opción

Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía, Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, 2019, Especial Nº 21

Revista de Ciencias Humanas y Sociales

ISSN 1012-1587/ ISSNe: 2477-9385

Depósito Legal pp 198402ZU45

Universidad del Zulia

Facultad Experimental de Ciencias

Departamento de Ciencias Humanas

Maracaibo - Venezuela

Opción, Año 35, Especial No.21 (2019): 1312-1329
ISSN 1012-1587/ISSNe: 2477-9385

Analysis of corporate social responsibility, governance, and family ownership on firm value

Susi Dwi Mulyani
Accounting Graduate Program-Faculty of Economics and Business, Trisakti University
susi.dwimulyani@trisakti.ac.id

Nela Marcelina Solin
Accounting Graduate Program-Faculty of Economics and Business, Trisakti University
nela.solin@trisakti.ac.id

Abstract

This study investigates the influence of corporate social responsibility (CSR), corporate governance (CG), and family ownership on firm value with profitability as moderating variable in the manufacturing companies that listed on Indonesia Stock Exchange period 2014-2016. The sampling technique is a purposive sampling method. The hypothesis test uses regression analysis. As a result, CG and profitability have a positive effect on firm value. CSR and family ownership are unable to effect on firm value. In conclusion, profitability as a moderating variable is unable to strengthen the effect of CSR, CG, and family ownership on firm value.

Keywords: Corporate, social, responsibility, governance, family.

Análisis de responsabilidad social corporativa, gobierno y propiedad familiar sobre el valor de la empresa

Resumen

Este estudio investiga la influencia de la responsabilidad social corporativa (CSR), el gobierno corporativo (CG) y la propiedad

Recibido: 10-03-2019 •Aceptado: 15-04-2019

familiar sobre el valor de la empresa con la rentabilidad como variable moderadora en las empresas manufactureras que cotizan en el período de la Bolsa de Valores de Indonesia 2014-2016. La técnica de muestreo es un método de muestreo intencional. La prueba de hipótesis utiliza análisis de regresión. Como resultado, la GC y la rentabilidad tienen un efecto positivo en el valor de la empresa. La RSE y la propiedad familiar no pueden afectar el valor de la empresa. En conclusión, la rentabilidad como variable moderadora es incapaz de fortalecer el efecto de la RSE, el GC y la propiedad familiar sobre el valor de la empresa.

Palabras clave: corporativo, social, responsabilidad, gobierno, familia.

1. INTRODUCTION

The company's goals attempted to increase the firm value as reflected in the increase in shareholders' prosperity. A company is said to have a good value if it has good performance and can be reflected in the company's stock price. If the value of stocks is high that can be said the firm value is also good. Profitability describes the performance of the company, the higher the profitability shows the better the performance and will impact on the firm value increased. To increase the profits, companies need a variety of resources also perform various activities to recover that affect environmental damage. The bigger a company the greater the environmental impact caused by its activities. These impacts can attract the attention of civil society. Public pressure and attention through the mass media, public opinion as well as the government causes large companies to disclose more information about the environment.

There is a desire to minimize the negative impact of corporate activities by developing Corporate Social Responsibility (CSR). Crisóstomo (2011) examines the CSR, Corporate Value and Financial Performance in Brazil. The result is CSR negatively affects company value, but the opposite result came from Harjoto (2011) indicated CSR has positive effects on firm value.

The Indonesian Institute of Corporate Governance/ IICG defines Good Corporate Governance (GCG) is a process applied in running the company so that the expectations of stakeholders in the implementation of the company's operations can run well. The implementation of GCG can increase the confidence level of financial statements to users. Implementation of GCG principles will automatically improve the quality of financial statements that guide investors for investing their fund. The research conducted by Hussainey (2010) which corporate governance is proxied by Company Size, Independent Board of Commissioners, Audit Committee, Board of Directors are positively affected by company value. Unlike research conducted by Hussainey (2010) shows the Audit Committee does not affect the firm value, the size of the Board of Commissioners affect the firm value, andf Proportion of Independent Commissioners does not affect the firm value.

In addition to GCG and CSR, another factor that can affect firm value is ownership structure. According to Shleifer and Vishny (1986), family members have a higher commitment than non-family members to their company because they want to keep the company inherited to the next generation. The ownership structure of firms in Indonesia is usually more concentrated and this is the mechanism of investor protection against the weakness of legal protection.

Higher family shareholder ownership motivates them to oversee management performance to ensure managers have made decisions to behave with shareholder objectives. According to Hussainey (2010), there is more 90 percent of the company population in Indonesia is dominated by family shareholder ownership. Agency problems in these companies are fewer than nonfamily ownership structures, which Berle and Means (2009) say that companies are increasingly monitoring the management so agency problems more can be solved.

Furthermore, Chu (2009) summarized the influence of family management, family control and firm size positively affect the firm value. The result shows that the higher the family owned the higher the company value. Profitability is very important for the company in order to maintain its business continuity in the long run. This is because profitability indicates whether the company has good prospects in the future or not and can be expected that profitability strengthens the influence of GCG, CSR, and family ownership to firm value. Research on the value of the firm with profitability as moderating variable is interesting to investigate because based on the direct effect results of previous studies still found mixed and this study will give new insight that profitability can strengthen the influence of CSR, GCG, and family ownership on company value.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Stakeholder Theory

Stakeholder theory according to Freeman and Reed (1983) is an identifiable group or individual who can influence the achievement of an organization's objectives, or is affected by the achievement of an organization's objectives. Hussainey (2010) argue that shareholders, workers, suppliers, banks, customers, governments and communities play an important role in the organization (acting as stakeholders), for which companies must take into account all stakeholder interests and values. The company must provide benefits for its stakeholders. Therefore, support from stakeholders greatly affects the existence of a company. In addition to maximizing profits, the company is responsible for fulfilling its social responsibility to the interests of stakeholders, such as government, local communities, employees, investors, and others because naturally, the stakeholders have the right from the impact of the company's operational activities.

2.2. Legitimasi Theory

Odonova (2002) states that legitimacy theory as the idea that in order for an organization to continue operating successfully, it must act in a manner that society deems socially acceptable. It can be concluded that the legitimacy theory says the operational activities of the company must be in accordance with the social value of its environment. The company shall ensure continuously whether its activities are acceptable to outside parties, in this case, is the community (legitimated), because the survival of the company will be threatened if the community feels the entity has violated its social contract. If the community feels dissatisfied with the legitimate operation of the entity then the community may revoke the social contract in the entity's operation (Deegan, 2002).

2.3. Agency Theory

Jensen and Meckling (1976) describe agency relationships in agency theory that a company is a nexus of contracts between the owner of the economic resources (principal) and the manager (agent). This agency relationship resulted in two problems. The first problem is the occurrence of the information asymmetry, where management generally has more information about the actual financial reporting than the owner. The second is the occurrence of the conflict of interest due to inequality of the purpose, where management does not always act in accordance with the interests of the owner. The agency theory application can be realized in a work contract that will regulate the proportion of rights and obligations of each party. The work contract will be optimal if it mathematically shows the optimal implementation of obligations by the agent and the satisfactory incentives from the principal to the agent. The core of agency theory is to design the right contract to align the interests of principals and agents.

3. HYPOTHESES DEVELOPMENT

3.1. The influence of Corporote Social Responsibility (CSR) on firm value

Increasing company value is one of the company's goals. Taking into account the economic, social, and environmental dimensions of sustainability in a balance between economic interests, the environment and society will have a good effect on the growth of corporate value. The form of responsibility and concern for the environment could be seen from companies implement CSR in their corporate environment. Ayub (2008) stated that in the presence of good CSR practices, it is expected that the company will be well valued by investors. The result of research conducted by Ayub (2008) showed that CSR disclosure has a positive effect on firm value. Ayub (2008) obtained CSR results have a positive effect on the financial performance proxied by ROA, ROE and EVA also positively affects the stock market price.

H1: CSR has a positive effect on firm value.

3.2. The influence of Corporate Governance on firm value

Corporate governance is a set of mechanisms that balance the actions of managers and the interests of shareholders. Stock ownership by management can be a solution to align the interests between management and shareholders. Managers and shareholders will take actions that increase the value of the firm, because if the value increases then its welfare as shareholders also increase. The main role of institutional ownership is to oversee company management. Companies with large institutional ownership (over 5%) indicate their ability to supervise management. The higher of institutional ownership level, the more efficient resources used within the company. The establishment of a board of commissioners is one solution to minimize agency problems. One important task of the board of commissioners is to oversee the performance of management. Hussainey's (2010) study shows that the Independent Board of Commissioners positively affects the value of the company.

Ayub (2008) indicates that the size of the independent Board of Commissioners influences the value of the company. The audit committee is responsible for assisting the commissioners in ensuring the effectiveness of the internal control system, the execution of the duties of the external auditor and the internal auditor. The results of Hussainey's (2010) study show that the Audit Committee has a positive effect on the company's value, but Ayub (2008) shows that the Audit Committee has no effect on the value of the company.

H2: Corporate Governance has a positive affect on firm value.

3.3. The influence of family ownership on firm value

Anderson and Reeb (2003) stated that family firms are every company that has a dominant family shareholder. As the main owner of the company, the family participate in managing the company and conduct maximum supervision. With maximum supervision and control will improve company performance. The existence of responsibility by the owner of the family then the decision taken will be aimed at increasing the value of the firm. Chu (2009) found that managers who have large ownership investments in a company improve the company's performance.

H3: Family ownership has a positive affect on firm value.

3.4. The influence of profitability on firm value

Ayub (2008) states profitability is a factor that can affect the value of the firm. If the company can take advantage of assets owned then it will earn a high profit. With a high profitability ratio, companies can attract investors to invest. Ayub (2008) found firms that experienced an increase in earnings, resulting in positive sentiment from investors and make the stock price increased. The increased market stock prices mean increased value of the firm.

H4: Profitability has a positive effect on firm value.

3.5. Profitability moderates the influence of CSR on firm value

Profitability is the ability of the company in generating profit in a certain period. Profitability is a determining factor in maintaining the company's long-term viability. Corporate social disclosure is realized with environmental, social and economic performance. If the performance of companies in these three aspects increases, this will affect the growth of corporate value. Bowman and Haire (1976) stated that the higher the level of corporate profitability, the greater the disclosure of social information of the company activated.

H5: Profitability strengthening the positive influence of CSR on firm value.

3.6. Profitability moderates the influence of Corporate Governance on firm value

Implementation of good corporate governance is one solution to minimize agency problems. The quality of good information disclosure in a company would be the main attraction for investors in investing their capital and affecting the increase of company value. Audit committees can reduce the opportunistic nature of management by overseeing financial statements and overseeing external audits. Based on the above description of profitability that is domiciled as a moderating variable allegedly strengthening the influence of corporate governance on corporate value.

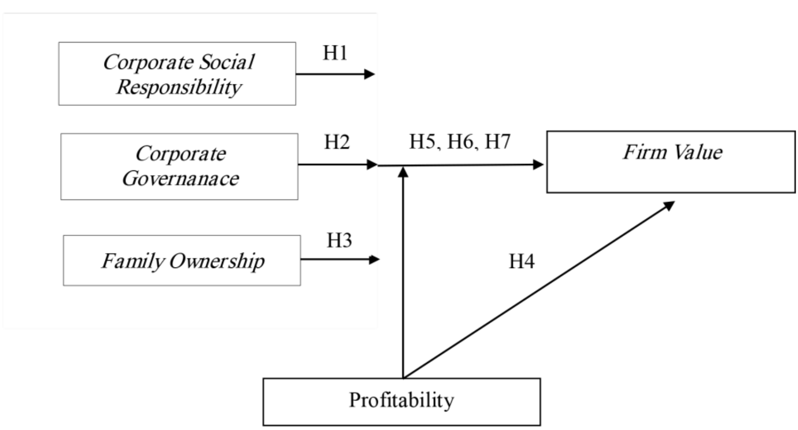
H6: Profitability strengthening the positive influence of corporate governance on firm value.

3.7. Profitability moderates the influence of family ownership on firm value

The ability of a company to generate profits is an attraction for investors to invest in the company. The family ownership is a concentrated firm because the percentage of shares ownership owned by the family is the largest. Ayub (2008) based on a sample of 275 large public companies listed in the US in 2000-2009 reveals that family firms outperform non-family companies. This superior performance is partly driven by the proactive marketing of family firms to improve profitability that affects the growth rate of corporate value.

H7: Profitability strengthening the positive influence of family ownership on firm value.

4. CONCEPTUAL FRAMEWORK



5. RESEARCH METHODS

This study is causality research by hypothesis testing. Types of data used are secondary data with the unit of analysis is a manufacturing company listed on the Indonesia Stock Exchange. Data obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id). There is one dependent variable that is firm value and three independent variables are CSR, Corporate Governance, and Family Ownership with one moderating variable is profitability. Data processing is done by multiple linear regression statistical analysis using SPSS software. Before the hypothesis testings, the feasibility test of the model is done with the fulfillment of classical assumption test: normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test (Khorrami et al, 2015: Cook, 2019).

6. DISCUSION AND ANALYSIS

The results of taking samples using purposive sampling method as follows:

Table 1: Sample Selection Criteria

No.	**Criteria**	**Firm Numbers**	**Observation Numbers (3 years)**
1	Manufacturing companies listed on the IDX period 2014-2016	144	432

2	Does not provide completed financial report and annual report	(10)	(30)
3	Do not have completed CSR data	(65)	(195)
4	Presents financial statements in units of currencies other than rupiah	(30)	(90)
5	Making a loss	(39)	(117)
	Total Sample/observation	15	45

There are 15 companies that meet the criteria with a total of 45 observations. Based on table 3 below the average score of CSR is 59.4%. This shows that the sample company is still low disclosing its CSR activities. The average of Corporate Governance disclosure using ACGS is very high that is 84.98% indicating that the majority of sample companies have applied Good Corporate Governance. The manufacturing companies in this study were dominated by family ownership with average ownership of 56.02%. The profitability of companies sample has a mean value of 9.28%, this indicates that profitability measured by ROA is very low, while the average company value as measured by Tobin's Q is high because the market value is 2x higher than the total book value of assets of 2,1578.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	45	0.3417	0.8987	0.5940	0.1353
GCG	45	0.7233	0.9330	0.8498	0.0481
KK	45	0.0580	0.9893	0.5602	0.2907
PROF	45	0.0064	0.2532	0.0928	0.0647
TOBINS	45	0.5567	7.1137	2.1578	1.7881

The results of the normality test using One-Sample Kolmogorov-Smirnov Test produce the value of Asymp. Sig. (2-tailed) is 0.509> 0.05, which means that met normality test. Multicollinearity test results show that there are multicollinearity for moderating variables (profitability) and each interacted variable (CSR * PROF, GCG * PROF, and KK * PROF). Although there is a problem of multicollinearity, it is not problematic for the formation of moderate influences. In this study, the problem of multicollinearity is not addressed and allowed (Gujarati, 2009). The regression model has also met the heteroscedasticity test and the autocorrelation test. Table 4 below provides the results of the determination coefficient test with an adjusted R^2 of 0.750. This shows that independent variables of CSR, CG, Family Ownership, Profitability and Profitability interaction with CSR, CG and family ownership are able to explain the variation of the dependent variable that is: company value on 75%, while the rest of 25% is influenced by other factors not included in the model.

Table 3: Coefficient of Determination Test

Adjusted R Square
0,750

The results of the F test describe in table 5 below with the sig F = 0,000 <sig α (0,05) level, so it can be concluded that there is significant influence of independent variable to the dependent variable simultaneously, so the model is feasible to be used.

Table 4: F Test

F	Sig.
19,841	0,000[b]

The t test results used for test the hypothesis illustrates in table 6. There are several empirically supported the hypothesis and there are also unsupported hypotheses that the alternative hypothesis is rejected.

Table 5: t Test

Variable	Predicted Sign	Coefficients	Sig.	Sig (1-tail)	Decision
CSR	Positive	1,576	0,150	0,075	H_1 rejected
CG	Positive	0,072	0,000	0,000	**H_2 accepted**
KK	Positive	0,454	0,467	0,234	H_3 rejected
PROF	Positive	24,329	0,001	0,0005	**H_4 accepted**
CSR*PROF	Positive	-7,186	0,458	0,229	H_5 rejected
CG*PROF	Positive	-,094	0,031	0,016	H_6 rejected
KK*PROF	Positive	-6,689	0,333	0,167	H_7 rejected

There are 2 (two) hypothesis empirically supported, H2 and H4. There is a positive effect of Corporate Governance on firm value and there is a positive influence of profitability to company value, while CSR and family ownership have no effect on company value. The role of profitability as a moderating variable does not succeed in strengthening the influence of independent variables on the dependent variable (firm value). Disclosure of CSR activities has not been able to influence the value of the company. This is probably caused by the average of CSR activity disclosure by the sample firms is still low (59.4%), while the family ownership although the average level of family ownership is high (56.02%) but the standard deviation value is also relatively high (0.29) affect not influencing the firm value. Profitability fails to act as a moderating variable caused by the average level of profitability is very low only 9.28%.

7. CONCLUSION, LIMITATION AND IMPLICATIONS

This study proves that Corporate Governance (CG) and Profitability have a significant positive effect on firm value, while CSR and Family Ownership have no effect on company value. This study has not succeeded in proving the role of profitability as moderating the influence of CSR, CG, and Family Ownership on Firm Value. This study has limitations that several of annual reports did not include self-assessment result for the implementation of ACGS so that only disclosure component D and E is used. The results of this study have managerial implications that GCG disclosure and profitability should get management attention to always be improved in order to increase firm value. For further research, it is recommended to use all GCG measurement components of ACGS or use primary data to measure GCG implementation.

REFERENCES

ANDERSON, R., & REEB, D. 2003. **Founding-Family Ownership and Firm Performance: Evidence from the S&P 500**. Journal of Finance. Vol. 58, N° 3: 1301-1328. USA.

AYUB, M. 2008. **The Influenve of Family Control on Cost of Debt**. Tesis. Universitas Indonesia. Indonesia.

BERLE, A., & MEANS, K. 2009. **Capital Structure, Company Ownership Structure, Agency Problems and Information**. Yogyakarta: Graha Ilmu. Indonesia.

BOWMAN, E., & HAIRE, M. 1976. **Social Impact Disclosure and Corporate Annual Report**. Accounting, Organizations and Society. Vol. 1, N° 1: 11- 21. Netherlands.

CHU, W. 2009. **Family ownership and firm performance: Influence of family management, family control, and firm size**. Asia Pac J Manag. Vol. 28, pp. 833–851. Germany.

CRISÓSTOMO, E. 2011. **Corporate social responsibility, firm value and financial performance in Brazil**. Social Responsibility Journal. Vol. 7, N° 2: 295-309. UK.

DEEGAN, C. 2002. **Introduction: The Legitimising Effect of Social and Environmental Disclosure – A Theoritical Foundation**. Accounting, Auditing, and Accountability Journal. Vol.5, N° 3: 282-311. UK.

FREEMAN, R., & REED, A. 1983. **Stockholders and Stakeholders: a New Perspective on Corporate Governance**. Californian Management Review. Vol .25, N° 2: 88-106. USA.

GUJARATI, N. 2009. **Basic Econometrics, Fifth Edition**. Higher Education. Germany.

HARJOTO, A. 2011. Corp**ortate Governance and Firm Value: The Impact of Corporate Social Responsibility**. Journal of Business Ethics. Germany.

HUSSAINEY, K. 2010. **Corporate governance, analyst following and firm value**. Egypt: Managerial Auditing Journal. Egypt.

JENSEN, A., & MECKLING, B. 1976. **The theory of the firm: manajerial behaviour, agency cost, and ownership structure**. Vol. 3, pp. 305-360. Germany.

ODONOVA, G. 2002. **Environmental Disclosure in the annual report: extending the applicability and predictive power of**

legitimacy theory. Accounting, Auditing, and Accountability Journal. Vol. 15, Nº 3: 344-371. UK.

SHLEIFER, A., & VISHNYM, R. 1986. **Large Shareholders and Corporate Control**. Journal of Political Economy. Vol. 94, pp. 461-488. Netherlands.

Khorrami, F. T., Fallah, M. H., & Abadi, H. Z. M. (2015). **The Effect of Unconscious Influences of Satellite Channels on Attitude of Using Satellite**. UCT Journal of Social Sciences and Humanities Research, 3(1), 61-67.

Cook, T. (2019). **The Japanese Way of Strength-Based Correction**. International Electronic Journal of Mathematics Education, 14(2), 419-426. https://doi.org/10.29333/iejme/5745

UNIVERSIDAD
DEL ZULIA

opción

Revista de Ciencias Humanas y Sociales
Año 35, Especial N° 21, (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

www.luz.edu.ve

www.serbi.luz.edu.ve

produccioncientifica.luz.edu.ve

Analysis of corporate social responsibility, governance, and family ownership on firm value

Susi Dwi Mulyani
Accounting Graduate Program-Faculty of Economics and Business, Trisakti University
susi.dwimulyani@trisakti.ac.id
Nela Marcelina Solin
Accounting Graduate Program-Faculty of Economics and Business, Trisakti University
nela.solin@trisakti.ac.id

opción

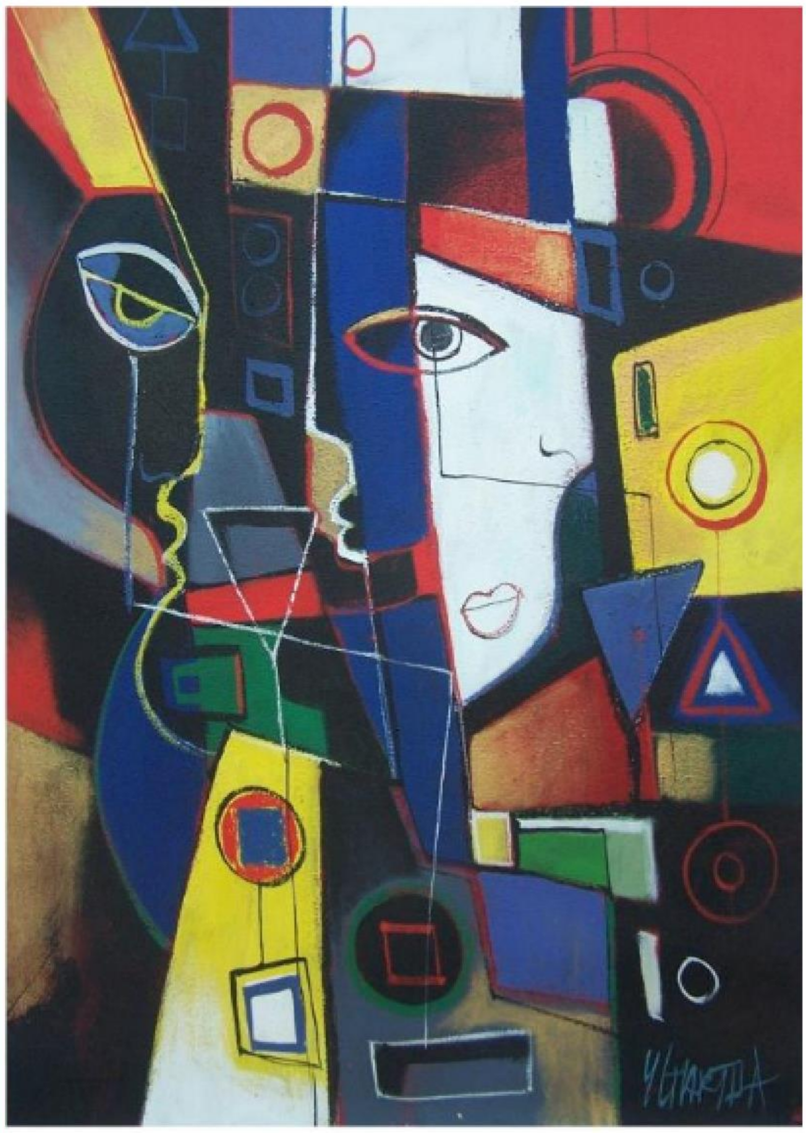
Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía,
Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, 2019, Especial N° 21

Revista de Ciencias Humanas y Sociales

ISSN 1012-1587/ ISSNe: 2477-9385

Depósito Legal pp 198402ZU45



Universidad del Zulia

Facultad Experimental de Ciencias

Departamento de Ciencias Humanas

Maracaibo - Venezuela

Opción, Año 35, Especial No.21 (2019): 1312-1329
ISSN 1012-1587/ISSNe: 2477-9385

Analysis of corporate social responsibility, governance, and family ownership on firm value

Susi Dwi Mulyani
Accounting Graduate Program-Faculty of Economics and Business, Trisakti University
susi.dwimulyani@trisakti.ac.id

Nela Marcelina Solin
Accounting Graduate Program-Faculty of Economics and Business, Trisakti University
nela.solin@trisakti.ac.id

Abstract

This study investigates the influence of corporate social responsibility (CSR), corporate governance (CG), and family ownership on firm value with profitability as moderating variable in the manufacturing companies that listed on Indonesia Stock Exchange period 2014-2016. The sampling technique is a purposive sampling method. The hypothesis test uses regression analysis. As a result, CG and profitability have a positive effect on firm value. CSR and family ownership are unable to effect on firm value. In conclusion, profitability as a moderating variable is unable to strengthen the effect of CSR, CG, and family ownership on firm value.

Keywords: Corporate, social, responsibility, governance, family.

Análisis de responsabilidad social corporativa, gobierno y propiedad familiar sobre el valor de la empresa

Resumen

Este estudio investiga la influencia de la responsabilidad social corporativa (CSR), el gobierno corporativo (CG) y la propiedad

Recibido: 10-03-2019 •Aceptado: 15-04-2019

familiar sobre el valor de la empresa con la rentabilidad como variable moderadora en las empresas manufactureras que cotizan en el período de la Bolsa de Valores de Indonesia 2014-2016. La técnica de muestreo es un método de muestreo intencional. La prueba de hipótesis utiliza análisis de regresión. Como resultado, la GC y la rentabilidad tienen un efecto positivo en el valor de la empresa. La RSE y la propiedad familiar no pueden afectar el valor de la empresa. En conclusión, la rentabilidad como variable moderadora es incapaz de fortalecer el efecto de la RSE, el GC y la propiedad familiar sobre el valor de la empresa.

Palabras clave: corporativo, social, responsabilidad, gobierno, familia.

1. INTRODUCTION

The company's goals attempted to increase the firm value as reflected in the increase in shareholders' prosperity. A company is said to have a good value if it has good performance and can be reflected in the company's stock price. If the value of stocks is high that can be said the firm value is also good. Profitability describes the performance of the company, the higher the profitability shows the better the performance and will impact on the firm value increased. To increase the profits, companies need a variety of resources also perform various activities to recover that affect environmental damage. The bigger a company the greater the environmental impact caused by its activities. These impacts can attract the attention of civil society. Public pressure and attention through the mass media, public opinion as well as the government causes large companies to disclose more information about the environment.

There is a desire to minimize the negative impact of corporate activities by developing Corporate Social Responsibility (CSR). Crisóstomo (2011) examines the CSR, Corporate Value and Financial Performance in Brazil. The result is CSR negatively affects company value, but the opposite result came from Harjoto (2011) indicated CSR has positive effects on firm value.

The Indonesian Institute of Corporate Governance/ IICG defines Good Corporate Governance (GCG) is a process applied in running the company so that the expectations of stakeholders in the implementation of the company's operations can run well. The implementation of GCG can increase the confidence level of financial statements to users. Implementation of GCG principles will automatically improve the quality of financial statements that guide investors for investing their fund. The research conducted by Hussainey (2010) which corporate governance is proxied by Company Size, Independent Board of Commissioners, Audit Committee, Board of Directors are positively affected by company value. Unlike research conducted by Hussainey (2010) shows the Audit Committee does not affect the firm value, the size of the Board of Commissioners affect the firm value, andf Proportion of Independent Commissioners does not affect the firm value.

In addition to GCG and CSR, another factor that can affect firm value is ownership structure. According to Shleifer and Vishny (1986), family members have a higher commitment than non-family members to their company because they want to keep the company inherited to the next generation. The ownership structure of firms in Indonesia is usually more concentrated and this is the mechanism of investor protection against the weakness of legal protection.

Higher family shareholder ownership motivates them to oversee management performance to ensure managers have made decisions to behave with shareholder objectives. According to Hussainey (2010), there is more 90 percent of the company population in Indonesia is dominated by family shareholder ownership. Agency problems in these companies are fewer than nonfamily ownership structures, which Berle and Means (2009) say that companies are increasingly monitoring the management so agency problems more can be solved.

Furthermore, Chu (2009) summarized the influence of family management, family control and firm size positively affect the firm value. The result shows that the higher the family owned the higher the company value. Profitability is very important for the company in order to maintain its business continuity in the long run. This is because profitability indicates whether the company has good prospects in the future or not and can be expected that profitability strengthens the influence of GCG, CSR, and family ownership to firm value. Research on the value of the firm with profitability as moderating variable is interesting to investigate because based on the direct effect results of previous studies still found mixed and this study will give new insight that profitability can strengthen the influence of CSR, GCG, and family ownership on company value.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Stakeholder Theory

Stakeholder theory according to Freeman and Reed (1983) is an identifiable group or individual who can influence the achievement of an organization's objectives, or is affected by the achievement of an organization's objectives. Hussainey (2010) argue that shareholders, workers, suppliers, banks, customers, governments and communities play an important role in the organization (acting as stakeholders), for which companies must take into account all stakeholder interests and values. The company must provide benefits for its stakeholders. Therefore, support from stakeholders greatly affects the existence of a company. In addition to maximizing profits, the company is responsible for fulfilling its social responsibility to the interests of stakeholders, such as government, local communities, employees, investors, and others because naturally, the stakeholders have the right from the impact of the company's operational activities.

2.2. Legitimasi Theory

Odonova (2002) states that legitimacy theory as the idea that in order for an organization to continue operating successfully, it must act in a manner that society deems socially acceptable. It can be concluded that the legitimacy theory says the operational activities of the company must be in accordance with the social value of its environment. The company shall ensure continuously whether its activities are acceptable to outside parties, in this case, is the community (legitimated), because the survival of the company will be threatened if the community feels the entity has violated its social contract. If the community feels dissatisfied with the legitimate operation of the entity then the community may revoke the social contract in the entity's operation (Deegan, 2002).

2.3. Agency Theory

Jensen and Meckling (1976) describe agency relationships in agency theory that a company is a nexus of contracts between the owner of the economic resources (principal) and the manager (agent). This agency relationship resulted in two problems. The first problem is the occurrence of the information asymmetry, where management generally has more information about the actual financial reporting than the owner. The second is the occurrence of the conflict of interest due to inequality of the purpose, where management does not always act in accordance with the interests of the owner. The agency theory application can be realized in a work contract that will regulate the proportion of rights and obligations of each party. The work contract will be optimal if it mathematically shows the optimal implementation of obligations by the agent and the satisfactory incentives from the principal to the agent. The core of agency theory is to design the right contract to align the interests of principals and agents.

3. HYPOTHESES DEVELOPMENT

3.1. The influence of Corporote Social Responsibility (CSR) on firm value

Increasing company value is one of the company's goals. Taking into account the economic, social, and environmental dimensions of sustainability in a balance between economic interests, the environment and society will have a good effect on the growth of corporate value. The form of responsibility and concern for the environment could be seen from companies implement CSR in their corporate environment. Ayub (2008) stated that in the presence of good CSR practices, it is expected that the company will be well valued by investors. The result of research conducted by Ayub (2008) showed that CSR disclosure has a positive effect on firm value. Ayub (2008) obtained CSR results have a positive effect on the financial performance proxied by ROA, ROE and EVA also positively affects the stock market price.

H1: CSR has a positive effect on firm value.

3.2. The influence of Corporate Governance on firm value

Corporate governance is a set of mechanisms that balance the actions of managers and the interests of shareholders. Stock ownership by management can be a solution to align the interests between management and shareholders. Managers and shareholders will take actions that increase the value of the firm, because if the value increases then its welfare as shareholders also increase. The main role of institutional ownership is to oversee company management. Companies with large institutional ownership (over 5%) indicate their ability to supervise management. The higher of institutional ownership level, the more efficient resources used within the company. The establishment of a board of commissioners is one solution to minimize agency problems. One important task of the board of commissioners is to oversee the performance of management. Hussainey's (2010) study shows that the Independent Board of Commissioners positively affects the value of the company.

Ayub (2008) indicates that the size of the independent Board of Commissioners influences the value of the company. The audit committee is responsible for assisting the commissioners in ensuring the effectiveness of the internal control system, the execution of the duties of the external auditor and the internal auditor. The results of Hussainey's (2010) study show that the Audit Committee has a positive effect on the company's value, but Ayub (2008) shows that the Audit Committee has no effect on the value of the company.

H2: Corporate Governance has a positive affect on firm value.

3.3. The influence of family ownership on firm value

Anderson and Reeb (2003) stated that family firms are every company that has a dominant family shareholder. As the main owner of the company, the family participate in managing the company and conduct maximum supervision. With maximum supervision and control will improve company performance. The existence of responsibility by the owner of the family then the decision taken will be aimed at increasing the value of the firm. Chu (2009) found that managers who have large ownership investments in a company improve the company's performance.

H3: Family ownership has a positive affect on firm value.

3.4. The influence of profitability on firm value

Ayub (2008) states profitability is a factor that can affect the value of the firm. If the company can take advantage of assets owned then it will earn a high profit. With a high profitability ratio, companies can attract investors to invest. Ayub (2008) found firms that experienced an increase in earnings, resulting in positive sentiment from investors and make the stock price increased. The increased market stock prices mean increased value of the firm.

H4: Profitability has a positive effect on firm value.

3.5. Profitability moderates the influence of CSR on firm value

Profitability is the ability of the company in generating profit in a certain period. Profitability is a determining factor in maintaining the company's long-term viability. Corporate social disclosure is realized with environmental, social and economic performance. If the performance of companies in these three aspects increases, this will affect the growth of corporate value. Bowman and Haire (1976) stated that the higher the level of corporate profitability, the greater the disclosure of social information of the company activated.

H5: Profitability strengthening the positive influence of CSR on firm value.

3.6. Profitability moderates the influence of Corporate Governance on firm value

Implementation of good corporate governance is one solution to minimize agency problems. The quality of good information disclosure in a company would be the main attraction for investors in investing their capital and affecting the increase of company value. Audit committees can reduce the opportunistic nature of management by overseeing financial statements and overseeing external audits. Based on the above description of profitability that is domiciled as a moderating variable allegedly strengthening the influence of corporate governance on corporate value.

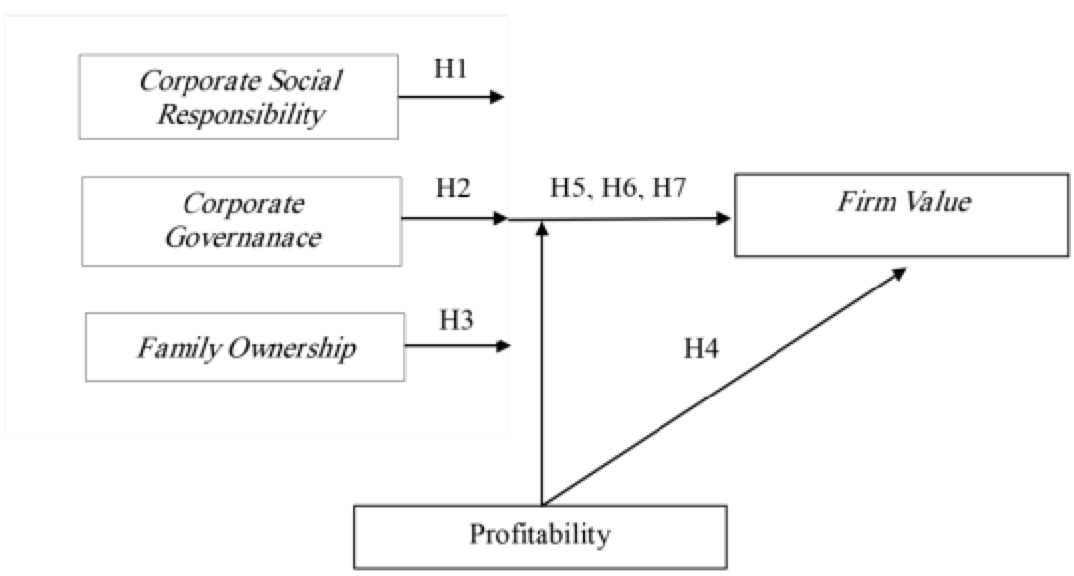
H6: Profitability strengthening the positive influence of corporate governance on firm value.

3.7. Profitability moderates the influence of family ownership on firm value

The ability of a company to generate profits is an attraction for investors to invest in the company. The family ownership is a concentrated firm because the percentage of shares ownership owned by the family is the largest. Ayub (2008) based on a sample of 275 large public companies listed in the US in 2000-2009 reveals that family firms outperform non-family companies. This superior performance is partly driven by the proactive marketing of family firms to improve profitability that affects the growth rate of corporate value.

H7: Profitability strengthening the positive influence of family ownership on firm value.

4. CONCEPTUAL FRAMEWORK



5. RESEARCH METHODS

This study is causality research by hypothesis testing. Types of data used are secondary data with the unit of analysis is a manufacturing company listed on the Indonesia Stock Exchange. Data obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id). There is one dependent variable that is firm value and three independent variables are CSR, Corporate Governance, and Family Ownership with one moderating variable is profitability. Data processing is done by multiple linear regression statistical analysis using SPSS software. Before the hypothesis testings, the feasibility test of the model is done with the fulfillment of classical assumption test: normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test (Khorrami et al, 2015: Cook, 2019).

6. DISCUSION AND ANALYSIS

The results of taking samples using purposive sampling method as follows:

Table 1: Sample Selection Criteria

No.	Criteria	Firm Numbers	Observation Numbers (3 years)
1	Manufacturing companies listed on the IDX period 2014-2016	144	432

2	Does not provide completed financial report and annual report	(10)	(30)
3	Do not have completed CSR data	(65)	(195)
4	Presents financial statements in units of currencies other than rupiah	(30)	(90)
5	Making a loss	(39)	(117)
	Total Sample/observation	15	45

There are 15 companies that meet the criteria with a total of 45 observations. Based on table 3 below the average score of CSR is 59.4%. This shows that the sample company is still low disclosing its CSR activities. The average of Corporate Governance disclosure using ACGS is very high that is 84.98% indicating that the majority of sample companies have applied Good Corporate Governance. The manufacturing companies in this study were dominated by family ownership with average ownership of 56.02%. The profitability of companies sample has a mean value of 9.28%, this indicates that profitability measured by ROA is very low, while the average company value as measured by Tobin's Q is high because the market value is 2x higher than the total book value of assets of 2,1578.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	45	0.3417	0.8987	0.5940	0.1353
GCG	45	0.7233	0.9330	0.8498	0.0481
KK	45	0.0580	0.9893	0.5602	0.2907
PROF	45	0.0064	0.2532	0.0928	0.0647
TOBINS	45	0.5567	7.1137	2.1578	1.7881

The results of the normality test using One-Sample Kolmogorov-Smirnov Test produce the value of Asymp. Sig. (2-tailed) is 0.509> 0.05, which means that met normality test. Multicollinearity test results show that there are multicollinearity for moderating variables (profitability) and each interacted variable (CSR * PROF, GCG * PROF, and KK * PROF). Although there is a problem of multicollinearity, it is not problematic for the formation of moderate influences. In this study, the problem of multicollinearity is not addressed and allowed (Gujarati, 2009). The regression model has also met the heteroscedasticity test and the autocorrelation test. Table 4 below provides the results of the determination coefficient test with an adjusted R^2 of 0.750. This shows that independent variables of CSR, CG, Family Ownership, Profitability and Profitability interaction with CSR, CG and family ownership are able to explain the variation of the dependent variable that is: company value on 75%, while the rest of 25% is influenced by other factors not included in the model.

Table 3: Coefficient of Determination Test

Adjusted R Square
0,750

The results of the F test describe in table 5 below with the sig F = 0,000 <sig α (0,05) level, so it can be concluded that there is significant influence of independent variable to the dependent variable simultaneously, so the model is feasible to be used.

Table 4: F Test

F	Sig.
19,841	0,000[b]

The t test results used for test the hypothesis illustrates in table 6. There are several empirically supported the hypothesis and there are also unsupported hypotheses that the alternative hypothesis is rejected.

Table 5: t Test

Variable	Predicted Sign	Coefficients	Sig.	Sig (1-tail)	Decision
CSR	Positive	1,576	0,150	0,075	H_1 rejected
CG	Positive	0,072	0,000	0,000	**H_2 accepted**
KK	Positive	0,454	0,467	0,234	H_3 rejected
PROF	Positive	24,329	0,001	0,0005	**H_4 accepted**
CSR*PROF	Positive	-7,186	0,458	0,229	H_5 rejected
CG*PROF	Positive	-,094	0,031	0,016	H_6 rejected
KK*PROF	Positive	-6,689	0,333	0,167	H_7 rejected

There are 2 (two) hypothesis empirically supported, H2 and H4. There is a positive effect of Corporate Governance on firm value and there is a positive influence of profitability to company value, while CSR and family ownership have no effect on company value. The role of profitability as a moderating variable does not succeed in strengthening the influence of independent variables on the dependent variable (firm value). Disclosure of CSR activities has not been able to influence the value of the company. This is probably caused by the average of CSR activity disclosure by the sample firms is still low (59.4%), while the family ownership although the average level of family ownership is high (56.02%) but the standard deviation value is also relatively high (0.29) affect not influencing the firm value. Profitability fails to act as a moderating variable caused by the average level of profitability is very low only 9.28%.

7. CONCLUSION, LIMITATION AND IMPLICATIONS

This study proves that Corporate Governance (CG) and Profitability have a significant positive effect on firm value, while CSR and Family Ownership have no effect on company value. This study has not succeeded in proving the role of profitability as moderating the influence of CSR, CG, and Family Ownership on Firm Value. This study has limitations that several of annual reports did not include self-assessment result for the implementation of ACGS so that only disclosure component D and E is used. The results of this study have managerial implications that GCG disclosure and profitability should get management attention to always be improved in order to increase firm value. For further research, it is recommended to use all GCG measurement components of ACGS or use primary data to measure GCG implementation.

REFERENCES

ANDERSON, R., & REEB, D. 2003. **Founding-Family Ownership and Firm Performance: Evidence from the S&P 500**. Journal of Finance. Vol. 58, N° 3: 1301-1328. USA.

AYUB, M. 2008. **The Influenve of Family Control on Cost of Debt**. Tesis. Universitas Indonesia. Indonesia.

BERLE, A., & MEANS, K. 2009. **Capital Structure, Company Ownership Structure, Agency Problems and Information**. Yogyakarta: Graha Ilmu. Indonesia.

BOWMAN, E., & HAIRE, M. 1976. **Social Impact Disclosure and Corporate Annual Report**. Accounting, Organizations and Society. Vol. 1, N° 1: 11- 21. Netherlands.

CHU, W. 2009. **Family ownership and firm performance: Influence of family management, family control, and firm size**. Asia Pac J Manag. Vol. 28, pp. 833–851. Germany.

CRISÓSTOMO, E. 2011. **Corporate social responsibility, firm value and financial performance in Brazil**. Social Responsibility Journal. Vol. 7, N° 2: 295-309. UK.

DEEGAN, C. 2002. **Introduction: The Legitimising Effect of Social and Environmental Disclosure – A Theoritical Foundation**. Accounting, Auditing, and Accountability Journal. Vol.5, N° 3: 282-311. UK.

FREEMAN, R., & REED, A. 1983. **Stockholders and Stakeholders: a New Perspective on Corporate Governance**. Californian Management Review. Vol .25, N° 2: 88-106. USA.

GUJARATI, N. 2009. **Basic Econometrics, Fifth Edition**. Higher Education. Germany.

HARJOTO, A. 2011. Corp**ortate Governance and Firm Value: The Impact of Corporate Social Responsibility**. Journal of Business Ethics. Germany.

HUSSAINEY, K. 2010. **Corporate governance, analyst following and firm value**. Egypt: Managerial Auditing Journal. Egypt.

JENSEN, A., & MECKLING, B. 1976. **The theory of the firm: manajerial behaviour, agency cost, and ownership structure**. Vol. 3, pp. 305-360. Germany.

ODONOVA, G. 2002. **Environmental Disclosure in the annual report: extending the applicability and predictive power of**

legitimacy theory. Accounting, Auditing, and Accountability Journal. Vol. 15, Nº 3: 344-371. UK.

SHLEIFER, A., & VISHNYM, R. 1986. **Large Shareholders and Corporate Control**. Journal of Political Economy. Vol. 94, pp. 461-488. Netherlands.

Khorrami, F. T., Fallah, M. H., & Abadi, H. Z. M. (2015). **The Effect of Unconscious Influences of Satellite Channels on Attitude of Using Satellite**. UCT Journal of Social Sciences and Humanities Research, 3(1), 61-67.

Cook, T. (2019). **The Japanese Way of Strength-Based Correction**. International Electronic Journal of Mathematics Education, 14(2), 419-426. https://doi.org/10.29333/iejme/5745

UNIVERSIDAD
DEL ZULIA

opción

Revista de Ciencias Humanas y Sociales
Año 35, Especial N° 21, (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

www.luz.edu.ve

www.serbi.luz.edu.ve

produccioncientifica.luz.edu.ve

Artikel 1

ORIGINALITY REPORT

10%	13%	3%	0%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	mail.produccioncientificaluz.org Internet Source	7%
2	isclo.telkomuniversity.ac.id Internet Source	3%

Exclude quotes	On	Exclude matches	< 3%
Exclude bibliography	Off		

Artikel 1

GRADEMARK REPORT

FINAL GRADE

/0

GENERAL COMMENTS

Instructor

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8

PAGE 9

PAGE 10

PAGE 11

PAGE 12

PAGE 13

PAGE 14

PAGE 15

PAGE 16

PAGE 17

PAGE 18

PAGE 19

PAGE 20