HOW IS THE VALUE OF INDONESIA MINING FIRM IN VIEW OF COMPANY GROWTH AND CSR DISCLOSURE?

Henny Rakhmawati, Marlena
Universitas Tulungagung

Keywords:
firm's value, company growth, CSR disclosure, mining

***Correspondence Address:**
hennyrakhmawati19@gmail.com

Abstract : Increasing a firm's value is crucial since it shows the company's performance, which may be judged by looking at its social or financial performance. This study aims to collect empirical data regarding the impact of company growth and disclosure of CSR on a firm's value in Indonesian mining companies, where company value is determined by Per Book Value (PBV). All manufacturing businesses registered on the Indonesia Stock Exchange (IDX) between 2020 and 2022 comprise the study's population. Purposive sampling was used in this study's sample process. Thirteen businesses with three years of security make up the entire research sample. Thirty-nine companies make up the study's total sample. Data analysis was carried out utilizing the traditional assumption test and hypothesis testing.

A. INTRODUCTION

Executing the financial management role, where each financial decision impacts other financial satisfaction, such as those regarding funding, can increase the value of a company. Funding concerns or figuring out the capital structure are crucial since they influence investment choices. On the other hand, making the appropriate financial choice will raise the company's value. According to the signalling theory, businesses should make crucial information accessible to third parties to help them make investment decisions on behalf of other entities. This information can raise the company's value when viewed as a good sign.

On the other hand, when information from management is considered a negative signal, it might indirectly decrease the company's value. The company's value can be raised by increasing the value of shares, which will benefit the shareholders. Firm value is crucial because it shows how the business is performing now and in future years, which might influence how investors see the company as a whole.

Internal factors influence the company in forming its value. These internal factors include investment decisions, financing decisions, company size and profitability. Internal factors can be seen in the company's financial statement information, which financial ratios can measure. This shows that a company with sound financial ratios and complete financial information can signal that the company has good performance so that investors can respond to this as a sign that the company has good prospects in the future.

Companies with excellent expansion rates can improve their competitive positioning relative to other businesses and create a positive image, raising the company's value. Nonetheless, the success attained is susceptible to problems that could harm the business's reputation. Due to this, companies need to sustain, develop, and maintain the quality of their products and services to what clients want.

The price potential buyers are prepared to provide for a company when sold is known as firm value. The share price per share of the corporation reflects the company's value. The Price to Book Value (PBV) ratio can be used to calculate this company's selling price using the formula below (Brigham & Huston, 2014).

$$\text{PBV} = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$$

$$\text{Book Value Per Share} = \frac{\text{Common Stock Equity}}{\text{Number of Outstanding Shares}}$$

The market's trust in a company's ability to raise the wealth of its shareholders is created by an investor's assessment of the company's success. A benchmark for measuring a company's development can be its growth. The growth of a firm is a sign that it has profitable prospects and will generate a better rate of return on investment, which makes investors and corporate management interested in it.

Company growth refers to its capacity to expand its size through increased sales, assets, or profits. In this study, asset growth—defined as the difference between the total assets possessed by the company during the current period and those from the preceding period—is used to measure corporate growth.

$$\text{Asset growth} = \frac{\text{total asset}_{t} - \text{total asset}_{t-1}}{\text{total asset}_{t-1}}$$

CSR can improve a company's reputation since it gives the company the flexibility to operate in their region if they correctly manage their business and abide by the rules established by the government and community. Companies that are prepared to practice social responsibility in a methodical and long-lasting way will eventually reap financial earnings, as these businesses are viewed favourably by their stakeholders, including the general public. The company, therefore, expects that by revealing certain information regarding the implementation of CSR, it will receive a favourable response from market participants such as creditors and investors, which will raise the company
's value.

Disclosing a company's social and environmental implications to target audiences and the general public is known as CSR (corporate social responsibility). The financial statements of the organization are analyzed to perform the measurement. List of social disclosures by creating a CSR disclosure checklist using the main points of the ISO 26000 Guidance on Social Responsibility. The following formula determines the calculation to discover the index number:

$$CSRI = \frac{n}{k}$$

The company's disclosure index is denoted by the letters CSRI, where n denotes the number of disclosure items that have been met, and k is the total number of items that might be met.

The mining company is the sample used in this study. Mining businesses were picked because the mining industry is a pillar of idealized economic progress. One of the biggest exporters of coal worldwide is Indonesia. Due to Indonesia's plentiful resources, mining corporations can now expand.

B. METHOD

The current research is an explanatory study which explains how corporate growth and CSR disclosure affect the value of Indonesian mining companies. The population used in this study are all mining companies listed on the IDX. This study covers the period between 2020 and 2022. The technique used in sampling in this study was a purposive sampling technique with a predetermined research objective. The following criteria were used to select the sample:

1. Mining firms that listed between 2020-2022 on the Indonesia Stock Exchange
2. Consecutively released annual reports for the 2020-2022 period
3. Mining firms that see an increase in assets between 2020-2022
4. Mining firms that publish a series of CSR reports between 2020-2022.

The data type used is secondary data, which refers to sources that do not directly give data collectors their data. The company's annual report, which includes financial records for 2020-2022, served as the data source for this study. The relationship and influence of CSR disclosure and company growth as independent factors with firm value as the dependent variable are examined using statistical analysis of research variables. The SPSS ver. 24 application is the instrument that researchers use.

C. FINDINGS AND DISCUSSION

This table shows the results of the multiple regression analysis:

Table 1 Results of Multiple Regression Analysis (ANOVA)

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.679	3	.560	6.160	.002[a]
	Residual	3.180	35	.091		
	Total	4.859	38			

Table 2 Results of Multiple Regression Analysis (*Coefficients*)

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.526	.284		2.312	.037		
	pertumbuhan	.063	.088	.098	.691	.484	.933	1.072
	csr	1.272	.448	.405	2.882	.017	.948	1.055

It is clear from Table 1 that the independent variables affect the dependent variable. The regression test results, which had a sig F value of 0.002 less than 0.05, show this. This indicates that the dependent variable, firm value, is impacted by the independent variables, namely company growth and CSR. Table 2 reveals that, of the two independent variables, the CSR variable significantly impacts business value, whereas the company growth variable has no impact on firm value.

The firm value variable will increase by 0.426, or 42.6%, if the company growth and CSR variables are equal to zero. According to the X1 regression coefficient of 0.062, if all other research variables remain constant, every 1% rise in company growth will raise the firm value by 6.2%. According to the X2 regression coefficient of 1,262, provided the other study variables remain constant, every 1% rise in CSR will raise the firm's value by 126.2%. The following regression equation can be created using the analysis's findings.

$$\mathbf{Y = 0{,}526 + 0.063\ X_1\ + 1{,}272\ X_2}$$

Note:

Y = Firm value

α = Constanta

X_1 = Company growth

X_2 = CSR

t-test

The significant value of the company's growth, according to Table 1, is 0.484. This result is more significant than 0.05, indicating that the hypothesis is disproved and that the firm value is unaffected by the company's expansion.

The significance level for the CSR is 0.017. The hypothesis is accepted as this number is smaller than 0.05, proving that CSR impacts company value. It is clear from the statement above that CSR is one of the two factors that partially affect company value.

Effect of Company Growth on Firm Value

The test results show that the firm value (PBV) is not affected by the growth variable for the company as assessed by asset growth. Due to these findings, the second hypothesis—according to which company growth has positive and significant effects on firm value—is ruled out.

These results contrast with signalling theory since investors do not change their assessments of a company based on whether it has strong or declining asset growth. As a result, the capital market needs to react to changes in corporate growth, which is why it is not a good sign for investors and does not influence the company's value.

Investors' perspectives of the company cannot be affected by the growth of the company as measured by the growth of the company's assets. This is probably because many companies in the observation year resulted in negative asset growth due to mining companies' disrupted performance, making company growth less desirable to investors as a factor in valuing the company.

This study only examined 13 samples of firms from all the mining companies registered on the IDX. Hence, the results cannot represent the population, so the findings have no bearing on prior theory and research.

The findings of a study by Hartanty (2014), which found that for companies listed on the Indonesia Stock Exchange, company expansion has no impact on company value, support the findings of this study. Because of the close proximity of the study period to this research period and the fact that almost identical numbers of samples were used, it is assumed that these results are similar. This indicates that any decline in total asset changes during the study has no impact on investors' valuations of equity shares.

The Effect of Corporate Social Responsibility on Firm Value

According to the second hypothesis, it is assumed that CSR positively and significantly affects the company value of mining companies listed on the IDX. On firm value, the CSR variable has a 14.9% impact. This indicates that the second hypothesis of this study, that the CSR variable has a significant positive effect on firm value in mining businesses listed on the IDX in 2012-2014, is accepted.

In Indonesian mining businesses, CSR disclosure is being better implemented. This is evident from the growing number of disclosure items each year. The more information published, which can be a long-term investment that can lead to a rise in company value, the more management is aware of the significance of CSR disclosure. Investors have responded positively to the material in the corporate social responsibility report, which can be seen as a good sign by investors and other interested parties.

This study also complies with the signalling theory's basic tenet, which states that as long as management conveys good information, the value of the company, as measured by its stock price, will rise. Implementing CSR can boost a company's value since the information shared through CSR is viewed favourably by investors, which leads to an increase in stock prices that impacts the company's value. In order to give the company more value in the eyes of investors, the company uses this CSR information as a new marketing medium, and the company has warmly received the information disclosed by the company.

If a company pays attention to how it contributes to balancing economic, social, and environmental factors, then corporate value can increase sustainably. This idea encourages developing a suitable, equitable, harmonious interaction with the local environment and culture. Businesses that base their operations on sound business practices and resource management can build a positive reputation and win the public's and government's confidence and support (Sujanto, 2014). Because of this, businesses that are prepared to engage in social responsibility that is compatible and sustainable with the local environment and culture will gain the support of stakeholders (including the community) by building a solid reputation, which will affect growing corporate value through rising share prices.

The findings of this study, which are comparable to those of (Rustiarini, 2010) research, demonstrate that CSR has a considerable beneficial impact on firm value. This is consistent with the enlightened self-interest paradigm, which holds that businesses can only achieve long-term economic stability and prosperity by fulfilling their social obligations. This indicates that management has acknowledged the value of CSR as a long-term financial investment for the business.

D. CONCLUSIONS AND SUGGESTIONS

The findings of the study's multiple linear regression analysis were as follows:

1. For the 2020–2022 period, the company growth variable has no significant effect on the business value of mining sector companies listed on the IDX.
2. For the 2020–2022 timeframe, companies in the mining sector listed on the IDX are significantly and positively impacted by the impact of the Corporate Social Responsibility variable on company value.

The recommendations that can be made are based on the conclusions above:

1. Companies should disclose their CSR activities more frequently because CSR significantly impacts how investors perceive them and can enhance their perception of the company. Companies should also be aware of how much capital is used in the capital structure because this can affect whether or not investors decide to invest in the company.

2. Other research variables that were not employed in this study, such as dividend policy, investment choices, firm size, and external variables like interest rates and relative market share, can be used or added by future researchers.

E. REFERENCES

Agustine, Ira. 2014. Pengaruh *Corporate Social Responsibility* Terhadap Nilai Perusahaan. *Finesta Vol. 2 No. 1 (2014) 42-47.*

Azheri, Busyra. 2012. *Corporate social Responsibility*. Depok: PT Rajagrafindo Persada

Brigham, E.F. dan Houston, J. F. 2014. *Dasar-dasar manajemen keuangan.* Jakarta: Salemba Empat.

Dewi, I.R, dkk. 2014. Pengaruh StrukturModal Terhadap Niali Perusahaan (Studi pada Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2009-20012). *Jurnal Administrasi Bisnis*, Vol 17 No. 1 Desember 2014.

Djakfar, Muhammad. 2012. *Etika bisnis*. Jakarta: Bibliografi.

Ekasari, Jovita. 2014. *Pengaruh DER, Earning Per Share (EPS) dan Return On Equity (ROE)* Terhadap Harga Saham pda Perusahaan Otomotif yang Listed di Bursa Efek Indonesia Periode 2009-2011. Skripsi tidak diterbitkan. Malang: Fakultas Ekonomi Universitas Negeri Malang.

Hadi, Nor. 2014. *Corporate Social Responsibility*. Yogjakarta: Graha ilmu.

Hamidy, Rahman Rusdi. 2014. *Pengaruh Struktur Modal Terhadap Nilai Perusahaan dengan Profitabilitas Sebagai Variabel Intervening pada Perusahaan Properti dan Real Estate Di Bursa Efek Indonesia*. Thesis tidak diterbitkan. Denpasar: Universitas Udayana

Hanafi, Mamduh M. 2014. *Manajemna Keuangan.* Yogyakarta: BPFE

Hartanty, Ellya. *Pengaruh Struktur Modal, Pertumbuhan Perusahaan dan Return on Investement (ROI) Terhadap Nilai Perusahaan Pada Perusahaan Yang Terdaftar di Bursa Efek Indonesia Periode 2008-2012.* Jurnal skripsi tidak diterbitkan. Tanjungpinang. Fakultas Ekonomi: Universitas Maritim Raja Ali Haji.

Hartaman, L. P. 2008. *Etika Bisnis: Pengambilan Keputusan Untuk Integrasi Pribadi Dan Tanggung Jawab Sosial*. Jakarata: Erlangga.

Husnan, Suad. 2013. *Manajemen Keuangan Teori dan Penerapan (Keputusan Jangka Panjang)*.Yogyakarta: BPFE.

Husnan, Suad dan Pudjiastuti, Enny. 2006. *Dasar-dasar manajemen keuangan.* Yogyakarta: UPP STIM YKPN.

Iwan. 2015. *Belum Bangun Pabrik Smelter Perusahaan Tambang Dilarang Ekspor.* http://www. kemenperin.go.id/artikel/747/Belum-Bangun-Pabrik-Smelter-Perusahaan-Tambang-Dilarang-Ekspor (Online). Diakses 09 April 2016.

Kartini, Dwi. 2009. *Corporate Social Responsibility*. Bandung: PT Refika Aditama

Kasmir. 2010. *Pengantar Manajemen Keuangan*. Jakarta. Kencana Prenada Media Group.

Khairiyahtussalihah, Assa'adatul. 2015. *Pengaruh Struktur Modal, Ukuran Perusahaan, Pertumbuhan Perusahaan dan Profitabilitas Terhadap Nilai Perusahaan pada Perusahaan yang Terdaftar di BEI periode 2011-2013 (Studi Pada Perusahaan Sub Sektor Real Estat dan Properti)*. Skripsi tidak diterbitkan. Jambi: Fakultas Ekonomi dan Bisnis Universitas Jambi.

Kusumajaya, Dewa, KO. 2011. *Pengaruh Struktur Modal dan Pertumbuhan Perusahaan Terhadap Profitabilitas dan Nilai Perusahaan pada Perusahaan Manufaktur di Bursa Efek Indonesia*. Tesis. Denpasar: Universitas Udayana.

Permanasari, Wien Ika. 2010. *Pengaruh Kepemilikan Manajemen, Kepemilikan Institusional dan Corporate Social Responsibility Terhadap Nilai Perusahaan.*Skripsi tidak diterbitkan. Semarang: Fakultas Ekonomi Universitas Diponegoro.

Rustiarini, Ni Wayan. 2010. Pengaruh *Corporate Governance* pada Hubungan *Corporate sosial Responsibility* dan Nilai Perusahaan. Purwokerto: *Simposium Nasional Akuntansi XIII*.

Safrida, Eli. 2008. *Pengaruh Struktur Modal dan Pertumbuhan Perusahan Terhadap Nilai Perusahaan pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Jakarta*. Tesis tidak diterbitkan. Medan: Universitas Sumatera Utara

Sartono, R. Agus. 2012. *Manajemen Keuangan Teori dan Aplikasi*. Yogyakarta: BPFE.

Sembiring, Eddy Rismanda. 2005. Karakteristik Perusahaan dan Pengungkapan Tanggung Jawab Sosial: Study Empiris pada Perusahaan yang Tercatat di Bursa Efek Jakarta. Solo: *Simposium Nasional Akuntansi VII*

Solihin, Ismail.2009. *Corporate Social Responsibility: From Charity to Sustainability*. Jakarta: Salemba Empat

Sriwardany. 2006. *Pengaruh Pertumbuhan Perusahaan Terhadap Kebijaksanaan Struktur Modal dan Dampaknya Terhadap Perubahan Harga Saham Pada Perusahaan Manufaktur*. Thesis tidak diterbitkan. Medan: Sekolah Pasca Sarjana Universitas Sumatera Utara

Sugihen, S.G.2003. *Pengaruh Struktur Modal Terhadap Produktivitas Aktiva dan Kinerja Keuangan serta Nilai Perusahaan Industri Manufaktur Terbuka di Indonesia*. Disertasi tidak diterbitkan. Surabaya: Universitas Airlangga.

Sujanto, Yosua. 2014. *Pengaruh Penerapan Corporate Social Responsibility Terhadap Nilai Perusahaan dengan Menggunakan Profitabilitas sebagai Variabel Moderating*. Skripsi tidak diterbitkan. Malang: Fakultas Ekonomi Universitas Negeri Malang.

Susanti, Eka. *Dampak Smelter Ekosistem TN Baluran Terancam*. www.sinarharapan.co (Online). Diakses 09 April 2016.

Van Horne, James C. dan Wachowicz, Jr. 2013. *Prinsip-prinsip Manajemen Keuangan.* Jakarta: Salemba Empat.

Weston, J. Ferd dan Copeland, Thomas E. 2010. *Manajemen Keuangan*. Tanggerang: Binarupa Aksara.

Yohanes.2010. *Etika Bisnis:Pendekatan Filsafat Terhadap Perilaku Pebisnis*. Jakarta: Yayasan Pustaka Obor Indonesia.