the t-table 1,960), then Ha is rejected signal, which means the disclosure of CSR does not affect ROA relation to the value of the company.

From the results of the t test, it is known that p-0.481 value greater than 0.05 (or t-test of-0.707 is greater than t-table-1,960), then Ha is rejected signal, which means the disclosure of CSR does not affect the relationship of corporate Leverage value.

The Effect of Good Corporate Governance Disclosure to the Relationship between Performance of Financial and Corporate Value

From the results of the t-test, it is known that the p-value 0.013 is smaller than 0.05 (or t-test of 2.513 is greater than t-table 1,960), so the H_a is received, which means the Good Corporate Governance Disclosure affect ROA relation to the value of the company.

From the results of the t test, it is known that the p-value greater than 0.05 0.508 (or t-test of -0.664 is greater than t-table -1,960), then H_a is rejected signal, which means the Good Corporate Governance Disclosure does not affect the relationship of the ROE to corporate value.

From the results of the t test, it is known that the p-value is smaller than 0.05 0.029 (or t-test of 2.207 is greater than t-table 1,960), so the H_a is received, which means the Good Corporate Governance disclosure affect relationships Leverage of corporate value.

CONCLUSION

1. Noted that financial performance (ROA and Leverage) have an influence to the corporate value.
2. The CSR disclosure does not effect to the relationship between financial performance (ROA and Leverage) and the value of the company.
3. The GCG disclosure has effects to the relationship between the financial performance relationship (ROA and Leverage) and the value of the company.

Limitation

1. The sample used as the calculation is still small, just as much as 41 companies.
2. Year of observation which is used in the study only for three years, namely from 2004 to 2007 alone.
3. Only use three independent variables namely ROA, ROE, Leverage, as a proxy of financial performance.

Suggestions

1. Increase the number of samples more than the previous studies.
2. Future studies are expected to extend the years of observation and enter new observations for the period shown significant results.
3. Future research should use other performance proxies such as Price Book Value (PBV), Economic Value Added (EVA) or Earning Per Share (EPS)

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- c. Enhance corporate value and shareholders
- d. Improving the efficiency and effectiveness of Board or Board of Directors and corporate management.
- e. Improving the quality of the relationship of the Board of Directors with the company's senior management.

Corporate Social Responsibility (CSR)

Corporate social responsibility in Law Number 40 of 2007 article 1 point 3 is defined as:

"Social and environmental responsibility is the company's commitment to participate in the sustainable economic development in order to improve the quality of life and environment that are useful, both for his own company, local communities, and society at large".

Wibisono (2007) in his book "Dissected the concept and Application of CSR" define CSR as a corporate responsibility to stakeholders to behave ethically to minimize negative impacts and maximize positive impacts including social and economic aspects of environmental (triple bottom line) in order to achieve the goal of sustainable development.

According Wibisono (2007) companies gain some advantage because of implementing social responsibility, namely:

1. To maintain and boost the company's reputation and brand image.
2. Deserve a license to operate (social license to operate).
3. Reducing the risk of the company's business.
4. Widen access to resources.
5. Expand access to the market.
6. Reduce cost.
7. Improve relationships with stakeholders.
8. Improving relations with regulators.
9. Can improve employee morale and productivity.

Disclosure of CSR is the disclosure of information relating to corporate responsibility in the annual report. CSRI measurement instruments to be used in this study refers to the instruments used by Sembiring (2005) in Yosefa (2007) presented at the National Symposium on Accounting X, Hasanuddin University in Makassar, the CSR information grouped into categories: Environmental, 13 items of disclosure; Energy, 7 items disclosure; Labor's Health and Safety, 8 items disclosure; Others; Labor, 29 disclosure items; Products, 10 disclosure items; Community Engagement, 9 items disclosure; and General Information, 2 items disclosure.

Hypothesis

1. The Effect of Financial Performance to Corporate Value

Financial ratios to reflect the condition of financial a company. Modigliani and Miller in Ijlupul (2007) states that firm value is determined by the earning power of the company's assets. Earning power is the ability of a company to obtain profits from assets owned. To obtain a good earning power, it must be supported by good performance" With a good performance the company will give

a signal to the public in order to enhance shareholder value.

Research on the effects of the financial performance of the manufacturing companies listed on the Stock Exchange in 2006 has been carried out by Yuniasih (2007). In that study the results obtained financial performance (ROA) positive effect on the value of the company.

Based on these findings, then the hypothesis proposed is the following:

Ha1: There is an effect of the financial performance to corporate value

2. The Effect of CSR Disclosure to Financial Performance and Corporate Value.

A company's financial performance is considered good if the company has a high profit. To maximize the financial performance, the company not only reveals mandatory disclosure but also a voluntary disclosure of CSR. Given this disclosure, then the market will give a positive appreciation of the companies indicated by an increase in the company's stock price. This increase indicates that the firm's value is increasing.

One of the research on CSR has been done by Yuniasih (2007). She examines the influence of financial performance proxied through ROA manufacturing company to company value of Tobins Q is proxied by using CSR as a moderating variable in the study year 2006. The results of these studies indicate CSR considered able to moderate the relationship between ROA with Tobins Q.

Based on these findings, then the hypothesis proposed is the following:

Ha2 : There is an effect of the CSR disclosure as moderating variables to the relationship between financial performance and corporate values.

3. The Effect of Good Corporate Governance Disclosure to Financial Performance and Corporate Value.

The financial performance is a measurement that can estimate the success of a company in making profits. GCG is a required for trusted by companies to investors in capital markets. Therefore, the investor's attentions given to the GCG are as great as attention to the company's financial performance. The investors believe that companies which implement GCG practice has sought to minimize the risk of a wrong decision or that benefit themselves, thus improving company performance, which in turn maximizing corporate value.

Yuniasih (2007) in her study also used the GCG as moderating variables that moderate the relationship of the value of the company's and financial performance. The result is measured through production management, GCG ownership is not able to moderate the relationship between ROA to value companies.

Based on these findings, then the hypothesis proposed is the following:

.Ha3: There is an effect of Good Corporate Governance disclosure as moderating variables to the relationship between financial performance and corporate values.

METHODS

Independent Variable

Financial Performance

a. Return on Assets (ROA)

ROA shows how much profits derived from use of the assets acquired from the investments of investors.

ROA is calculated by the formula:

$$\text{ROA} = \frac{\text{Net income}}{\text{Total Assets}}$$

b. Leverage

This leverage ratio shows how much capital in the company to ensure all corporate debt.

$$\text{Leverage} = \frac{\text{Total Liabilities}}{\text{Equity} + \text{Total Liabilities}}$$

c. Return on Equity (ROE)

Is one of the profitability ratios. This ratio is useful to measure how much the company earned a net income for the utilization of stockholder equity.

ROE is calculated by the formula.

$$\text{ROE} = \frac{\text{Net Income}}{\text{Stockholder Equity}}$$

Dependent Variable

Firm Value

Firm value is the perception of investors towards companies that are often associated with stock price. In this study, to measure the value of the company, this study use Tobin's q models. This model can be calculated by the formula:

$$q = \frac{\{(CP \times \text{No. of Share}) + TL + I\} - CA}{TA}$$

Information:

CP - Closing Price

TL - Total LiabUity

CA - Current Assets

I = Inventory

TA = Total Assets

Moderating Variables

I. Disclosure of Good Corporate Governance (GCG)

Measurement of Good Corporate Governance Corporate Governance Perception Index (CGPI)

use, which consists of five components, namely:

- a. Good Corporate Governance Policy (15%).
 - b. Rights of shareholders (20%)
 - c. The practice of good corporate governance (30%).
 - d. Audit Functions (15%)
 - e. Disclosure (Disclosure) (20%)
2. Disclosure of Corporate Social Responsibility (CSR Disclosure)
- CSR measurement instruments to be used in this study refers to the instruments used by Sembiring (2005) in Yosefa (2007), which classifies the CSR information into categories:
- a. Environment, there are 13 items
 - b. Energy, there are 7 items
 - c. Health and Labor, there are 8 items
 - d. Other labor-Lin, there are 29 items
 - e. Products, there are 10 items
 - f. Community Involvement, there are 9 items
 - g. General, there are 2 items

Total items of CSR was 78 disclosure items.

To calculate CSR essentially dichotomous approach of each item of CSR in the research instruments were given a value of 1 if disclosed, and the value 0 if not disclosed (Haniffa et al., 2005). Furthermore, the score of each items are summed to obtain the overall score for each company. Then the number of CSR disclosures percentage is calculated using the formula:

$$CSR_{ij} = \frac{\sum IX_{ij}}{n_j}$$

Information:

- CSR_{ij}: Corporate Social Responsibility Index for j company
- n_j : Number of items for companyJ, n_j ≤ 78
- IX_{ij} : dummy variables: 1 if the item i is disclosed, 0 if not disclosed

Sampling

The sample used in this study some 41 companies. The Sampling method is purposive sampling.

Data Collection

In this study, researchers used data sources are secondary data. The research data in the form:

1. The annual financial report (annual report) of the company from 2004 to 2007
2. Disclosure of GCG and CSR is obtained from the annual report are available at the www.idx.co.id site and IDX Corner of Trisakti University.

Method of Data Analysis

Hypothesis testing conducted to determine whether there is significant influence between the financial performance of the firm value. Hypothesis-development base is done with the level of significances (α) of 5%. The model of analysis used to test the hypothesis is multiple linear regression using the interaction.

RESULTS AND DISCUSSION

Hypotesis Testing

Table 1: Test of Partial Regression (t-test)

Variable	Tstat	Sig.	Result
ROA	8,050	0.000	Ha not rejected signal (there are significant influence)
ROE	-171.1	0,089	Ha rejected signal (there are no significant influence)
LEVERAGE	3,848	0.000	Ha not rejected signal (there are significant influence)
ROA* GCG	2,513	0,013	Ha not rejected signal (there are significant influence)
ROE* GCG	-0,664	0.508	Ha rejected signal (there are no significant influence)
LEVERAGE * GCG	2,207	0,029	Ha not rejected signal (there are significant influence)
ROA* CSR	1,890	0,061	Ha rejected signal (there are no significant influence)
LEVERAGE * CSR	-0,707	0,481	Ha rejected signal (there are no significant influence)

Source: Data processed by SPSS

The Effect of Financial Performance to Corporate Value

From the result of the t test is known that p-value of 0.000 is less than 0.05 (or t-test of 8.050 is greater than t-table 1,960), then H_a is received, which directly affects corporate ROA means value.

From the result of the t test is known that p-value greater than 0.05 0.089 (or t-test of -1.711 is greater than t-table-1,960), then H_a is rejected signal, which means that the ROE does not affect the value of the firm.

From the result of the t test is known that p-value of 0.000 is less than 0.05 (or t-test of 3.848 is greater than t-table 1,960), so the H_a is received, which means a LEVERAGE effect on corporate value.

The Effect of CSR Disclosure to the relationship of Financial Performance and Corporate Value
From the results of the t test, it is known that p-0.061 value greater than 0.05 (or t-test of 1,890 smaller than the t-table 1,960), then H_a is rejected signal, which means the disclosure of CSR does not affect ROA relation to the value of the company.

From the results of the t test, it is known that p-0.481 value greater than 0.05 (or t-test of -0.707 is greater than t-table-1,960), then H_a is rejected signal, which means the disclosure of CSR does not affect the relationship of corporate Leverage value.

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The Effect of Good Corporate Governance Disclosure to the Relationship between Performance of Financial and Corporate Value

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From the results of the t-test, it is known that the p-value 0.013 is smaller than 0.05 (or t-test of 2.513 is greater than t-table 1,960), so the H_a is received, which means the Good Corporate Governance Disclosure affect ROA relation to the value of the company.

From the results of the t test, it is known that the p-value greater than 0.05 0.508 (or t-test of- 0.664 is greater than t-table -1,960), then H_a is rejected signal, which means the Good Corporate Governance Disclosure does not affect the relationship of the ROE to corporate value.

From the results of the t test, it is known that the p-value is smaller than 0.05 0.029 (or t-test of 2.207 is greater than t-table 1,960), so the H_a is received, which means the Good Corporate Governance disclosure affect relationships Leverage of corporate value.

CONCLUSION

1. Noted that financial performance (ROA and Leverage) have an influence to the corporate value.
2. The CSR disclosure does not effect to the relationship between financial performance (ROA and Leverage) and the value of the company.
3. The GCG disclosure has effects to the relationship between the financial performance relationship (ROA and Leverage) and the value of the company.

Limitation

1. The sample used as the calculation is still small, just as much as 41 companies.
2. Year of observation which is used in the study only for three years, namely from 2004 to 2007 alone.
3. Only use three independent variables namely ROA, ROE, Leverage, as a proxy of financial performance.

Suggestions

1. Increase the number of samples more than the previous studies.
2. Future studies are expected to extend the years of observation and enter new observations for the period shown significant results.
3. Future research should use other performance proxies such as Price Book Value (PBV), Economic Value Added (EVA) or Earning Per Share (EPS)

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