Journal of Islamic Business and Economic Review
Journal Volume 3, Issue 1, January 2020
http://journal.stebilampung.ac.id/index.php/jiber/

Firm Size and Firm Value on Corporate Social Responsibility in Indonesia

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Info Articles

History Article:
Received 27 November 2019
Accepted 29 November 2019
Published 30 January 2020

Keywords :
Firm Size, Firm Value, Corporate Social Responsibility, Sustainably Report

Abstract

This study aims to determine the effect, firm size, and firm value on social responsibility coprorate. This study uses a case study approach. Object of this research is Bank Mandiri and Bank Syariah Mandiri research data derived from financial statements and Sustainability report, Bank Mandiri and Bank Syariah Mandiri in 2014-2018. SPSS 24 is used as a tool to analyze the data. The results show that firm size and firm value positive and significant impact on corporate social responsibility. Limitations of this study are only discussing how big the influence of firm size and firm value to corporate social responsibility, as well as the number of samples and the population studied only Bank Mandiri and Bank Syariah Mandiri thus opening opportunities for new researchers with the same theme. The implications of this study are expected to be able to add to their repertoire of knowledge relating to the influencefirm size, and firm value on corporate social responsibility in banking in Indonesia.

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p-ISSN 2623-0410
e-ISSN 2623-0402

INTRODUCTION

The issue of the environment is becoming a concern for all people both nationally and internationally. It proved to the amount of meetings and deal-kesepakatann different countries to be directly involved in efforts to save the environment one that runs from Paris Agrrement in 2015. The joint agreement to limit the global temperature below 2 ° C gentleness compared with pre-industrial times, would not be achieved without the intervention of businesses.

This is an increasingly shows that corporate responsibility is not just focusing terhdap stockholder alone but also include social and environmental responsibility. In other words, the company can be termed as one of the agents pembangungan with the mission of social welfare.so that thus the company's strategy that was originally only maximize return later turned into a business perspective triple buttom line mamaksa company is not solely focused on profit alone (profit) but also focuses on efforts for the welfare of society (people) as well as preserving the environment (planet (Prastowo & Huda, 2011).

Corporate Social Responsibility (CSR) is the commitment of the company or the business world to contribute to the sustainable economic development with attention to corporate social responsibility and focuses on the balance between attention to aspects of economic, social, and environmental. Practice today's corporate social kedermawanaan experienced rapid development in line with the development of the concept of Corporate Social Responsibility. It related to the mandate of the world not merely for profit, but it must also behave ethically and contribute to the creation of a social investment for the environment.

The Ministry of State-Owned Enterprises (SOEs) to receive reports of alleged abuse of funds of the Partnership and Community Development (CSR) or Corporate Social Responsibility (CSR) at PT Garuda Indonesia (Persero) Tbk. Special Staff of the Minister of State, Arya Sinulingga said it is conducting a deepening in this case. (Sec Finance 06 Des 2019). Phenomenon that appears in the Corporate Social Responsibility (CSR) that occurred at PT. Garuda Indonesia (Persero) does not cover the possibility of the companies that implementing Corporate Social Responsibility (CSR).

Law Number 40 Year 2007 on perseroa has set the rules concerning Corporate Social Responsibility (CSR) contained in article 74, which reads as follows; 1) The Company runs its business activities in the field and / or related to the natural resources required to implement social and environmental responsibility, 2) social and environmental responsibility as referred to in paragraph (1) is Obligation the company and calculated as the cost of the company's implementation is done with due regard to decency and fairness, 3) the Company did not carry out the obligations referred to in paragraph (1) be sanctioned in accordance with the provisions of the legislation, 4) Further provisions on social responsibility and a regulated environment with government regulations.

Implementation*Corporate Social Responsibility*(CSR) Bank among others refers to the Minister of SOE No. PER-07 / MBU / 05/2015 dated May 22, 2015 as amended into the Regulation of Minister of State PER-09 / MBU / 07/2015 dated July 3, 2015 concerning the Partnership Program and Community Development Program State Owned Enterprises.

THEORETICAL BASIS

Stakeholder theory

Stakeholder theory says that the company is not the only entity that operates for its own sake but must provide benefits to stakeholders. The definition of stakeholders asked questions (Rhenald Kasali in Purnasiswi, 2011) is any group of good people who are inside the company and outside the company who have a role in determining the success of the company.

Thus the existence of a company is strongly influenced by the support provided by the stakeholders to the company so that the existence of a company is strongly influenced by the support provided by the stakeholders to the company (Fatoni et al, 2016). Basically, whether corporate responsibility is limited to maximize profit in the interests of shareholders, but more broadly of creating prosperity for the benefit of stakeholders, ie all the parties is linked to the company.

Firm Size

Khafid and Mulyaningsih (2012), states that the larger a company, have a tendency to reveal more information. Companies with a large asset much public scrutiny. Therefore, large companies tend to be more cost to disclose information more widely as an effort to maintain the legitimacy of the company (Natalia and Wahidahwati, 2016).

The size of the company is part of the characteristics of the company in relation to the structure of a company. The size of the company is as average total net sales for the year to several years (Bringham and Houston, 2010) the size of the companies in this study is measured by the value of total assets of the company. The total assets of the overall amount of resources owned by peerusahaan. Large companies tend to use substantial resources to finance the activities of his company. Total assets can be seen in the financial statements of each of the samples in this study.

Firm Value

The value of the company is very important because it reflects how much the company can benefit investors. The higher the value of the company, the greater the prosperity that will be received by the owner of the company (Wiagustini, 2014: 8). Original theory of the firm based on the assumption that the intent or purpose of the company is to maximize current income or short-term. However, based on observations of Companies often sacrifice short-term profits to increase future earnings or long term.

Since both the short-term benefits and long term is very important, companies theory (theory of the firm) is now postulated that the intention or the company's main goal is to maximize wealth or enterprise value (value of the firm).

Corporate Social Responsibility

The definition of Corporate Social Responsibility is an act that carried the company carried out as a form of social responsibility of the company and the environment around the operating point (Aini, 2015). Corporate Social Responsibility is also intended to minimize the impact that caused the company for running its business activities (Pradnyani and Sisdyani, 2015). WBSD (The Word Business Council for Sustainable Development) to make sense of Corporate Social Responsibility as a business commitment to behave ethically, to operate legally, and contribute to economic development while improving the quality of life for employees and their families, as well as the local community and society at large.

*Corporate Social Responsibility*is an attempt /natural mechanisms companies to clean up huge profits obtained by the company. As is well known that companies obtain profits can sometimes cause damage to the other party either in activities that intentionally or unintentionally. Told as a natural effort of Corporate Social Responsibility is a consequence of the impact caused in carrying out the activities undertaken by the company can be detrimental to the community. Therefore, the company is obliged to return the state of society have been affected which has been caused by activities that have been carried out by the company for the better.

RESEARCH METHODS

In this study, the authors used the quantitative research where the process of extracting information embodied in the form of numbers as a tool to find information about what is known. Quantitative research emphasizes objective phenomena, and the maximization of objectivity, the study design was conducted using figures, statistical processing, structure and controlled trials (Moleong, 2011: 2). Quantitative research includes every type of research that is based on the calculation of the percentage, average, and other calculations. In other words, this study uses numerical computation or quantity (Moleong, 2011: 1).

Based on the time this study was cross sectional research that is done in a certain time period and to collect data relating in order to find answers to research questions (have now & Bougie, 2010: 178).

RESULT AND DISCUSSION

Table 4. Descriptive Analysis

descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. deviation
size	10	8710.0	38509.0	23143.600	14782.3648
Value	10	, 45	4.75	2.0700	1.56229
CSR	10	29548.00	114,552.00	56218.8940	31600.11356
Valid N (listwise)	10				

Source: SPSS output 24 of 2017

Based on table 1 can be seen that each variable can be explained as follows; 1) to the results of corporate social responsibility (Y) shows the smallest firm value or the minimum and maximum firm value of 29 548114 552. The average corporate social responsibility in 2014-2018 amounted to 56218.8940. Standard deviation firm value of corporate social responsibility that is equal to 31600.11356, 2)the result of firm size (X1) indicates the minimum value is 8710 and the maximum firm value is 38509. The average firm size companies in observation amounted 23143.600 while the standard deviation is 14782.3648, 3) the result of firm value indicates the minimum value is 0:45 and the maximum value is 4.75. The average firm in the observation value of the company is equal to 2.0700, while the standard deviation is 1.56229.

Table 2. Classic Assumption Test

One-Sample Kolmogorov-Smirnov Test		
		Residual unstandardized
	N	10
Normal Parametersa, b	mean	, 0000000
	Std. deviation	9690.37210700
Most Extreme Differences	Absolute	, 155
	positive	, 155
	negative	-, 142
	Test Statistic	, 155
	Asymp. Sig. (2-tailed)	, 200C, d

Source: SPSS output 24 of 2017

Normality Test is used to test the normality of the dependent variable and independent variables. A good regression model is a regression model that has a data distribution normal or near normal.The data requirements are normal when the probability of above 0.05.

Based on the above table Asymp.Sig value (2tailed) of 0.200 or greater than 0.05 so that it can be concluded that the test data in the normal distribution.

Table 3. Proving Hypothesis

Coefficientsa						
		Coefficients unstandardized		standardized Coefficients	T	Sig.
	Model	B	Std. Error	beta		
1	(Constant)	105,499.549	66306.268		1,591	, 172
	size	5.273	1.072	2,467	4.917	, 004
	Value	33813.939	9052.610	1.672	3,735	, 013

Source: SPSS output 24 of 2017

In this study, the dependent variable is corporate social (Y), while the independent variables are firm size (X1), and firm value (X2). Formed so that the regression equation is as follows:

Y = a + b1x1 + b2X2 + e

Information :

Y = Corporate social responsibility

a = intercept (constant)

b1 = regression coefficient independent variable 1

b2 = independent variable regression coefficient 4

X1 = Firm size

X2 = Firm Value

e = Error term.

The regression equation can be seen as follows:

Y = 105499.549 + 2008.998X3 + e + 33813.939X4

From the linear regression equation above can be obtained by the value of the constant is equal to 105499,549. That is, if the variable corporate social responsibility is not affected by the variable firm size and firm value variable or independent variable is zero (0) then the average magnitude of corporate social responsibility is 105499,549.

The regression coefficient for the independent variable X1 (firm size) is positive, indicating a direct relationship between firm size (X1) with corporate social responsibility (Y). Variable regression coefficient X1 for 5273 implies for each increment firm size (X1) of the unit will result in increased corporate social responsibility (Y) of 5,273.

Regression coefficients for independent variables X2 (firm value) is positive, indicating a direct relationship between firm value (X2) by Corporate social responsibility (Y). The regression coefficient X2 of 33813,939 means for every increase firm value (X2) is one unit will cause an increase in Corporate social responsibility (Y) of 33813,939.

a. Firm Size positive and significant impact on Corporate Social Responsibility

Based on the table 2 in the bag diketahu that t is firm size is 4,917 with a significance level of less than 0:04 or 0:05 (0:04 <0,05). Firm Size Hypothesis That is positive and significant impact on the Corporate Social Responsibility is accepted. Results of the study according to the study Waluyo (2017) states that firm size influences Significantly Corporate Social Responsibility disclosure. Trencansky & Tsaparlidis (2014), and Wagiu & Mekel (2014) but the results of this study differ from research Nawaiseh (2015) states that the evaluation of the slope coefficients of the explanatory variables reveals the existence of Negative relationship between number of corporate social responsibility disclosures in relation to employees and Firm Size.

b. Firm Value positive and significant impact on Corporate Social Responsibility.

Based on the table 2 in the bag diketahu that t is firm value is 3735 with a significance level of 0.013 or less than 0.05 (0.013> 0.05). Firm Value Hypothesis That is positive and significant impact on the Corporate Social Responsibility is accepted.

The results are consistent with research and Harjoto Hoje (2011) states that the firm value have a positive impact on corporate social responsibility. Corporate social responsibility (policy, program, or process) is 'strategic' when it yields substantial business-related benefits to the firm (Burke and Logsdon, 1996). The statistical results indicate that the fulfillment of CSR has a positive impact on firm value and stock return.

CONCLUSION

Based on the problem, hypothesis testing and discussion presented it can be concluded that *firm size* has a significant positive effect on corporate social responsibility and firm value positive and significant impact on the corporate social responsibility survey of Bank Mandiri and Bank Shariah Mandiri in Indonesia in 2014-2018. This study is expected to have an impact in two parts, namely the contribution of theory, practical contribution, and the contribution of policies. This research is expected to contribute to the scientific basis of accounting environment, especially on corporate social responsibility that are affected by *firm size* and firm value. The results of this study are expected to be a reference to the owner of the company, investors and policy makers that can be used in the management of the company. From this research it is known that the influence*firm size and firm value has a positive influence* significant corporate social responsibility.

This study was conducted optimally by the researchers, but researchers are aware that there are still many limitations which, among other variables that influence corporate social responsibility consists only of a variable *firm size* and firm value. Samples were also only focused on the target, Bank Mandiri and Bank Mandiri in Indonesia Shariah Yang and the duration of observation was also only 5 years old. For the following studies are expected to researchers to incorporate variables that more and more number of samples as well as a long period of observation. There are limitations to the study by using secondary data that is sometimes the financial statements are published to the public does not show the real state of this study can not be representative of the entire banking companies listed in Indonesia Stock Exchange Based on the results of the discussion and conclusions above, the researchers can provide suggestions as follows: banks are expected to review the implementation of corporate social responsibility program.

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