



## SIMPOSIUM ILMIAH AKUNTANSI 5

### FACTORS AFFECTING THE VALUE OF LQ45 COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE

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#### ABSTRACT

This research aims to test and analyze how big the influence of financial performance and good corporate governance to the value of the company with corporate social responsibility as a moderating variable for LQ45 companies listed on the Indonesia Stock Exchange for the 2017-2021 period. Results with uji-t It was concluded that partially the Financial Performance variable had a positive and insignificant effect on company value. Institutional ownership has a negative and significant effect on company value. The proportion of Independent Commissioners has a positive and significant effect on company value. Whereas, corporate social responsibility not significant in moderating the relationship between financial performance and good corporate governance on company value. Results with porridge-F shows that Financial Performance, Institutional Ownership and the Proportion of the Board of Independent Commissioners simultaneously have a significant effect on company value.

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#### INTRODUCTION

Economic conditions and business competition in the current era are increasingly tight and require every company to improve company performance, work efficiently, formulate appropriate strategies and expand their operations in order to survive. A company is formed to maximize company value. The value of the company must be fully utilized taking into account the amount of capital invested. Company value provides a good signal for investors to invest their capital in a company. Because the higher the company value indicates the company's high performance, which means the greater prosperity the company owner will receive, so the company owner is interested in investing capital in the company. Therefore, companies have a responsibility to plan how to maximize company value and try to identify problems that occur in a company.

Good company financial performance has an effect on increasing the value of a company and is able to provide prosperity for shareholders. The better the company's performance, the higher it will bereturn that will be obtained by investors. The existence of investment opportunities can provide a good signal regarding company growth so that it can increase company value. In relation to using performance, financial reports are always used as the basis for assessing a company's performance. Information this must at least enable investors to carry out the assessment process (valuation) shares that reflect the relationship between risk and returns in accordance with the preferences of each type of share.

Good corporate governance or what we often know as the term Good Corporate Governance (GCG) is an issue that is starting to become known now. With implementation good corporate governance (gcg) in an independent company it will be assessed as best practice which is very fundamental for increasing company value which can provide benefits to shareholders. Companies that have implemented good corporate governance will be more trusted by creditors and investors so that the shares are more liquid and share prices can increase.

Apart from financial reports, companies are also required to make annual reports for disclosure corporate social responsibility. Corporate Social Responsibility is an obligation that needs to be implemented because of pressure from the company environment which demands

companies to implement strategies to maximize company value. Based on the description, the author is interested in conducting research with the title **"FACTORS AFFECTING THE VALUE OF LQ45 COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE"**

## **LITERATURE REVIEW**

### **Agency Theory (Agency Theory)**

Agency theory (Agency Theory) defined as a contractual relationship between the principal and agent (Supriyono, 2018) where, agency theory (agency theory) itself arises in business activities that are not necessarily directly controlled by the entity owner, and management is handed over to agents.

### **The value of the company**

According to Silvia (2019) company value is investors' perception of the level of success of managers in managing company resources and is often linked to share prices. The value of a company can be measured from its market value which is reflected in the share price. The higher the company value, the greater prosperity the company owner will receive.

### **Financial performance**

Financial performance is the achievement of a company's achievements during the period certain aspects of the company's financial management, then with achievements, a company can shows how it performs (Rengganis, 2020). With financial performance, you can analyze and see the extent to which a company has implemented it using financial implementation rules properly and correctly and use trust to see the prospects, growth and potential for good development of the company by relying on existing resources.

### **Financial statements**

Financial reports are information that describes the current financial condition of an entity for financial position and in the period for profit and loss (Kasmir, 2019). Financial Accounting Standards Board in PSAK No. 1 (2020) states that the purpose of financial reports is to provide information regarding the financial position, financial performance and cash flow of an entity that is useful for the majority of report users in making economic decisions.

### **Good Corporate Governance (GCG)**

According to Effendi (2016) concept good corporate governance (GCG) is a collection of laws, regulations and rules that must be fulfilled, which can encourage the performance of company resources to function efficiently in order to produce long-term, sustainable economic value for shareholders and the surrounding community as a whole. Mechanism corporate governance directed to guarantee and supervise the system in an organization and is expected to control agency costs (Hanifah, 2013).

### **Institutional Ownership**

According to Pasaribu, Topowijono and Sulasmiyati (2016) institutional ownership is the percentage of shares owned by an institution.

### **Proportion of Independent Commissioners**

According to Agoes and Ardana (2014): "The proportion of the Board of Commissioners and independent directors is someone appointed to represent independent shareholders (minority shareholders) and the party appointed is not in the capacity to represent any party and is solely appointed based on background knowledge, experience and professional skills to fully carry out their duties in the interests of the company."

### **Corporate Social Responsibility (CSR)**

According to Rosidah (2018) Corporate Sosial Responsibility (CSR) is a concept that organizations have various forms of responsibility towards all their stakeholders including

consumers, employees, shareholders, communities and environment in all aspects of company operations which include social economic and environmental aspects.

### **Hypothesis Development**

A hypothesis is a temporary answer to the research problem formulation and is based on empirical facts obtained through data collection (Sugiyono, 2019).

### **The Influence of Financial Performance on Company Value**

Good financial performance of a company has an impact on increasing company value. This good company value will attract investors to invest in the company in the hope that they will get profits (dividends). Based on the research results of Beureukat (2018), it states that Return On Asset (ROA) has a positive influence on company value. When the profits generated continue to increase, the dividends received by investors will also increase or it could be said that the welfare of shareholders increases. Investors whose welfare is maintained will automatically give a good assessment to the company.

**H1 : Financial performance has a positive and significant effect on company value.**

### **The Influence of Institutional Ownership on Company Value**

High institutional ownership creates greater supervision so that it can reduce managers' opportunistic behavior (Wiranata and Nugrahanti, 2013). Research conducted by Adnantara (2013) also shows that institutional ownership has a positive and significant effect on company value. The results of this research indicate that institutional ownership's ability to control managerial performance is carried out effectively. The higher the institutional ownership, the higher the performance of the company value. Institutional ownership will be able to attract investors to invest in the company.

**H2 : Institutional ownership has a positive and significant effect on company value.**

### **The Influence of the Proportion of Independent Commissioners on Company Value**

The proportion of the Board of Independent Commissioners is the core of corporate governance who is assigned to ensure the implementation of company strategy, supervise management in managing the company, and require accountability. Increasing the proportion of board members can increase the effectiveness of board supervision to improve company performance and value (Laily, 2019). According to Alfinur (2016), which in his research stated that the proportion of independent board of commissioners had a positive influence on company value. Thus, the quality of financial reports also gets better and causes investors to believe in investing capital in the company, so that in general the company's share price will be higher and the value of the company will increase.

**H3 : The proportion of Independent Commissioners has a positive and significant effect on company value**

### **The Influence of Financial Performance, Institutional Ownership and the Proportion of Independent Commissioners on Company Value with Corporate Social Responsibility As a Moderating Variable.**

Research by Ningrum and Asandimitra (2017) states that CSR can moderate the relationship between LONG on company value. The results of research conducted by Luh and Yasa (2013), stated that disclosure CSR as a moderating variable is able to strengthen the relationship between financial performance and company value there forein directly, activity CSR will guarantee continuity business Acompany. This is because apart from financial performance, something that investors also consider before deciding to invest in a company is the disclosure of items CSR in financial reports.

If seen from theory stakeholder, The greater the institutional ownership in the company, the greater the pressure on company management to express social responsibility. The results of previous research conducted by Emron (2017), found that institutional ownership factors have an influence towards disclosure corporate social responsibility. The greater the manager's

ownership in the company, the more company managers will disclose social information from the activities carried out in the program corporate social responsibility (Putri, 2015).

There is corporate social responsibility (csr) It is hoped that it can run in accordance with the company's targets, achieving the targets desired by the company shows that the supervisory function carried out by the proportion of the board of commissioners is running as expected, so that it can maximize company value. Research conducted by Basir and Muslih (2019) and Widyaningsih (2018), states that CSR able to strengthen the relationship between the proportion of independent board of commissioners and company value.

Thus, the main goal is the company's concern for the environment. Corporate Social Responsibility is a commitment from the company to can continue to carry out social responsibilities, and behave in accordance with ethics and be able to make a sustainable economic contribution, especially to the surrounding environment and in ensuring the welfare of society and the surrounding environment.

**H4 : Corporate social responsibility can moderate financial performance, institutional ownership, the proportion of independent board of commissioners on company value.**

## RESEARCH METHODS

### *Types of research*

The type of research used in this research is causal quantitative. Research on the influence of independent variables, namely financial performance and good corporate governance on the dependent variable, namely company value, with the moderating variable, namely corporate social responsibility. Causal quantitative is a type of research that produces discoveries that can be achieved (obtained) using statistical procedures or other means of quantification (measurement).

### *Research Sites and Research Locations*

This research was conducted on the LQ45 company listed on the Indonesian Stock Exchange which provides annual reports by accessing and downloading via the official website of the Indonesian Stock Exchange (BEI) on the website by taking data contained on the Indonesian website Stock Exchange (IDX) as well as other information from each company's website. This research took a sample for the 2017-2021 period.

### *Data types and sources*

The type of data used in this research is quantitative data, namely a method for testing certain theories by examining the relationship between variables. The data source in this research is secondary data. Secondary data is data obtained in ready-made form, has been collected and processed by other parties, usually in the form of publications.

The data needed in this research is the annual report and financial reports of the LQ45 company on the Indonesia Stock Exchange for the 2017-2021 period as well as literature related to this research. The data source in this research is the annual report (annual report) and company financial reports obtained from the Indonesia Stock Exchange (BEI) website [www.idx.co.id](http://www.idx.co.id)

### *Population and Sample Research Population*

The population that will be used in this research is the LQ45 companies listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period, totaling 65 companies.

### *Research Sample*

The sample used in this research is the LQ45 company which is listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period and meets the criteria required in the research.

## RESEARCH RESULTS AND DISCUSSION

### *Descriptive Statistics of Research Variables*

Based on output SPSS 22 in the table below can analyze the research data description to determine the characteristics of each research variable which includes the number of

samples (N), sample average (mean), maximum value, and minimum value as well as the standard deviation of Price to Book Value (AND), Return On Asset (X1), Institutional Ownership (X2), Proportion of Independent Commissioners (X3) and Corporate Social Responsibility (WITH).

**Table 1**  
**Descriptive Statistics Test Results**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
PBV	90	,06	3,99	1,0524	,79771
ROA	90	,01	,47	,0970	,09261
KI	90	,03	1,00	,5929	,24380
PDKI	90	,13	1,00	,4050	,16886
CSR	90	,01	,27	,1073	,06710
Valid N (listwise)	90				

Source: SPSS data processing results, 2023

The table above shows the characteristics of each variable described below :

1. Price to Book Value (PBV) has a minimum value of 0.06 and a maximum value of 3.99 with an average value of 1.0524 and has a standard deviation of 0.79771. Data PBV normally distributed with the average value greater than the standard deviation value so the data is good to use.
2. Return On Asset (ROA) has a minimum value of 0.01 and a maximum value of 0.47 with an average value of 0.0970 and a standard deviation of 0.09261. Data LONG normally distributed with the average value greater than the standard deviation value so the data is good to use.
3. Institutional Ownership (KI) has a minimum value of 0.03 and a maximum value of 1.00 with an average value of 0.5929 and a standard deviation of 0.24380. The KI data is normally distributed with the average value being greater than the standard deviation value so the data is good to use.
4. The proportion of Independent Commissioners (PDKI) has a minimum value of 0.13 and a maximum value of 1.00 with an average value of 0.4050 and a standard deviation of 0.16886. PDKI data is normally distributed with the average value being greater than the standard deviation value so the data is good to use.
5. Corporate Social Responsibility (CSR) has a minimum value of 0.01 and a maximum value of 0.27 with an average value of 0.1073 and a standard deviation of 0.06710. Data CSR Normally distributed with an average value greater than the standard deviation value so the data is good to use.

### Classic Assumption Test Results

This research uses a multiple linear regression model with Price Book Value (PBV) as dependent variable, Return On Asset (ROA), Institutional Ownership (KI), Proportion of Independent Commissioners (PDKI) as independent variables and Corporate Social responsibility (CSR) as a moderating variable. To obtain a valid multiple linear regression model, a classic assumption test is first carried out which includes the normality test, autocorrelation test, multicollinearity test and heteroscedasticity test.

### Normality Test Results

Testing the normality of the data in this study using tests Kolmogorov-Smirnov (KS) and Normal Probability Plot using the SPSS 22 application. Normality test results with Kolmogorov-Smirnov (KS) can be seen in the table below.

**Table 2**  
**Results Kolmogorov-Smirnov (KS)**  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		90
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,61540979
Most Extreme Differences	Absolute	,066
	Positive	,066
	Negative	-,055
Test Statistic		,066
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

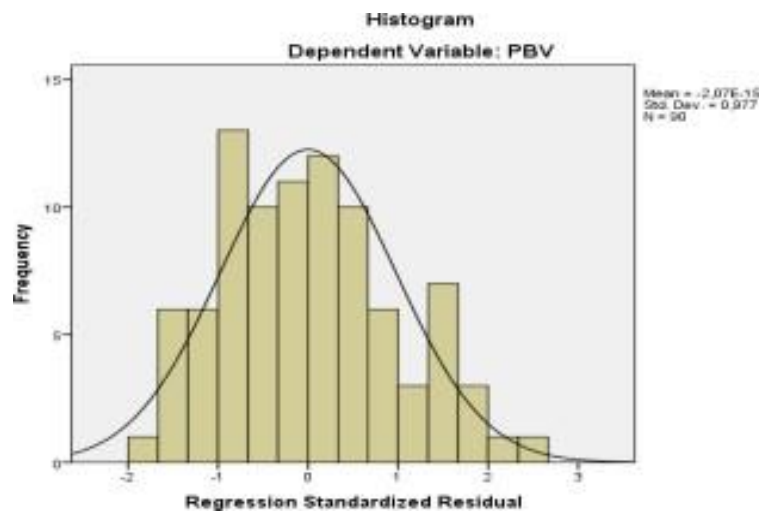
c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: SPSS data processing results, 2023

The table above shows that the value Asymp Sig (2-tailed) is 0.200 above the significant value (0.05). In other words, the residual variable is normally distributed. Based on these results, it can be concluded that the regression equation for the research variables is normally distributed.

**Figure 1 Histogram Graph Results**



Source: SPSS data processing results, 2023

Based on this picture, the Normality Test Results with histogram graphs show that there is a distribution of data which shows that the data approaches a normal data distribution pattern or is close to normal because the data distribution already symmetrical or does not tend to tilt to the left or tilt to the right.

#### **Auto correlation Test Results**

This test is carried out to test the assumption that in the regression on the dependent variable there is no correlation with the value of the dependent variable itself, either the value of the previous period or the value of the period after. The auto correlation test is used for research that uses data time series, namely data that has a time span of more than one year on an object. This test is how the dependent variable is determined by the independent variable on the moderating variable and vice versa, the independent variable determines the dependent variable on the moderating variable.

**Table 3**  
**Auto correlation Test Results**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,636 <sup>a</sup>	,405	,377	,62972	,780

a. Predictors: (Constant), CSR, KI, PDKI, ROA

b. Dependent Variable: PBV

Source: SPSS data processing results, 2023

Based on the results of the auto correlation test in this table, it shows that the value Durbin Watson is 0.780. From table Durbin-Watson obtained, the lower limit value (dl) is 1.5889 and the upper limit value (du) is 1.7264 at a significance level of 0.05. Mark DW 0.780 is smaller than the lower limit (dl), namely 1.5889, so it can be concluded that there is no auto correlation.

**Simultaneous Hypothesis Test Results (F Test)**

The F test aims to see whether all the independent variables included in the regression model have a joint influence on the dependent variable based on the SPSS 22 output in the table below. The significance of the influence can be tested. LONG, KI, PDKI together against PBV.

**Table 4**  
**Simultaneous Hypothesis Test Results (F Test)**  
**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	22,927	4	5,732	14,454	,000 <sup>b</sup>
Residual	33,707	85	,397		
Total	56,634	89			

a. Dependent Variable: PBV

b. Predictors: (Constant), CSR, KI, PDKI, ROA

Source: SPSS data processing results, 2023

From the table above it can be seen that the independent variables together have a significant influence on the dependent variable. This can be seen from the F value count amounting to 14.454 with a significance value of 0.000. The significance value is smaller than 0.05 or 5%, which shows that Return On Asset (ROA), Institutional Ownership (KI), Proportion of Independent Commissioners (PDKI) simultaneously have a significant effect on Price to Book Value (PBV).

**Coefficient of Determination Test Results (Adjusted R<sup>2</sup>)**

The purpose of this test is to find out how strong the influence of the independent variable is on the dependent variable. The coefficient of determination is between 0 and 1 ( $0 < R^2 < 1$ ), where the coefficient value is close to 1, then the model is said to be good because the closer the relationship between the independent variable and the dependent variable.

**Table 5**  
**Coefficient of Determination Test Results (Adjusted R<sup>2</sup>)**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,636 <sup>a</sup>	,405	,377	,62972

a. Predictors: (Constant), CSR, KI, PDKI, ROA  
Source: SPSS data processing results, 2023

Based on the table above, the values are obtained Adjusted R Square amounting to 0.377 in this case means that 37.7% of the variable variation PBV can be explained by variables LONG, KI, PDKI while the remaining 62.3% is influenced by other variables not included in regression model in this research.

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