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Determinants of Company Value with Company Growth as a Moderating Variable

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Abstract. This study aims to obtain empirical evidence regarding the effect of CSR disclosure and capital structure on firm value by using firm growth as a moderating variable. The sample in this study were metal industry companies and the like listed on the IDX for the 2018-2022 period. The research sample was 17 companies with 68 observation data determined by the purposive sampling method. Data were analyzed using Moderated Regression Analysis (MRA). The results of this study indicate that CSR disclosure has a negative effect on firm value, capital structure does not affect firm value, and firm growth cannot moderate the effect of CSR and capital structure on firm value. The implication of this study is to provide benefits for all stakeholders such as internal companies and investors.

Keywords: CSR Disclosure, Capital Structure, Firm Value, Firm Growth

1. INTRODUCTION

The development of the current business world is accompanied by fierce competition. Company value is one of the main focuses for investors, managers and other stakeholders. The value of a company can be reflected in the stock price which reflects investor expectations of the company's ability to generate profits. This encourages the need for an understanding of the determinants of company value. CSt disclosure and capital structure are two main determinants that can affect company value (Gunawan & Wati, 2021).

CSR disclosure is a form of actualization and legitimacy of social actions towards stakeholders (Surbakti & Wijayanti, 2022). Through CSR, companies play a role in increasing their value in the eyes of the public and stakeholders. Another factor that can affect company value is the capital structure which reflects the picture of the company's financial proportions. Based on the trade-off theory, a good capital structure is obtained if there is a balance between the debt owned by the company and the benefits felt by the company (Hayu et al, 2022).

This study was conducted to examine the effect of CSR disclosure and capital structure applied by the company on the value owned by the company. The metal industry and its peers were chosen as the research location considering that the company has activities that are directly related to natural resources. There are inconsistencies in the results of several studies that have been conducted regarding the effect of CSR and capital structure on company value. Research conducted by Tanjung (2020) states that CSR has an effect on company value, while research by Kalsum (2020) shows the opposite result. Research conducted by Gunaan et al (2019) shows that capital structure has a significant effect on company value, but research

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conducted by Hayu et al (2022) shows that capital structure does not have an effect on company value.

Stakeholder theory states that companies must pay attention to the interests and expectations of various parties known as stakeholders (Horsch et al, 2014). Companies need to pay attention to the interests of stakeholders considering that stakeholders play an important role in the sustainability of the company because they have the ability to control the necessary resources. One effort that can be made to meet stakeholder interests is through CSR disclosure. CSR disclosure can create a good reputation, increase trust, and trigger community loyalty, as well as play a role in social and environmental risk management (Widyastuti, 2021).

H1: CSR disclosure has a positive effect on company value.

Capital structure includes a combination of funding sources through debt and equity ownership. The trade-off theory states that the value of the company will tend to increase with increasing debt, but only up to a certain point (Setianingtyas & Gantino, 2022). Increasing the use of debt provides a number of advantages such as savings in tax payments, so that shareholders' net income is greater. Therefore, the larger the capital structure, the higher the value of the company.

H2: Capital structure has a positive effect on company value.

The inconsistency of previous research results, encourages this study by adding a variable of company growth that is suspected of influencing the relationship between CSR disclosure and capital structure with company value. Company growth is one aspect that is often used as a consideration by investors in investing in a company. The company's growth ratio reflects how effective the company's performance is in developing and expanding its operations in the economy. Companies that experience significant growth have greater resources and capabilities to meet stakeholder expectations through CSR disclosure, which can improve the company's reputation and company value. Through broader and more transparent CSR disclosure, the company's reputation in the eyes of stakeholders can be improved, which will then have an impact on the company's value as a result of sales through consumer loyalty (Saari, 2012).

H3: Company growth can strengthen the relationship between CSR disclosure and company value.

Company growth refers to changes in the amount of assets owned by the company, as reflected in total assets. Companies that experience significant growth tend to use debt as a source of external funds. This is in line with the trade-off theory which emphasizes the use of debt involving a trade-off between benefits and costs. Stable and sustainable growth can increase the credibility and reputation of the company, making it easier for the company to obtain additional capital at a lower cost.

H4: Company growth can strengthen the relationship between capital structure and company value.

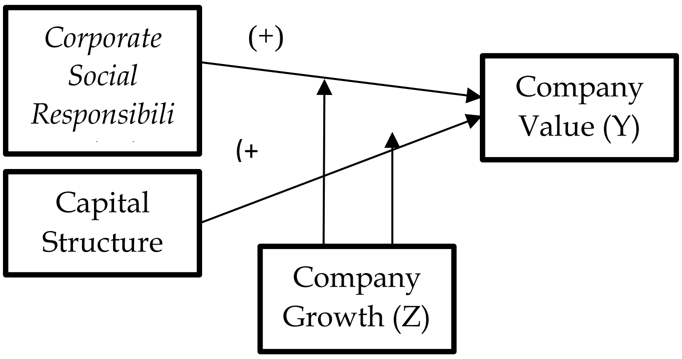

Figure 1. Research Model

Source:Research Data, 2024

2. RESEARCH METHODS

This study uses a quantitative method to determine the effect of CSR disclosure and capital structure on company value with company growth as a moderator. This study was conducted on metal industry companies and the like listed on the IDX for the period 2018-2022. In this study, there are 3 variables used, namely the dependent variable is company value, the independent variable is CSR disclosure and capital structure, and the moderating variable is company growth.

This study uses GRI Standards to measure the extent of CSR disclosure carried out by companies. The CSRDI calculation is carried out by giving a value of 1 to each indicator disclosed by the company and a value of 0 to each indicator not disclosed.

$$\text{CSRI} = \frac{\Sigma \text{Xyi}}{\text{ni}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Capital structure is a comparison between capital obtained from external parties and capital owned by the company. Capital structure is measured by the Debt to Equity Ratio (DER) which is used to assess the extent to which a company uses borrowed funds compared to its own capital (Ramdhonah et al, 2019).

$$\text{DER} = \frac{\text{Total Liabilita}}{\text{Total Ekiutas}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Company value is an investor's assessment of the company's level of success, which is generally tied to the company's stock price (Dianti et al, 2022). Company value is measured using Price Book Value (PBV), which is the comparison between the price per share and the book value per share.

$$\text{PBV} = \frac{\text{harga per lembar saham}}{\text{nilai bukku per lembar saham}} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(3)$$

Company growth shows the growth of total assets owned by the company. The company's growth value is the result of subtracting the total assets owned by the company in the current period with the previous period against the total assets owned by the company in the previous period (dewi & Candradewi, 2018)

The population in this study were metal industry companies and the like listed on the IDX for the 2018-2019 period. The sample selection technique used was purposive sampling. Purposive sampling is a method of determining samples carried out by determining criteria (Sugiyono, 2019). This study has a sample of 17 companies.

The data used in the study are secondary data with quantitative data types. The data used in this study are in the form of financial and annual reports of metal industry companies and the like obtained by accessing the official website of the Indonesia Stock Exchange, namely www. idx.co.id and the official website of each company.

The analysis technique used in this research is the analytical technique.Moderated Regression Analysis(MRA) with the following regression model:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 4X4 + \beta 5X1X4 + \beta 6X2X4 + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(4)$$

Information:

Y	: Company Values
α	: Constant
β1, …, β2	: Regression Coefficient
X1	:Corporate Social Responsibility
X2	: Capital structure
X4	: Company Growth
βX1X4	: Interaction between CSR and Company Growth
βX2X4	: Interaction between Capital Structure and Company Growth
e	: Error

3. RESULTS AND DISCUSSION

Before conducting hypothesis testing, descriptive statistical analysis was carried out to determine the description or distribution of data for the study.

Table 1. Results of Descriptive Statistical Tests

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	68	0.0012	0.9438	0.2707	0.1932
Capital Structure	68	-0.0005	10,7769	1.6988	2,0968
Company Values	68	-0.5736	17,1323	2,0765	2,7199
Company Growth	68	-0.9990	2,3070	0.0938	0.3937
Valid N (listwise)	68				

Source: Secondary data processed, 2024

Based on Table 1, the number of observation data in the study is 68 data. The CSR variable has the lowest value of 0.0012, the highest value of 0.9438, the average value of 0.2707 and the deviation value of 0.1932. The capital structure variable in this study has the lowest value of -0.0005, the highest value of 10.7769 and the deviation value of 2.0968. The company value variable has the lowest value of -0.5736, the highest value of 17.1323, the average value and deviation value of 2.7199. The company growth variable is a moderating variable used in the study. Based on the statistical test table (Table 4.2), the lowest value of company growth is -0.9990, the highest value of 2.3070, the average value of 0.0938 and the deviation value of 0.3937.

Table 2. Classic Assumption Test Results

	One-Sample Kolmogrov-Smirnov Asymp Sig. (2-tailed)	Collinearity Statistics		Spearman's Rho Sig. (2-tailed)	Durbin-watson
		Tolerance	VIF		
(Constant)	0.200				2,026
CSR		0.264	3,785	0.409	
Capital Structure		0.862	1,160	0.928	
Company Growth		0.171	5,864	0.813	
CSR Interaction and Company Growth		0.126	7,951	0.750	
Interaction of Capital Structure and Corporate Growth		0.636	1,572	0.847	

Source: Secondary data processed, 2024

Table 2. Shows the results of the normality test which is seen from the asymp sig. (2-tailed) value of 0.200 > 0.05 which indicates that the data is normally distributed. The results

of the multicollinearity test in this study can be seen from the tolerance value of each variable > 0.01 and VIF < 10. Based on the results of the multicollinearity test, it can be concluded that the data in this study did not experience multicollinearity symptoms. The results of the heteroscedasticity test in this study can be seen from the sig. (2-tailed) values on Spearman's rho on each variable > 0.05 which indicates that there are no symptoms of heteroscedasticity in the research data. The results of the autocorrelation test can be seen from the Durbin-Watson value which produces the equation$1.6678 \leq 2.026 \leq 2.2665$where the value of 2.026 is greater than dU and less than 4-dU. Based on this equation, it can be concluded that the data in the study did not experience autocorrelation symptoms.

Table 3. Model Feasibility Test (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15,498	5	3,100	4,005	,003b
	Residual	47,989	62	0.774		
	Total	63,487	67			
a. Dependent Variable: Company Value						
b. Predictors: (Constant),CSR, Capital Structure, Company Growth						

Source: Secondary data processed, 2024

Based on the results in Table 4, it is known that the calculated F value is 4.005 > F table of 2.750 with a significance value of $0.003 \leq 0.05$. Based on these results, it can be concluded that the regression model is suitable for use in research.

Table 4. Test of Determination Coefficient (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,494a	0.244	0.183	0.87978
a. Predictors: (Constant), CSR, Capital Structure, Company Growth				
b. Dependent Variable: Company Growth				

Source: Secondary data processed, 2024

Based on the results of the determination coefficient test in Table 4.8, it is known that the Adjusted R2 value is 0.244. This means that 24.4 percent of the company's value is influenced by independent variables. Meanwhile, the remaining 75.6 percent is influenced by other variables outside the regression model used in the study.

Table 5. Hypothesis Testing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.609	0.238		-2,560	0.013
	CSR	-0.521	0.209	-0.536	-2,495	0.015
	Capital Structure	0.015	0.090	0.020	0.164	0.870
	Company Growth	-0.337	0.281	-0.320	-1,199	0.235
	CSR & Company growth	0.163	0.233	0.218	0.701	0.486
	Capital Structure & Company Growth	-0.088	0.093	-0.131	-0.948	0.347

Source: Secondary data processed, 2024

Based on Table 5, the CSR variable has a significance value of 0.015. This means that the CSR variable has a significant influence on the company's value because it has a significant value <0.05. The regression coefficient value on the CSR variable of -0.521 indicates that CSR and company value have a negative relationship so that the first hypothesis stating that CSR has a positive effect on company value is rejected.The results of this study are not in line with the stakeholder theory used in the study. Stakeholder theory suggests that an organization must consider the interests and expectations of stakeholders. This is because the company initially has to allocate funds for CSR activities, which means that this can increase costs without getting significant benefits at the same time. These costs can then result in a decline in the company's operational performance, which can weaken competitiveness and have a negative impact on the company's value.

The capital structure variable has a significance value of 0.870. The regression coefficient value indicates that the capital structure variable does not have a significant effect on the company's value because it has a significant value > 0.05. This means that the second hypothesis stating that capital structure has an effect on the company's value is rejected.The company's capital structure is permanent financing consisting of long-term debt, preferred shares and shareholders' equity so that the capital structure of a company is only part of its financial structure (Rizkiastuti, 2016), therefore the capital structure is a natural thing in every company, both debt and investment and is not a basis for assessing the company (Mukti, 2019).

Based on Table 5, the level of significance of CSR and moderation (company growth) is 0.486 > 0.05, this means that individually, the company growth variable cannot be a moderating variable between CSR and company value. Based on this level of significance, it can be concluded that the third hypothesis stating that company growth can moderate the relationship between CSR and company value is rejected.When a company experiences growth, management focuses on operational and financial aspects that support this growth, such as operational expansion, or acquisitions. This can cause both financially and managerially, the company to focus more on these aspects than on CSR. In this case, although CSR can provide long-term benefits, its direct impact on company value may be less visible.

Based on Table 5, the level of significance of capital structure and moderation (company growth) is 0.347 > 0.05, this means that individually, the company growth variable cannot be a moderating variable between capital structure and company value and the fourth hypothesis in this study is rejected. Companies that are experiencing growth do not always translate into an increase in the company's value in the market. This can happen because the company invests more funds to support expansion which can reduce the profits available to be distributed to shareholders, so that the company's value does not increase (Gaffar, 2021).

4. CONCLUSION

Based on the results of the discussion, it can be concluded that CSR disclosure has a significant negative effect on company value due to the costs incurred by the company, without feeling the benefits at the same time. Capital structure does not affect company value because capital structure is a natural thing in every company, so it does not affect company value. Company growth is unable to moderate the influence of CSR and capital structure on company value due to other focuses and choices implemented by company management.

It is hoped that further researchers will be able to use other variables that are predicted to be able to influence company value.both from internal factors such as company size, managerial ownership, and institutional ownership as well as from external factors such as regulatory changes and economic conditions.

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