DO CSR, GCG, CASH HOLDING, AND FIRM SIZE TRULY ELEVATE FIRM VALUE IN THE INDONESIAN BASIC AND CHEMICAL INDUSTRY?

THESIS

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DO CSR, GCG, CASH HOLDING, AND FIRM SIZE TRULY ELEVATE FIRM VALUE IN THE INDONESIAN BASIC AND CHEMICAL INDUSTRY?

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DO CSR, GCG, CASH HOLDING, AND FIRM SIZE TRULY ELEVATE FIRM VALUE IN THE INDONESIAN BASIC AND CHEMICAL INDUSTRY?

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ABSTRACT

This study aims to determine the relationship between Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), cash holding, and company size on firm value. The background of this study is due to the many previous studies that show different results of the influence of each factor of CSR, GCG, cash holding, and company size on firm value. The population used in this study are companies included in the basic and chemical industries listed on the IDX in 2021-2023. The sampling technique in this study was a purposive sampling technique. The amount of data that meets the criteria after being reduced by outliers is 33 data samples. The analysis technique used is multiple linear regression analysis using SPSS version 25. The results showed that CSR has a positive effect on firm value, GCG has no effect on firm value, cash holding has a positive effect on firm value, and company size has no effect on firm value. In other words, CSR and cash holding are able to increase firm value, but GCG and firm size are not able to increase firm value because they have no effect on firm value. These findings indicate that CSR and cash holding are important factors that can increase the value of basic and chemical industry companies in Indonesia.

Keywords: Cash Holding, Company Size, Corporate Social Responsibility, Firm Value, Good Corporate Governance, Independent Commissioner

BENARKAH CSR, GCG, CASH HOLDING, DAN UKURAN PERUSAHAAN MAMPU MENINGKATKAN NILAI PERUSAHAAN?

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui hubungan antara *Corporate Social Responsibility* (CSR), *Good Corporate Governance* (GCG), *cash holding*, dan ukuran perusahaan terhadap nilai perusahaan. Latar belakang penelitian ini adalah karena banyaknya penelitian terdahulu yang menunjukkan hasil pengaruh yang berbeda antara masing-masing faktor CSR, GCG, *cash holding,* dan ukuran perusahaan terhadap nilai perusahaan. Populasi yang digunakan dalam penelitian ini adalah perusahaan yang termasuk ke dalam industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023. Teknik pengambilan sampel dalam penelitian ini adalah teknik *purposive sampling*. Jumlah data yang memenuhi kriteria setelah dikurangi dengan *outlier* adalah 33 sampel data. Teknik analisis yang digunakan adalah analisis regresi linear berganda dengan menggunakan SPSS versi 25. Hasil penelitian menunjukkan bahwa CSR berpengaruh positif terhadap nilai perusahaan, GCG tidak berpengaruh terhadap nilai perusahaan, *cash holding* berpengaruh positif terhadap nilai perusahaan, dan ukuran perusahaan tidak berpengaruh terhadap nilai perusahaan. Dengan kata lain, CSR dan *cash holding* mampu meningkatkan nilai perusahaan, tetapi GCG dan ukuran perusahaan tidak mampu meningkatkan nilai perusahaan karena tidak berpengaruh terhadap nilai perusahaan. Temuan ini menunjukkan bahwa CSR dan *cash holding* merupakan faktor penting yang dapat meningkatkan nilai perusahaan industri dasar dan kimia di Indonesia.

Kata kunci: *Cash Holding, Corporate Social Responsibility, Good Corporate Governance*, Komisaris Independen, Nilai Perusahaan, Ukuran Perusahaan

SUMMARY

DO CSR, GCG, CASH HOLDING, AND FIRM SIZE TRULY ELEVATE FIRM VALUE IN THE INDONESIAN BASIC AND CHEMICAL INDUSTRY?

1. Introduction

The basic and chemical industries are vital to various other sectors, such as food, energy, textiles and beverages. However, the operations of these industries can cause significant environmental damage as they generate hazardous waste. To address this problem, companies must balance environmental management with strategies to increase their firm value and competitive position.

Firm value, which is often reflected in stock prices, depends on a balance between the interests of internal and external stakeholders. This can be achieved through CSR, GCG, effective cash holdings, and optimal firm size. CSR reduces environmental impact and improves sustainability, thereby attracting investors. However, research shows mixed results regarding its impact on firm value. Similarly, although independent commissioners in GCG aim to improve governance and equity, their effect on firm value has not had the same results in previous studies.

Cash holdings reflect financial stability and investment readiness, but their effect on firm value is still debated. Larger firms usually have easier access to funding, which can increase firm value, but this relationship is also inconsistent across studies. This inconsistency highlights the need for additional research. This study examines the impact of CSR, GCG, cash holding, and firm size on firm value in the basic and chemical industries in Indonesia from 2021 to 2023. This study addresses the gaps in research and aims to provide insights for better company strategies that ultimately support industry sustainability and competitiveness.

2. Research Questions

a. Does Corporate Social Responsibility have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?
b. Does Good Corporate Governance have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?
c. Does Cash Holding have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?
d. Does Company Size have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?

3. Research Purposes

a. To determine the effect of Corporate Social Responsibility on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023
b. To determine the effect of Good Corporate Governance on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023
c. To determine the effect of Cash Holding on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023
d. To determine the effect of Company Size on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023

4. Research Methods

This study uses a quantitative method with an associative approach to explain how the independent variables (CSR, GCG, cash holding, and firm size) impact the dependent variable (firm value in the basic and chemical industries). Research data was collected through documentation studies using annual reports and sustainability reports from the IDX website. From 2021-2023, this study involved 93 companies listed on the IDX in the basic and chemical industries. To select the research sample, purposive sampling technique was used. Based on the sample selection technique, 33 samples were obtained after deducting 9 outlier data. The SPSS version 25 software program was used as a tool to assist data processing. The data in this study were studied through classical assumption tests, multiple linear regression analysis, and hypothesis testing. The classical assumption test includes normality, heteroscedasticity, autocorrelation, and multicollinearity tests, while the hypothesis test includes the coefficient of determination (R2) and partial significance (T) tests.

5. Results and Discussion

a. Relationship between Corporate Social Responsibility and Firm Value
   CSR has a significant positive effect on firm value. This shows that the more CSR the company discloses, the more it will increase the company's value because CSR can increase public trust, improve the company's reputation, and attract external parties.
b. The Relationship between Good Corporate Governance and Firm Value
   There is no significant relationship between GCG, as measured by independent commissioners, and firm value. This may be due to the less effective role of independent commissioners in monitoring management in the basic and chemical industries for the 2021-2023 period.
c. Relationship between Cash Holding and Firm Value
   Cash holding has a significant positive effect on firm value. A high level of cash holding is needed to support investment opportunities, reduce debt risk, and handle future uncertainty so as to increase firm value.
d. Relationship between Company Size and Firm Value
   Company size has no significant effect on firm value. The size of the company's assets does not always reflect the ability to generate profits. Investors focus more on the company's future prospects than on asset size.

6. Conclusion

The results showed that Corporate Social Responsibility and Cash Holding have a significant positive effect on Firm Value, while Corporate Governance and Firm Size have no significant effect on Firm Value. The results of this study are expected to provide insight for academics about the factors that influence firm value, help develop accounting theory, and provide input for company management to improve their strategies. In addition, the results of this study are also expected to provide guidance for investors in making the right investment decisions in the basic and chemical industry sectors.

RINGKASAN

BENARKAH CSR, GCG, *CASH HOLDING*, DAN UKURAN PERUSAHAAN MAMPU MENINGKATKAN NILAI PERUSAHAAN?

1. Latar Belakang

Industri dasar dan kimia sangat penting bagi berbagai sektor lain, seperti makanan, energi, tekstil, dan minuman. Namun, operasional industri ini dapat menyebabkan kerusakan lingkungan yang signifikan karena menghasilkan limbah berbahaya. Untuk mengatasi hal ini, perusahaan harus menyeimbangkan manajemen lingkungan dengan strategi untuk meningkatkan nilai perusahaan dan posisi kompetitif mereka.

Nilai perusahaan, yang sering kali tercermin dalam harga saham, bergantung pada keseimbangan antara kepentingan pemangku kepentingan internal dan eksternal. Hal ini dapat dicapai melalui CSR, GCG, kepemilikan kas yang efektif, dan ukuran perusahaan yang optimal. CSR mengurangi dampak lingkungan dan meningkatkan keberlanjutan, sehingga menarik investor. Namun, penelitian menunjukkan hasil yang beragam mengenai dampaknya terhadap nilai perusahaan. Demikian pula, meskipun komisaris independen dalam GCG bertujuan untuk meningkatkan tata kelola dan kesetaraan, pengaruhnya terhadap nilai perusahaan masih belum mendapatkan kesamaan hasil dalam penelitian sebelumnya.

Kepemilikan kas mencerminkan stabilitas keuangan dan kesiapan investasi, namun pengaruhnya terhadap nilai perusahaan masih diperdebatkan. Perusahaan yang lebih besar biasanya memiliki akses yang lebih mudah terhadap pendanaan, yang dapat meningkatkan nilai perusahaan, namun hubungan ini juga tidak konsisten di berbagai penelitian. Ketidakkonsistenan ini menyoroti perlunya tambahan penelitian lebih lanjut. Penelitian ini menguji dampak CSR, GCG, *cash holding*, dan ukuran perusahaan terhadap nilai perusahaan pada industri dasar dan kimia di Indonesia dari tahun 2021 hingga 2023. Studi ini membahas kesenjangan dalam penelitian dan bertujuan untuk memberikan wawasan untuk strategi perusahaan lebih baik yang pada akhirnya mendukung keberlanjutan dan daya saing industri.

2. Rumusan Masalah

a. Apakah *Corporate Social Responsibility* berpengaruh positif dan signifikan terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023?
b. Apakah *Good Corporate Governance* berpengaruh positif dan signifikan terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023?
c. Apakah *Cash Holding* berpengaruh positif dan signifikan terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023?
d. Apakah Ukuran Perusahaan berpengaruh positif dan signifikan terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023?

3. Tujuan Penelitian

a. Untuk mengetahui pengaruh *Corporate Social Responsibility* terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023
b. Untuk mengetahui pengaruh *Good Corporate Governance* terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023

c. Untuk mengetahui pengaruh *Cash Holding* terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023
d. Untuk mengetahui pengaruh Ukuran Perusahaan terhadap Nilai Perusahaan pada industri dasar dan kimia yang terdaftar di BEI tahun 2021-2023

4. Metode Penelitian

Penelitian ini menggunakan metode kuantitatif dengan pendekatan asosiatif untuk menjelaskan bagaimana variabel independen (CSR, GCG, *cash holding*, dan ukuran perusahaan) berdampak pada variabel dependen (nilai perusahaan dalam industri dasar dan kimia). Data penelitian dikumpulkan melalui studi dokumentasi menggunakan laporan tahunan dan laporan keberlanjutan dari *website* BEI. Dari tahun 2021–2023, penelitian ini melibatkan 93 perusahaan terdaftar dalam BEI dalam industri dasar dan kimia. Untuk memilih sampel penelitian digunakan teknik *purposive sampling*. Berdasarkan pada teknik pemilihan sampel, diperoleh sebanyak 33 sampel setelah dikurangi dengan 9 data outlier. Program lunak SPSS versi 25 digunakan sebagai alat membantu pengolahan data. Data dalam penelitian ini dipelajari melalui uji asumsi klasik, analisis regresi linear berganda, dan uji hipotesis. Uji asumsi klasik mencakup uji normalitas, heteroskedastisitas, autokorelasi, dan multikolinearitas, sedangkan uji hipotesis termasuk uji koefisien determinasi (R2) dan uji signifikansi parsial (T).

5. Hasil dan Pembahasan

a. Hubungan antara *Corporate Social Responsibility* terhadap Nilai Perusahaan
   CSR berpengaruh positif secara signifikan terhadap nilai perusahaan. Hal ini menunjukkan bahwa semakin banyak CSR yang diungkapkan perusahaan, akan semakin meningkatkan nilai perusahaan oleh karena CSR dapat meningkatkan kepercayaan masyarakat, memperbaiki reputasi perusahaan, dan menarik minat pihak eksternal.
b. Hubungan antara *Good Corporate Governance* terhadap Nilai Perusahaan
   Tidak ditemukan hubungan signifikan antara GCG, yang diukur melalui komisaris independen, dengan nilai perusahaan. Hal ini mungkin disebabkan peran komisaris independen yang kurang efektif dalam memantau manajemen di industri dasar dan kimia periode 2021-2023.
c. Hubungan antara *Cash Holding* terhadap Nilai Perusahaan
   Cash holding berpengaruh positif secara signifikan terhadap nilai perusahaan. Tingkat *cash holding* yang tinggi diperlukan untuk mendukung peluang investasi, mengurangi risiko utang, dan menangani ketidakpastian di masa depan sehingga dapat meningkatkan nilai perusahaan.
d. Hubungan antara Ukuran Perusahaan terhadap Nilai Perusahaan
   Ukuran perusahaan tidak berpengaruh signifikan terhadap nilai perusahaan. Besarnya aset perusahaan tidak selalu mencerminkan kemampuan menghasilkan keuntungan. Investor lebih fokus pada prospek masa depan perusahaan daripada ukuran aset.

6. Kesimpulan

Hasil penelitian menunjukkan bahwa *Corporate Social Responsibility* dan *Cash Holding* berpengaruh positif secara signifikan terhadap Nilai Perusahaan, sedangkan *Corporate Governance* dan Ukuran Perusahaan tidak berpengaruh secara signifikan terhadap Nilai Perusahaan. Hasil dari penelitian ini diharapkan dapat memberikan wawasan bagi akademisi tentang faktor-faktor yang memengaruhi nilai perusahaan, membantu pengembangan teori akuntansi, serta memberikan masukan bagi manajemen perusahaan untuk meningkatkan strategi mereka. Selain itu, hasil penelitian ini juga diharapkan memberikan panduan bagi investor dalam membuat keputusan investasi yang tepat di sektor industri dasar dan kimia.

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CHAPTER 1
INTRODUCTION

1.1 Background

The existence of basic and chemical industries is an important field that is closely related to industries in other fields. This is because the materials produced can be used by industries in other fields such as the food, energy, textile, food, and beverage industries. Behind its positive impact, the basic and chemical industry can also have a negative impact on the environment because this industry is one of the sources of hazardous and toxic waste (B3) which is very dangerous if discharged directly into the environment (Hendriana & Mardyanto, 2023). The company management needs to try to prevent the negative impact caused by their company and continue to develop its business to increase firm value and excel compared to other competitors.

An increase in share price reflects an increase in the value of the company in the eyes of investors (Bawai & Kusumadewi, 2021). Achieving high value for the company depends not only on maximizing profits but also on balancing the interests of internal and external stakeholders (Worokinasih & Zaini, 2020). By considering internal and external interests in a balanced manner, firm value can be increased through the implementation of Corporate Social Responsibility (CSR), the implementation of Good Corporate Governance (GCG), effective cash holding management, and optimal company size.

Basic and chemical wastes can damage the environment if not handled properly (Sulman & Irawan, 2016). Therefore, more and more companies are adopting CSR policies in an effort to manage risks and realize sustainable performance (Afifah & Syafruddin, 2021). By doing CSR, companies can reduce negative environmental impacts and demonstrate the sustainability of the company, attract investors, and affect the increase in firm value. Previous research found CSR disclosure affects firm value (Atthoriq & Sulistyowati, 2022; Bawafi & Prasetyo, 2015; Dewi et al., 2021; Kristanti, 2020; Susanto & Indrabudiman, 2023). In contrast, some studies have shown that CSR does not affect firm value (Adelina & Arza, 2021; Anggraini & Agustiningsih, 2022; Fiadicha & Hanny, 2016; Taufiq & Widayatmoko, 2021).

Indonesia has been implementing GCG since signing the agreement with the IMF. According to the ACGA (Asian Corporate Governance Association) survey, Indonesia was ranked eleventh in terms of GCG (Worokinasih & Zaini, 2020). This low rank implies that the overall implementation of GCG has not been maximized in Indonesia. Independent boards of commissioners play an important role in effective GCG implementation. Their independent nature allows them to provide objective assessments that are essential to ensure that evaluations of board and management performance are fair and accurate (Hidayat et al., 2021). In accordance with previous research which states that independent commissioners can affect firm value, this objective assessment is carried out to create equality among company interests. This also encourages management performance which can increase overall firm value and is in line with previous research (Amalatisha & Puspitasari, 2023; Laksana & Handayani, 2022; Sari & Sanjaya, 2018; Setiyawati et al., 2017). However, this finding contradicts other studies that state that independent commissioners do not affect firm value (Umam & Halimah, 2021; Wahyudin et al., 2020).

One of the bases for making an investment is looking at cash holding. Companies with well-maintained cash holdings demonstrate the manager's ability to manage cash flow and maintain financial stability, making it attractive to investors (Wahyuni & Muslih, 2020). If the nominal cash holding is low, it can hinder the achievement of company goals and miss profitable investment opportunities (Sutrisno, 2017). Therefore, large amounts of cash holding can also increase firm value. Previous research found that firm value can be influenced by cash-holding (Putra & Rakhmawati, 2016; Wahyuni & Muslih, 2020), but these findings differ from other studies which found that cash holding cannot affect firm value (Khoiroh & Subardjo, 2020; Wafiyah & Santoso, 2021; Widianingrum & Dillak, 2023).

Company size is the next component that can affect firm value. Companies are easier to obtain internal and external funding if they have a larger size (Anggraini & Agustiningsih, 2022). Ultimately, this allows investors to invest, which in turn increases firm value (Prasetia et al., 2014). According to previous research, there is a significant influence between firm value and its size (Febriana et al., 2016; Hapsoro & Falih, 2020). However, other studies have found that there is no influence (Anggraini & Agustiningsih, 2022; Nurjanah & Srimindarti, 2023; Sari & Sanjaya, 2018).

Based on some previous research results, it is found that there are gaps in the form of results that vary from one study to another. The inconsistency of research results is the main factor that encourages researchers to conduct research on similar topics. This study was conducted to review how CSR, GCG, cash holding, and company size affect firm value. In addition, to increase the number of studies conducted and gain a deeper understanding of how each component affects firm value. The focus of this research is companies listed on the IDX from 2021 to 2023 in the basic and chemical industries. The selection of this research topic encompasses companies within the basic and chemical industry sectors due to the researcher's recognition of the sectors's significant importance. However, there is still a lack of research focusing on this sector in Indonesia, so here researchers try to fill this gap. With a view to ensuring results with the latest conditions, the latest data period from 2021-2023 was used. In addition, this research was conducted because there are not many studies that look at how the correlation between cash holding and firm value (Sutrisno, 2017). So, researchers added the cash holding variable with the intention of increasing the literature on the effect of this variable. Then, this study also includes CSR variables because it sees the urgency of implementing CSR in Indonesia which can potentially minimize the negative impacts that can be caused by basic and chemical industries that produce hazardous waste.

This research has great relevance in the context of the chemical industry in Indonesia because by understanding the factors that affect firm value, companies can make better decisions, help companies improve and enhance their strategies in choosing sustainable partners, and manage investment risks. In addition, this study can provide investors with an overview and knowledge of the things that affect firm value. Investors can use this information to increase their chances of making a profit on companies in the basic and chemical industries and make smarter investment decisions. Thus, this research is expected to help improve the sustainability and competitiveness of the basic and chemical industry in Indonesia as a whole.

1.2 Research Questions

Based on the background described above, the problem can be formulated as follows.

1. Does Corporate Social Responsibility have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?
2. Does Good Corporate Governance have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?
3. Does Cash Holding have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?
4. Does Company Size have a significant positive effect on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023?

1.3 Research Purposes

Based on the formulation of the research problem above, the objectives of this research are as follows.

1. To determine the effect of Corporate Social Responsibility on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023
2. To determine the effect of Good Corporate Governance on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023
3. To determine the effect of Cash Holding on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023
4. To determine the effect of Company Size on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023

1.4 Research Contributions

1.4.1 Theoretical Contributions

1. The results of the study are expected to contribute to the development of a deeper understanding of how CSR, GCG, cash holding, and firm size affect firm value and add to the latest literature on what factors can increase firm value.
2. These results will also help develop accounting theory that can be used as a basis for further research or future research. So, it can add references for future researchers who want to conduct research on similar topics.

1.4.2 Practical Contributions

1. For the Companies, the results of this study can be a benchmark for the management of basic and chemical industry companies to improve the quality of management and make more efficient strategies to create better future prospects. Ultimately, this can result in an increase in firm value in the future.
2. For Investors, this research will provide insight and an overview of the things that affect firm value. Thus, this research will assist them in making the right investment decisions for companies in the basic and chemical industries.

1.5 Contextual Overview of Research

This study aims to test whether there is an effect of CSR, GCG, Cash Holding, and Firm Size on Firm Value in the basic and chemical industries listed on the IDX in 2021-2023. In this study, researchers used data taken from the Indonesia Stock Exchange in the form of annual reports and company sustainability reports. Data collection comes from the IDX because the information is more complete, easy to obtain, and reliable. This research has to test the basic and chemical industries because it sees the importance of the existence of the basic and chemical industries as producers of raw materials for other industries, but this industry can produce waste that is harmful to the environment, therefore companies need to try to see the factors that affect the value of the company to improve their performance and create strategies to be able to increase the value of their company and survive in the future.