

CORPORATE SOCIAL RESPONSIBILITY AND PROFITABILITY IN CIGARETTE SUB-SECTOR COMPANIES REGISTERED ON BEI IN 2012-2021

Widy Nabila Safitri^{*1}, Afrizawati², Keti Purnamasari³

Politeknik Negeri Sriwijaya^{*1,2,3}

widynabila001@gmail.com¹, afrizawati@polsri.ac.id², keti.purnamasari@polsri.ac.id³

Abstract: *The purpose of this research is to determine the influence of Corporate Social Responsibility (CSR) and profitability on firm value. Profitability is assessed using Return On Assets (ROA) and Return On Equity (ROE), Corporate Social Responsibility (CSR) is measured using GRI G4 with 91 disclosure category indicators while firm value is measured using Price Book Value (PBV). The purposive sampling method was used to collect samples from companies in the cigarette sub-sector listed on the Indonesia Stock Exchange from 2012 to 2021. Classical assumption tests, multiple linear regression analysis, and hypothesis testing with the t test, f test, and coefficient of determination test were used for data analysis in this research. The results of this research indicate that Corporate Social Responsibility has no influence on Firm Value. Return on Assets has a significant positive influence on firm value. Return on Equity has a significant positive influence on firm value. Corporate Social Responsibility, Return on Assets, and Return on Equity simultaneously influence firm value. Profitability as measured by Return on Assets has a dominant influence on firm value.*

Keywords: *Corporate Social Responsibility; Firm Value ;Profitability*

INTRODUCTION

Tobacco is one of the plantation products in Indonesia. Tobacco and its related industries, namely the cigarette industry, have been growing rapidly in Indonesia. The tobacco industry is one of the funding sources for the government because its taxes are recognized as having an important role in the country's income. But on the other hand, cigarettes have many negative social and environmental impacts. Companies must begin to care about the social and environmental impacts resulting from their operations. Environmental awareness will have an indirect impact on how society views business. The value of the company will be affected if it has a strong relationship from the community's reaction to the responsibility activities carried out by the company (Candra & Cipta, 2022).

According to Stakeholder theory, a company must be able to provide benefits to its stakeholders in order to be considered as an entity that does not act for its own interests (Harmoni, 2013). Therefore, businesses must be able to provide benefits to stakeholders and increase the level of knowledge of stakeholders to reduce the negative impacts caused through CSR activities carried out.

Investors expect a good relationship between the company and its stakeholders, because the company will not experience a case that reduces the prosperity of shareholders and threatens the survival of the company. As a result of the company's social responsibility efforts, the market will respond favorably, and this will result in a favorable market response.

This will increase the performance of the company, which will also have an impact on increasing the share price. The return provided by the company for each nominal amount invested by investors is influenced by a high share price. Therefore, the value of the company can be influenced by the disclosure of corporate social responsibility (Lindawati & Puspita, 2015).

Research conducted by Hanindia & Mayangsari (2022) found that CSR has a positive and significant effect on firm value where the greater the CSR index, the company value will increase, while research conducted by Wati (2021) found that CSR disclosure has no significant effect on firm value.

Profitability is an asset that can affect the value of the company. In making decisions to invest, profitability becomes information that is often used by investors. According to the signaling theory, good profitability is a positive signal for investors in making investment decisions. For shareholders, the profitability of a company is very important. Investors want financial rewards in the form of returns, high returns from companies with strong profitability (Anindita & Yuliati, 2017). The level of profitability can show the company's ability to fund its own operational activities (Hamdan & Hartini, 2022).

The high value of profitability indicates the company's ability to provide significant returns for shareholders. The company's capacity to pay dividends is also related to the amount of profit generated by the company, which affects the increase in company value. Due to the increasing rate of return, the attractiveness of the company will also increase, making the company more attractive to investors. In addition, the increase in company performance will also have an impact on company value (Safira & Widajanti, 2021).

The company's future opportunities will be better and the company's value will increase directly proportional to how well its profitability is growing. The company's stock value increases along with its ability to generate profits. (Saridelwi et al., 2020). Several studies have been conducted on the effect of profitability on firm value but still show mixed results, including research by Robiyanto et al. (2020), found that profitability proxied by ROE and ROA significantly has a negative impact on firm value. Meanwhile, research conducted by Saridewi et al. (2020) found that partially the profitability variable as measured by ROA and ROE has a positive and significant effect on firm value.

LITERATURE REVIEW

Signaling Theory

Signaling theory is a way used by companies to reduce information asymmetry between shareholders and companies, by sending signals. The information conveyed as a signal can be in the form of financial reports or non-financial reports. If the information learned is a favorable signal, the investment made by investors will increase. This will affect the stock price which will increase and affect the value of the company, and vice versa (Brigham & Houston, 2014: 184).

Stakeholder Theory

Stakeholder theory explains that a business is an entity that does not act solely for its own benefit, but must bring many benefits for its stakeholders. Stakeholders include shareholders, government, society, creditors, suppliers, and other interested parties (Harmoni, 2013).

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to the commitment of businesses to society, the environment, and stakeholders to be responsible in the three areas of economy, society, and the environment. This duty includes preventing adverse impacts of company operations on people and the environment, as well as improving environmental standards, workers, suppliers, customers, and the environment in which the company conducts business (Sabatini & Sudana, 2019).

The Global Reporting Initiative (GRI) G4 fourth generation is used in this study to measure CSR (Corporate Social Responsibility), which consists of 91 performance indicators. Based on the CSR disclosures described in each company's annual report and sustainability report, the calculation of CSR indexes can be assessed by assigning a value of one if the company discloses the existing item, and assigning a value of zero if the company does not disclose the existing item in 91 CSR disclosure indicators (Helryanto & Juliarto, 2017).

$$\text{Skor CSR} = \frac{\sum \text{item yang diungkapkan}}{\text{Total item dalam GRI}}$$

Profitability Company Value

The company's ability to generate profits during the specified time period is known as profitability. Profit or profit is one of the most commonly used matrices to evaluate company performance (Putri & Mardelna, 2019). Return on Assets (ROA) and Return on Equity (ROEL) are used in this study to measure profitability.

The ratio that shows how much theelt contributes to creating net profit is called ROA, or more commonly called the rate of return on aselt. The formula for calculating this ratio is to divide net profit by total assets (Helry, 2015: 193).

The indicator used to calculate net profit after tax as a return on equity is called return on equity, or ROEL. This indicator describes how equity is used effectively. This ratio is calculated by dividing net income by equity (Kasmir, 2019: 206).

Firm value is the capital's perspective on a company as seen from the stock price. The higher the share price, the more the company value increases. A high share price also shows a high company value. Investors will believe in the company's opportunities in the future and make the market believe in the company's performance, with a high company value (Rahmanda, 2019). There are many ratios that can be used to calculate company value, the Pricel Book Valuel (PBV) ratio will be used in this research as an indicator to measure company value.

A comparison between the book value of a share price and the market price of a share price results in a price-to-book value ratio, or PBV. This ratio determines whether the current share price level is too expensive or too low. (Helry, 2015: 195). PBV can be calculated using the following formula:

$$PBV = \frac{\text{Harga Pasar Per Lembar Saham}}{\text{Nilai Buku Saham}}$$

METHODS

In this study, the authors chose cigarette sub-sector companies listed on the Indonesian ELfelk Exchange as the scope and object in the study, with the 2012 to 2021 research model. The research sample was determined using predetermined standard criteria and 3 samples were collected from 5 populations using a purposive sampling model. The type of data used in this research is quantitative data, with data sources, namely cellular data obtained from annual reports and company financial reports. Data analysis in this research is using the classical assumption test, multiple line correlation analysis, and hypothesis testing using the t test (partial test), f test (simultaneous test), and determination coefisient test.

DISCUSSION

Classical Assumption Test

According to Ghozali (2018: 159), the first step used before the multiple linear regression analysis is the classic assumption test. This test is carried out to ensure that the resulting relgrelsi equation is accurate in estimation and unbiased and consistent.

Normality Test

The Kolmogorov-Smirnov non-parametric statistical test is used in the normality test. The normality test is carried out to find out whether the confounding or residual variabel in the regression model has a normal distribution (Ghozali, 2018: 161).

Table 1. Normality Test Results

<i>Unstandardized Residual</i>		
N		30
<i>Normal Parameters</i>	<i>Mean</i>	0,0000000
	<i>Std. Deviation</i>	1,70593848
<i>Most Extreme Differences</i>	<i>Absolute</i>	0,142
	<i>Positive</i>	0,142

	<i>Negative</i>	-0,117
<i>Test Statistic</i>		0,142
<i>Asymp. Sig. (2-tailed)</i>		0,128

Source: Data Processing Results (2023)

Based on the table above, a significance value of 0.128 is obtained, which means that the data used is normally distributed because the significance value is > 0.05.

Multicollinearity Test

To find out whether there is a relationship between independent variables (independent) in the relation model, the multicollinearity test is used. A multicollinearity-free regression model is one that has a VIF value <10 and a tolerance number > 0.1 (Ghozali, 2018: 107).

Table 2. Multicollinearity Test Result

<i>Model</i> (<i>Constant</i>)	<i>Collinearity Statistics</i>	
	<i>Tolerance</i>	VIF
CSR	0,864	1,157
ROA	0,113	8,841
ROE	0,110	9,066

Source: Data Processing Result (2023)

Based on the table above, the value of CSR correlation is 0.864 > 0.1, the value of ROA correlation is 0.113 > 0.1 and the value of ROEL correlation is 0.113 > 0.1 with the VIF value of CSR is 1.157 < 10, the VIF value of ROA is 8.841 < 10 and the VIF value of ROEL is 9.066 < 10. So it can be concluded that the correlation model does not contain multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the correlation model there is inequality of variances from the residuals of one observation to another observation, using the Glejser test, namely if the significance value is > 0.05 then there is no heteroscedasticity (Ghozali, 2018: 137).

Table 3. Heteroscedasticity Test Results

<i>Model</i> (<i>Constant</i>)	<i>Sig.</i>
CSR	0,300
ROA	0,533
ROE	0,897

Source: Data Processing Result (2023)

Based on the table above, the significance value of CSR is 0.300 > 0.05, followed by the significance value of ROA 0.533 > 0.05 and the significance value of ROEL 0.897 > 0.05. So it can be concluded that there is no heteroscedasticity in the relation model.

Autocorrelation Test

The autocorrelation test is carried out to determine whether there is a violation of the classical assumption of autocorrelation, namely the correlation that occurs between the residuals in an observation with other observations in the correlation model (Wiyono, 2020: 170). This test can use the Durbin-Watson Test.

Table 4. Autocorrelation Test Result

<i>Model</i>	<i>Durbin-Watson</i>
1	1,670

Source: Data Processing Result (2023)

Based on the table above, the DW value learned is 1.670 where the du value with $k = 3$ and $n = 30$ is 1.6498 then $1.6498 < 1.670 < 2.3502$ thus, this relation model is free from autocorrelation.

Multiple Linear Correlation Analysis

This multiple linear correlation analysis is used to determine the direction of influence and the extent of the influence of the independent variable on the dependent variable..

Table 5. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1,311	1,328		-0,987	0,333
CSR	-0,108	0,073	-0,088	-1,475	0,153
ROA	0,386	0,101	0,632	3,830	0,001
ROE	0,117	0,059	0,333	2,154	0,047

Source: Data Processing Result (2023)

$$Y = -1.311 - 0.108 X_1 + 0.386 X_2 + 0.117 X_3$$

The test results of the regression equation can be explained as follows:

1. The value of the constant (a) obtained has a negative value of -1.311. This shows that if all independent variables which include CSR (X1), ROA (X2) and ROE (X3) are 0 (constant) then the dependent variable is -1.311.
2. CSR significance value of 0.153 which means insignificant. So it can be concluded that CSR (X1) has no effect on the value of the company.
3. The value of the regression coefficient of the ROA variable (X2) is 0.386. This can be interpreted if the ROA increases, the company's value will also increase by 0.386. So it can be concluded that ROA (X2) has a positive effect on company value.
4. The value of the regression coefficient of the ROE variable (X3) is 0.117. This can be interpreted if the ROE increases, the company's value will also increase by 0.117. So it can be concluded that ROE (X3) has a positive effect on company value.

Hypothesis Test

F test

Simultaneous tests are used to find out whether the internal variables have a mutual influence on the internal variables (Ghozali, 2018: 98). The f test can be carried out by using a significance level or by comparing the calculated f value with the f table by making a decision if the calculated $f >$ table f and if the significance value is < 0.05 then it simultaneously has an effect.

Table 6. F Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1158,522	3	386,174	118,968	0,000
Residual	84,397	26	3,246		
Total	1242,918	29			

Source : Data Processing Results (2023)

In the results of the f test, it was found that the calculated f value was 118.968 greater than the f table value of 3.35 with a significance level of 0.000 smaller than 0.05. The tests carried out show the results that the variables CSR, ROA and ROEL together have an influence on company value.

T Test

According to Ghozali (2018: 98), the partial test basically shows the extent to which one internal variable can explain the internal variable on its own. The t test can be carried out by using a significance level or by comparing the calculated t value with a t table to make a decision. If the calculated $t > t$ table and the significance value is < 0.05 then it has a partial effect.

Table 7. T Test

Model	Standardized Coefficients		
	Beta	t	Sig.
1 (Constant)		-0,987	0,333
CSR	-0,088	-1,475	0,153
ROA	0,632	3,830	0,001
ROE	0,333	2,154	0,047

Source: Data Processing Results (2023)

Based on the table above, it can be concluded that:

1. CSR has a calculated t value of -1.475 with a significance of 0.333, so partially CSR does not have an influence on Company Value because the calculated t value is $-1.475 < t$ table 2.0423 and the significance level is > 0.05 .
2. ROA has a calculated t value of 3.830 with a significance of 0.001, so partially ROA has a significant positive influence on Company Value because the calculated t value is $3.830 > t$ table 2.0423 and the significance level is < 0.05 .
3. ROEL has a calculated t value of 2.154 with a significance of 0.047, so partially ROEL has a significant positive influence on Company Value because the calculated t value is $2.154 > t$ table 2.0423 and the significance level is < 0.05 .
4. The CSR (X1) variable coefficient value is -0.088 or -8.8%, the variable ROA (X2) has a Selbelsar belt coefficient value of 0.632 or 63.2% and the variable ROEL (X3) has a Selbelsar belt coefficient value of 0.333 or 3.33%. This shows that the variable ROA (X2) has a large coefficient, so that the variable ROA (X2) is the variable that most dominates the influence on company value.

Coefficient of Determination (R^2)

The Coefficient of Determination Test (R^2) essentially measures how far the model's ability to explain the dependent variable (Ghozali, 2018:97)

Table 8. Coefficient of Determination

Model	R	R Square	Adjusted R Square
1	0,965	0,932	0,924

Source: Data Processing Results(2023)

Based on the table above, the R Square value is 0.932, indicating that the company value is influenced by the three independent variables with an influence of 0.932 or 93.2% and the remaining 6.8% is explained by other variables outside the research.

The Influence of CSR on Company Value

In the t test results, CSR achieved a significance value of 0.153, which shows that the CSR variable has no influence on company value. This can be caused by the fact that the quality of disclosure of CSR activities is still very low and not very good, which can be seen from the small value of CSR disclosure based on GRI G4 which has 91 disclosure indicator items, while the average CSR disclosure in cigarette sub-sector companies is only 1.6 % or a total of 15 items

This research is in line with research conducted by Damayanti (2021) which stated that CSR disclosure does not affect company value. This is because the company's CSR disclosure is not used by investors as a determining factor that they are willing to use as a basis for making

decisions about investing. Investors' negligence in buying and selling shares without paying attention to the long-term survival of the company (Mustofa & Suaidah, 2020).

The Influence of ROA on Company Value

In the t test results, ROA has a significance value of 0.001, which indicates that ROA has a significant positive influence on company value. A high ROA value can provide a positive signal to investors to invest their capital in the company. The results of this research support the signaling theory which states that a company can send a signal to investors through an annual report and if the information received is a positive signal, then the number of investments made by investors will increase which will have an influence on increasing the value of the company.

The results of this research were confirmed by Krisnando (2019) and Wati (2021) who stated that ROA has a significant positive influence on company value. This is because a high ROA figure shows the company's ability to use its resources productively to generate quite large profits. Investors will choose companies with high turnover because of the company's ability to generate profits that are quite large in relation to the profit or turnover that the investor will receive. A high ROA figure can also mean that the company's financial performance can be said to be healthy, the company is seen as having greater prospects in the future, and investors will be interested in investing in company shares so as to increase the company's value.

The Influence of ROEL on Company Value

In the t test results, ROEL obtained a significance value of 0.047 which shows that ROEL has a significant positive influence on company value. A high ROEL can encourage investors to invest because investors can receive good signals. The results of this research support the signaling theory which states that companies can send signals to investors through annual reports and if the information received is a positive signal, then investments made by investors will increase so that it will influence the value of the company.

The results of this research are supported by Hidayat (2019) and Virolita & Yuliana (2020) who state that ROEL has a significant positive influence on company value. The company's ability to generate profits using its own capital can be said to be very good. This is demonstrated by a higher ROEL figure. Due to capital growth which is followed by an increase in profits or profits for the company, ROEL can have an impact on the value of the company, so it will show that the company is able to generate profits for shareholders which will have an impact on a higher level of profit. The greater the amount of profits obtained will influence the strength of investors' interest in investing, which will increase the number of requests for company shares, which will also have an impact on increasing the company value due to high share prices.

CONCLUSION

Based on the results of research regarding the Effect of Corporate Social Responsibility (CSR) Disclosure and Profitability as measured by Return on Assets (ROA) and Return on Equity (ROE) on Company Value in Cigarette Sub-Sector Companies listed on the Indonesia Stock Exchange in 2012-2021, it can be concluded that the results of this research are as follows:

1. *Corporate Social Responsibility* (CSR) has no influence on Company Value
2. *Return on Asset* (ROA) has a significant positive influence on Company Value
3. *Return on Equity* (ROE) has a significant positive influence on Company Value
4. *Corporate Social Responsibility* (CSR), *Return on Asset* (ROA), and *Return on Equity* (ROE) have a simultaneous influence on Company Value.
5. Profitability as measured by Return on Assets (ROA) has a dominant influence on Company Value.

REFERENCES

- Anindita, P., & Yulianti, R. 2017. Pengungkapan Corporate Social Responsibility, Profitabilitas dan Nilai Perusahaan. *Simposium Nasional Akuntansi XX*.
- Brigham, E. F., & Houston, J. F. 2014. *Dasar-Dasar Manajemen Keuangan*. Jakarta: Salemba Empat.
- Candra, A. C., & Cipta, W. 2022. Pengaruh Profitabilitas dan Pengungkapan Corporate Social Responsibility terhadap Nilai Perusahaan. *Jurnal Akuntansi Profesi*. 13 (1): 71-81.
- Damayanti, Aprilia. 2021. Pengaruh Corporate Social Responsibility dan Profitabilitas terhadap Nilai Perusahaan. *Skripsi*. Jember: Universitas Islam Negeri Kiai Haji Achmad Siddiq.
- Ghozali, Imam. 2018. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Semarang: Badan Penerbit Universitas Diponegoro.
- Hamdan, H., & Hartini, H. (2022). Analisis Faktor-Faktor yang Mempengaruhi Struktur Modal pada Perusahaan Manufaktur di Bursa Efek Indonesia 2018-2020. *Jurnal Manajemen*, 10(3), 311-326.
- Hanindia, C., & Mayangsari, S. 2022. Pengaruh Kebijakan Dividen, Profitabilitas, dan Corporate Social Responsibility (CSR) terhadap Nilai Perusahaan. *Jurnal Ekonomi Trisakti*. 2 (2): 481-492.
- Harmoni, Ati. 2013. Stakeholder-Based Analysis of Sustainability Report: A Case Study on Mining Companies in Indonesia. *International Conference on Eurasian Economies 2013*. 40: 204–210.
- Heryanto, R., & Juliarto, A. 2017. Pengaruh Corporate Social Responsibility terhadap Profitabilitas Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang terdaftar di Bursa Efek Indonesia Periode 2014- 2015). *Diponegoro Journal Of Accounting*. 6 (4): 1-8.
- Hery. 2015. *Analisis Kinerja Manajemen*. Jakarta: PT Grasindo.
- Hidayat, Wastam Wahyu. 2019. Pengaruh ukuran perusahaan, return on equity dan leverage terhadap nilai perusahaan pada perusahaan manufaktur di indonesia. *Jurnal Ekonomi Manajemen dan Akuntansi*. 21 (1): 67-75.
- Krisnando. 2019. Pengaruh Return on Asset terhadap Nilai Perusahaan dengan Kepemilikan Manajerial Sebagai Variabel Moderasi. *Jurnal STEI Ekonomi*. 28 (2): 97-121.
- Kasmir. 2019. *Analisis Laporan Keuangan*. Depok: PT Raja Grafindo Persada.
- Lindawati, A. S. L., & Puspita, M. E. 2015. Corporate Social Responsibility: Implikasi Stakeholder dan Legitimacy Gap dalam Peningkatan Kinerja Perusahaan. *Jurnal Akuntansi Multiparadigma*. 6 (1): 157-174.
- Mustofa, N., & Suaidah, Y. M. 2020. Pengaruh Pengungkapan Corporate Social Responsibility (CSR) terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Pemoderasi. *Jurnal Cendekia Akuntansi*. 1 (2): 31-41.
- Putri, K. A. T., & Mardenia, L. 2019. Pengaruh GCG, CSR, Profitabilitas dan Ukuran Perusahaan terhadap Nilai Perusahaan. *Jurnal Ilmiah Wahana Akuntansi*. 14 (2): 156-169.
- Rahmanda, Nurma Safitri. 2019. Pengaruh Corporate Social Responsibility (CSR) terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Moderating pada Perusahaan Sri Kehati Inde. *Skripsi*. Malang: Universitas Islam Negeri (UIN) Maulana Malik Ibrahim.
- Robiyanto., dkk. 2020. Pengaruh Profitabilitas terhadap Nilai Perusahaan Perhotelan dan Pariwisata Melalui Struktur Modal Sebagai Variabel Intervening. *Jurnal Ilmiah Bisnis dan Ekonomi Asia*. 14 (1): 46-57.
- Safira, F., & Widajantie, T. D. 2021. Pengaruh Profitabilitas, Ukuran Perusahaan, Leverage dan Pengungkapan CSR terhadap Nilai Perusahaan (Studi Empiris Perusahaan Manufaktur yang terdaftar di BEI tahun 2015-2016). *Jurnal Ilmiah Ekonomi dan Bisnis*. 14 (1): 103-112.
- Saridewi, S. P., Susila, G. P. A. J., & Yudiaatmaja, F. 2020. Pengaruh Profitabilitas dan Corporate Social Responsibility terhadap Nilai Perusahaan. *E-Journal Universitas Pendidikan Ganesha Jurusan Manajemen* (8): 93-101.

- Sabatini, k., & Sudana, I. P. 2019. Pengaruh Pengungkapan Corporate Social Responsibility pada Nilai Perusahaan dengan Manajemen Laba sebagai Variabel Moderasi. *Jurnal Ilmiah Akuntansi dan Bisnis*. 14 (1): 56-69.
- Violita, N., & Yuliana, I. 2020. Pengaruh ROE terhadap Nilai Perusahaan dengan Struktur Modal sebagai Variabel Moderating (Sub Sektor Makanan Minuman Tahun 2016-2018). *Jurnal Ekonomi*. 11 (1): 82-87.
- Wiyono, Gendro. 2020. *Merancang Penelitian Bisnis dengan Alat Analisis SPSS 25 & SmartPLS 3.2. 8*. Yogyakarta: UPP STIM YKPN.
- Wati, Siti Purnama. 2021. Pengaruh Pengungkapan CSR dan ROA terhadap Nilai Perusahaan. *Jurnal Ekonomi Mahasiswa (JEKMa)*. 1 (2): 1-10.