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# The Effect of corporate social responsibility disclosure on the company value

Subjects  
Accounting and  
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## ABSTRACT

**Purpose:** This study aims to prove whether disclosing Corporate Social Responsibility (CSR) affects PT BS's company value from 2015 to 2020.

**Methods:** This study uses a quantitative research type with a descriptive approach, processed using the SPSS version 25 program. The data used in this study are secondary. This study uses a sample of PT BS from 2015-2020. The data collection technique uses official documentation from the Indonesia Stock Exchange (IDX) website.

**Findings:** The study's results prove that disclosure of Corporate Social Responsibility (CSR), measured by the Global Reporting Initiative (GRI) G4, significantly affects Company Value.

**Practical Implications:** This study confirms that consistent communication of CSR activities fulfills social responsibility and attracts investor interest. By increasing the transparency of CSR reports, companies can strengthen their reputation and build stakeholder trust, potentially increasing company value in the long term.

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**Abstrak**

**Tujuan:** Penelitian ini bertujuan untuk membuktikan apakah pengungkapan Corporate Social Responsibility (CSR) berpengaruh terhadap nilai perusahaan PT BS tahun 2015 sampai dengan 2020.

**Metode:** Penelitian ini menggunakan jenis penelitian kuantitatif dengan pendekatan deskriptif, diolah menggunakan program SPSS versi 25. Data yang digunakan dalam penelitian ini bersifat sekunder. Penelitian ini menggunakan sampel PT BS tahun 2015-2020. Teknik pengumpulan data menggunakan dokumentasi resmi dari situs Bursa Efek Indonesia (BEI).

**Hasil:** Hasil penelitian membuktikan bahwa pengungkapan Corporate Social Responsibility (CSR) yang diukur dengan Global Reporting Initiative (GRI) G4 berpengaruh signifikan terhadap Nilai Perusahaan.

**Implikasi Praktis:** Penelitian ini menegaskan bahwa komunikasi kegiatan CSR yang konsisten memenuhi tanggung jawab sosial dan menarik minat investor. Dengan meningkatkan transparansi laporan CSR, perusahaan dapat memperkuat reputasinya dan membangun kepercayaan pemangku kepentingan, sehingga berpotensi meningkatkan nilai perusahaan dalam jangka panjang.

**Kata Kunci:** Return on Asset, Ukuran Perusahaan, Risiko Perusahaan Tax Avoidance.

## 1. Introduction

Company value becomes significant because the increase will follow the high company value in improving shareholder welfare. The increase in company value will impact shareholder value if a high rate of return on investment to shareholders marks the increase. According to Rahmawati, Topowijono, & Sulasmiyati (2015:3), the company's value can be seen from the development of stock prices in the capital market, where high stock prices have a positive impact on the company's value and are a positive prospect in the future. Meanwhile, according to Dewi, Handayani, & Nuzula (2014:2), for companies that have gone public, the company's value is the amount of money that prospective buyers are willing to pay if the company is sold. PT BS is committed to implementing corporate social responsibility (CSR) through various economic, socio-cultural, and environmental programs. Corporate Social Responsibility (CSR) is a company's effort to contribute to community development and maintain environmental sustainability. PT. B allocates 25% of its land for economic centers, creates jobs, establishes cooperatives for employees, and provides other supporting infrastructure in the financial sector. In terms of social and cultural aspects, PT. B includes health facilities, worship facilities, sports, and recreation, and realizes cooperation with security forces to improve public security. In addition, the company is also committed to improving the quality of human resources through education programs. In the environmental sector, PT. B built city parks and air catchment areas, planted thousands of trees, and implemented recycling and waste management programs.

However, several cases had a negative impact on PT. B CSR image was negatively impacted, such as complaints from residents about the unpleasant odor from the Final Disposal Site, which could pollute the air, rivers, and the surrounding environment. Previous studies have shown poor CSR management can damage a company's reputation and reduce investor confidence. However, several recent studies have shown that disclosing good CSR can increase market confidence and company value, so more in-depth research is needed.

The analysis shows that although there has been a lot of research on the effect of CSR on company value, there is still a lack of understanding of investor responses to the spread of CSR from certain companies, especially in the property sector. Existing research often does not cover qualitative aspects that reflect CSR and its impact on investor perceptions. This makes this study relevant to examining the SLUMPT of PT BS, which has not been widely studied. Based on these problems, the author is interested in further exploring the "The Effect of Corporate Social Responsibility Disclosure on Company Value at PT BS for the 2015-2020 Period" survey. The purpose of this study is to empirically determine how the scope and implementation of CSR by PT BS affect the value of the company it owns and the extent to which the scope of CSR influences the value of the company. This study is expected to provide practical benefits for companies and investors in understanding the importance of CSR in assessing the company's value.

## 2. Theoretical Background

### Agency Theory

Supriyono (2018:36) defines agency theory as a concept that describes the relationship between the principal (contractor) and the agent (contractee). The principal contracts the agent to work according to the interests or goals of the principal so that the principal authorizes the agent to make decisions to achieve those goals. The critical thing in agency theory is the authority given to the agent to take action in the owner's interests. Agency theory provides a meaningful way to explain the conflict of interest between managers and owners that becomes an obstacle.

### Legitimacy Theory

Legitimacy theory focuses on the interaction of companies and society. According to Dowling and Pfeffer (1975), legitimacy is important for organizations. Social norms and values emphasize boundaries, and reactions to these boundaries encourage the importance of analyzing organizational behavior toward the environment.

### Stakeholder Theory

Stakeholder theory, according to Purwanto (2011) in Pristianingrum: 355), is a theory that states that a company is not an entity that only operates for its own interests but must be able to provide benefits to all stakeholders. According to Rustiarini (2011) in Pristianingrum: 355), Stakeholder theory states that a company's survival depends on the support of stakeholders who influence or can be influenced by the company's activities. The company is responsible for its owners and the community's environmental and social conditions. In this case,

### Corporate Social Responsibility (CSR)

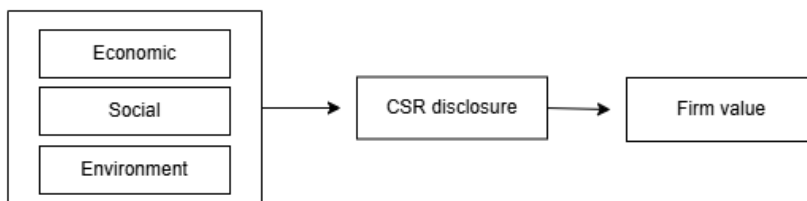
CSR is defined as the actions of corporations or large companies in providing material responsibilities such as money, equipment, or other gifts to the community, organizations, or individuals where the company operates. The concept of CSR was first put forward by Howard R. Bowen in 1953 in Ismail Solihin (2009: 1). Initially, CSR was based on 'philanthropic' activities. These humanitarian impulses stem from universal norms and ethics to help others and fight for social equality. Currently, CSR has been used as a strategy by companies to improve the company's image, which will affect the company's financial performance and value.

## Company value

Husnan (2014:7) in Mustanda and Suwardika (2017:2) defines company value as the price prospective buyers can pay when the company is sold. When a company has gone public or offered shares, its value is defined as the investor's perception of it. Investors can use company value as a basis for viewing the company's performance in the coming period, where company value is often associated with stock prices. Investors will benefit if the company's stock price is high. Thus, a high stock price will be directly proportional to a high company value. High company value will increase investor confidence in the company.

## Relationship Between Research Variables

The components of the Corporate Social Responsibility (CSR) and Company Value variables have a close relationship and interrelationship. Thus, the components used in this study, namely CSR, can complement each other and influence the variable of Corporate Value, both positively and negatively. Based on the theoretical basis that has been explained, the relationship between the two variables can be identified, and this will be the basis for the conclusions in this study. Therefore, this study aims to provide evidence regarding the influence of Corporate Social Responsibility disclosure on Corporate Value. The conceptual framework used in this study can be explained as follows:



**Figure 1. Research model**

## 3. Methods

This research is quantitative, using secondary data from the financial and annual reports of PT BS listed on the Indonesia Stock Exchange. To increase representativeness, the focus of this research is on one company, with the population being the annual financial reports of PT BS from 2015 to 2020.

**Tabel 1. Definisi operasional variable**

| Variable                                         | Formula                                                                   | Scale | Information                                                                         |
|--------------------------------------------------|---------------------------------------------------------------------------|-------|-------------------------------------------------------------------------------------|
| Corporate Social Responsibility Disclosure Index | $CSRDI_j = \frac{\sum X_{yi}}{n}$                                         | Ratio | $X_{yi}$ : Score 1 if the CSR disclosure item is in the report, and 0 if it is not. |
| Price to Book Value                              | $PBV = \frac{\text{Market price per share}}{\text{Book value per share}}$ | Ratio | -                                                                                   |

## Data analysis techniques

In this study, the data analysis technique was used SPSS statistical software version 25. The analysis process began by conducting descriptive statistical tests to describe and identify the

characteristics of the data that had been collected. Furthermore, this study meets the classical assumption test, which includes the normality, multicollinearity, heteroscedasticity, and autocorrelation tests. After all the classical assumptions are met, the next step is to conduct a hypothesis test. The T-test is used to analyze the effect of the Corporate Social Responsibility Disclosure variable on the Company Value variable. In addition, the determination coefficient test is conducted to measure how much influence the Corporate Social Responsibility Disclosure variable has on the company value compared to other variables not included in this study.

## 4. Results and Discussion

### Descriptive statistical test

Based on the descriptive statistical test results presented in Table 2, the company value measured through Price to Book Value shows significant results, with an average of 1.0573 and a standard deviation of 0.3602. The average PBV value is more critical than this standard deviation, which indicates that the data spread is relatively low and the value distribution is even. Similar things are also seen in the disclosure of economic aspects in Corporate Social Responsibility of PT BS, where the average value is 0.5185, accompanied by a standard deviation of 0.0574, indicating an even distribution and low data deviation.

Table 2. Descriptive statistics

| Variable          | N | Minimum | Maximum | Average | Standard Deviation |
|-------------------|---|---------|---------|---------|--------------------|
| PBV               | 6 | 0.71834 | 1.56784 | 1.0573  | 0.3602             |
| Economic (CSR)    | 6 | 0.4444  | 0.5556  | 0.5185  | 0.0574             |
| Environment (CSR) | 6 | 0.02941 | 0.55882 | 0.2206  | 0.2622             |
| Social (CSR)      | 6 | 0.27083 | 0.35416 | 0.3056  | 0.0388             |

Source: Data processed with SPSS 25

On the other hand, in the environmental aspect, the average disclosure was recorded at 0.2206 with a higher standard deviation of 0.2622, indicating that the data deviation is relatively high and the distribution is uneven. Meanwhile, the disclosure of the social aspect shows an average value of 0.3056 and a standard deviation of 0.0388, reflecting an even and consistent data distribution. Thus, CSR disclosure in the economic and social aspects shows good and stable performance. In contrast, the environmental element still requires more attention to improve the consistency and quality of its disclosure.

### Hypotheses testing

Based on Table 3, Corporate Social Responsibility shows a significant value of 0.049, with a probability of 0.05 ( $\alpha = 5\%$ ). This means that the considerable probability value, which is 0.049, is smaller than 0.05 ( $0.049 < 0.05$ ). In addition, the CSR variable has a t-value of 2.794, while the t-table is 2.776, which indicates that the t-value is greater than the t-table. From here, we can conclude that CSR positively influences company value.

Table 3. Hypotheses testing

| Model          | Unstandardized Coefficients |            | Standardized Coefficients |        | Sig.  |
|----------------|-----------------------------|------------|---------------------------|--------|-------|
|                | B                           | Std. Error | Beta                      | t      |       |
| (Constant)     | -0.908                      | 0.340      | -                         | -2.672 | 0.056 |
| CSR            | -0.713                      | 0.255      | -0.813                    | -2.794 | 0.049 |
| R Square 0.575 |                             |            |                           |        |       |

Source: Data processed with SPSS 25

Furthermore, Table 3 also reveals the determination coefficient R Square of 0.575, which is obtained from the square of the correlation coefficient (R) value of 0.758, so that  $0.758 \times 0.758$  produces 0.575. The figure of 0.575, or 57.5%, indicates a significant relationship between company value and corporate social responsibility, while the remaining 42.5% is influenced by other variables outside this regression model that were not studied.

## Discussion

*The company has disclosed and implemented CSR well.*

Based on the results of the statistical analysis that has been carried out, PT BS's CSR disclosure shows that the values of the economic, environmental, and social indicators are evenly distributed. The economic indicator shows a consistent average disclosure during 2015-2020, reflecting a stable condition. Meanwhile, the environmental indicator records unevenness in its disclosure, which is caused by the lack of detail and quality of data provided by the company. On the other hand, the social indicator shows a relatively even distribution, indicating the company's commitment in this aspect. Despite variations in the level of disclosure, overall CSR indicators reflect good practices, although environmental indicators still need improvement. This level of CSR disclosure demonstrates the company's commitment to society, allowing consumers to choose products based on the quality of the goods and corporate governance. CSR disclosure activities are an integral part of good governance. When consumers have a positive assessment of a company, they tend to be loyal to the products offered, which can improve the company's image and drive up stock prices. Investors will respond to companies with good environmental performance by increasing their stock value.

*Company value owned by PT BS*

Based on the analysis of PT BS data during the 2015-2020 period, it can be concluded that the company's value shows a stable and consistent condition. Company value is fundamental for investors to know before making investment decisions. Investors usually assess a company based on its ability to generate profits. If the company's profit is high, this will also affect the stock price and, in turn, the company's value. The increase in company value shows good potential and is attractive for investors to invest further.

*CSR disclosure on company value*

Based on the analysis of corporate social responsibility, significant indications influence company value. Corporate social responsibility disclosure is considered positive by investors, who tend to respond well and are interested in investing their shares. This encourages more investors to invest in the company, which has the potential to increase the company's value. This study aligns with previous research by Sri Ayen (2019), which found that CSR positively



influences company value. However, there is also research by Mustofa and Mujati Suaidah (2020), which noted that CSR does not affect company value.

## 5. Conclusion

This study aims to investigate the effect of Corporate Social Responsibility (CSR) disclosure on company value, focusing on PT BS from 2015 to 2020. The analysis results show that all CSR indicators—economic, environmental, and social—have a good distribution, although disclosure on environmental indicators is still less detailed. Overall, the company value of PT BS shows an even distribution, and CSR disclosure is proven to have a significant influence on company value. However, this study has limitations, such as the use of only one sample company, not considering other variables that have the potential to affect company value (e.g., financial performance, good corporate governance, and company size), and the use of CSR indicators that are limited to GRI G4 with three main categories. Therefore, it is recommended that company management focus on CSR disclosure to increase company value and gain a positive response from the public and investors. Investors should also consider the company's CSR background when making investment decisions. Further research is expected to expand the scope by adding other variables, choosing different sectors, and extending the study period to make the results more accurate and comprehensive. In addition, CSR measurement indicators should be expanded using additional methods such as the Relative Quantitative Index (RQT) or other relevant techniques to improve the quality of CSR disclosure.

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