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Research Paper

Effects of Good Corporate Governance and Financial Performance on Firm Value with Corporate Social Responsibility as a Moderating Variable in the Manufacturing Companies Listed on Indonesia Stock Exchange from 2014 to 2019

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ABSTRACT

The objective of this research is to investigate and to analyse the effect of good corporate governance and financial performance on firm value, with corporate social responsibility serving as a moderating variable in the manufacturing companies listed on Indonesia Stock Exchange from 2014 to 2019. This causal comparative research makes use of secondary data, which is analyzed using panel data regression analysis with the Eviews 10 application. The samples of 33 companies are drawn from a population of 171 using a purposive sampling method based on the criteria of manufacturing companies that consistently listed on the Indonesia Stock Exchange.

The findings show that managerial ownership has a positive and insignificant effect on firm value, institutional ownership has a positive and significant impact, an independent commissioner has a positive and insignificant effect, an audit committee has a positive and insignificant effect, and financial performance has a positive and significant effect on firm value. Meanwhile, corporate social responsibility has a positive effect but is insignificant in moderating the relationship between good corporate governance and financial performance on firm value.

Keywords: Good Corporate Governance, financial performance, firm value, Corporate Social Responsibility

INTRODUCTION

The business world today is growing very rapidly. The swift currents of globalization impact the world order of business and industry, which causes competition between entities to become increasingly fierce, including manufacturing companies. Manufacturing companies are a branch of industry that applies machinery, equipment, and labour and a process medium to convert raw materials into finished goods for sale. In carrying out their business activities, manufacturing companies have various objectives. In general, the company's main goal is to achieve maximum profit to prosper the owners of the company, including the company's shareholders. Maximizing shareholder wealth can be interpreted as maximizing share prices (Brigham, 2001).

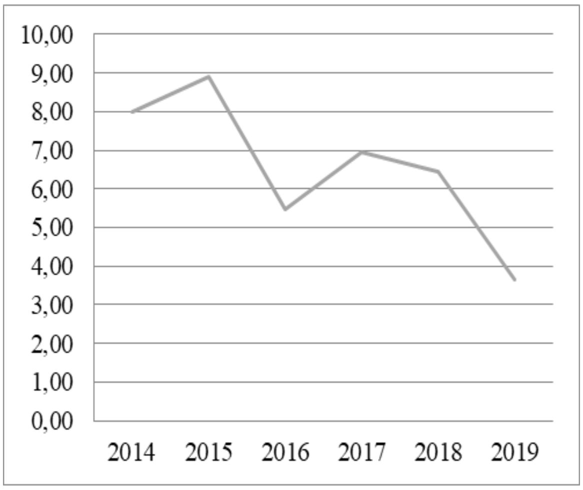
One of the factors seen by potential investors in determining investment is the firm's value. For companies, increasing the firm value is a must so that these shares still exist and are still in demand by investors. The financial statements issued by the company are a reflection of the firm value. The financial information has a function as a means of information, a tool for management accountability, a description of the company's success indicators, and material for decision-making (Harahap, 2004).

Companies that have gone public want the price of the shares sold to have a high price potential to attract investors to invest their funds in the company (Panglulu and Maski, 2014). The higher the stock price, the higher the value of the company. A high company value is the desire of the company owners because a high value indicates the prosperity of shareholders is also high (Hermuningsih, 2013). In general, financial factors are the main key to affecting the firm's value. Financial factors talk about how companies seek funds, obtain funds, and allocate these funds to be used efficiently. Optimizing the firm value is one way to attract investors to reinvest in the company, as the increase in stock prices will be seen.

Firm value is considered one of the information issued by the company that can be used as a signal for investors to be interested and willing to invest in the company. When the market reaction responds positively to the signals issued by the company, it will increase the firm value. The Price to Book Value (PBV) indicator can be used to compare the stock price and the book value per share (book value per share) to determine whether a company's stock price is high or low. The higher the Price to Book Value (PBV), it means that the market believes in the conditions and prospects of the company in the future.

This PBV also signals investors whether the price invested in the company is too high or not if it is assumed that the company will go bankrupt (bankrupt immediately). Because if the company goes bankrupt, then the main obligation is to pay off debt first, then the rest of the company's assets are distributed to shareholders. There is a weakness in this financial ratio, where the value of equity is directly affected by the company's retained earnings accumulated from the profit/loss on the income statement. Thus, the addition of the company's total equity to the company's debt can reflect the firm value. It is what is said to be the firm value that can describe its condition.

Through Price to Book Value (PBV), investors can consider and make decisions whether the share price is feasible and reasonable to buy or not. The Price to Book Value (PBV) indicator describes a company capable of creating firm value against the amount of capital invested by shareholders. The following is the average ratio of the PBV of manufacturing companies listed on the Indonesian stock exchange in 2014 - 1019.



Source: Data processed by researchers, 2021

Figure 1. Manufacturing Company PBV 2014-2019

From Figure 1.1, it can be seen the fluctuation of Price to Book Value. The firm value is reflected in the market value (share price) and the company's book value. The value of wealth can be seen through the development of the company's common stock in the market. In this case, the stock value can reflect the company's financial investment. Firm value can be influenced by good corporate governance and financial performance (Kartika 2012).

The issue of Good Corporate Governance has been known for a long time in European and American countries with the concept of separation between ownership and control of the company. This separation will cause problems because of the interests between managers and shareholders. In the Agency Theory framework, the relationship between managers and shareholders is described as agents and principals (Schroeder et al., 2001). It is not uncommon for company management to have different goals and interests from its main goals. Financial reporting often creates non-transparency, triggering conflicts between principals and agents. Financial crises have occurred in various countries, especially Indonesia in 1998, which eventually turned into the Asian financial crisis, which was seen as a result of the weak practice of Good Corporate Governance in Asian countries.

The failure of several companies and the emergence of cases of financial malpractice as a result of the crisis are bad practices of Good Corporate Governance. Therefore, Good Corporate Governance eventually became an important issue, especially in Indonesia, which was the worst hit by the crisis. In addition, the number of cases of violations committed by listed companies in the capital market, which are handled by the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK), shows the low quality of Good Corporate Governance practices in our country.

For example, PT. Kimia Farma Tbk. In 2002 indicated the existence of fraudulent practices by increasing profits to Rp 32.7 billion. PT. In 2004, Indofarma presented an overstated net profit of Rp. 28.870 billion, due to the higher value of work in process inventory than it should have been, the cost of goods sold for the year was understated.

Financial scandals also occur in developed countries, such as in the United States (US), including Enron, Merck, World Com, and most other companies in the United States (Cornett et al., 2006). Coupled with the disclosure of a financial scandal in 2001 in a public company involving the manipulation of financial statements by PT Lippo, the issue of Good Corporate Governance in Indonesia has increased rapidly.

The issue of Good Corporate Governance is still an interesting topic to be discussed in almost all parts of the world. It is because issues related to Good Corporate Governance have been seen as important in order to experience financial problems (Rajput and Bharti, 2015). In 2015, according to the Financial Services Authority (OJK), the implementation of Good Corporate Governance in Indonesia is currently lagging behind other countries in the ASEAN region. The Financial Services Authority revealed that only two issuers from Indonesia were included in the 50 Best Issuers in Good Corporate Governance Practices in ASEAN at the 2015 ASEAN Corporate Governance Awards held by the ASEAN Capital Markets Forum (ACMF) in Manila, Philippines. This achievement is far behind Thailand, which can place 23 issuers, the Philippines 11 issuers, Singapore eight issuers and Malaysia six issuers (CNN Indonesia).

This study uses four aspects of Good Corporate Governance: Managerial Ownership, Institutional Ownership, Independent Commissioner, and Audit Committee.

Managerial ownership is the total proportion of shares owned by company management, such as managers. Jensen (1976) states that companies with high managerial ownership will make agency costs low because of the possibility of the pooling of interests between shareholders and managers who have dual functions as agents and principals. The conflict of interest between the manager and the owner becomes bigger when the manager's ownership of the company gets smaller. Managers will try to maximize their interests compared to the company's interests. Conversely, the greater the manager's ownership in the company, the more productive the manager's actions maximize the firm value. In other words, the cost of contracting and supervision will be below.

Jensen (1976) states that institutional ownership has an important role in minimizing agency conflicts between shareholders and managers. The higher the institutional ownership, the stronger the external control over the company and reduce agency costs to increase the company's value. Tight control causes managers to use debt at a low level to anticipate the possibility of financial distress and the risk of bankruptcy. (Crutchley et al. 1999).

Institutional ownership generally acts as a party that monitors the company, especially company managers. The greater the institutional ownership, the more efficient the utilization of company assets and is expected to act as a prevention against waste by management (Faisal, 2004).

According to Boedex (2010), Independent commissioners are not affiliated with the board of directors, other commissioners, and controlling shareholders. They are free from business relationships and other relationships that may influence them to act independently or solely in their interests. Meanwhile, according to Financial Services Authority Regulation Number 55 of 2015, Independent Commissioners are members of the Board of Commissioners. They come from outside the Issuer or Public Company and meet the requirements that have been set.

Considering that the commissioners' task in supervising the company's running is quite heavy, the commissioners can be assisted by several committees, including the audit committee. According to the Indonesian Audit Committee Association (IKAI) (in Effendy, 2016), the audit committee is a committee that works professionally and independently formed by the board of commissioners. Thus its task is to assist and strengthen the function of the board of commissioners in carrying out the supervisory function of the financial reporting process, risk management, audit implementation, and corporate implementation in the company. The National Committee on Governance Policy (2006) mentions that for companies whose shares are listed on the Stock Exchange, State Companies, Regional Companies, Companies that collect public funds, Companies whose goods or services are used by the wider community. Companies that have a broad impact on environmental sustainability at least -at least have to form an audit committee.

Financial performance is a level of management success in managing company resources. According to the Indonesian Institute of Accountants (2018), financial performance is the effectiveness of company management in functioning and empowering all elements in the company, which means that the company's image is also higher in the eyes of outsiders. Meanwhile, according to Fahmi (2017), Financial Performance is an analysis carried out to see the extent to which a company has implemented it using financial implementation rules properly and correctly. Financial performance can be seen in the financial statements owned by the company/business entity concerned and is reflected in the information obtained in the Statements of Financial Position, Income Statement, and Cash Flow Statement and other supporting matters as reinforcement of the assessment.

Companies use performance measurement to make improvements to their operational activities in order to compete with other companies. For investors, information about the company's performance can be used to see whether they will maintain their investment in the company or look for other alternatives (Fitriyani, 2014). Measurement of company performance is needed about customer satisfaction, internal processes, activities, and innovation within the company. This study measures financial performance using the Return On Asset (ROA) proxy. According to Kasmir (2014), ROA is a ratio that shows the return amount of assets used in the company, which is also a measure of the effectiveness of management in managing its investments.

In addition to financial reports, companies are also required to make annual reports for the disclosure of Corporate Social Responsibility. To maintain their sustainability, companies can pay attention to financial aspects and social and environmental aspects because public awareness has increased that its operational activities will have a social and environmental impact.

According to Azheri (2012), Corporate Social Responsibility is a business commitment to contribute to sustainable economic development in collaboration with employees, employees' families, and the local community. Meanwhile, according to The World Business Council for Sustainable Development (2000), CSR is a sustainable commitment of the business world to act ethically and contribute to the economic development of the local community or the wider community, along with improving the standard of living of its workers and their entire family.

Provisions regarding CSR activities in Indonesia are regulated in Law No. 25 of 2007 concerning Limited Liability Companies, which states that every company or investment is obliged to carry out corporate social responsibility. This provision is intended to establish a harmonious, balanced and appropriate corporate relationship with the local community's environment, values, norms, and culture. CSR arrangements also aim to realize sustainable economic development to improve the quality of life and the environment. Thus, CSR is an obligation that the company must carry out, not a voluntary activity.

CSR can be measured by proxy Corporate Social Responsibility Disclosure Index (CSRDI) issued by the Global Reporting Initiative (GRI) or through www.globalreporting.org. The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the world's development of sustainability reporting frameworks and is committed to continuous improvement and implementation worldwide.

In the Global Reporting Initiative (GRI) version 4 standard, the performance indicators are divided into three main categories: economic, environmental, and social, with a total indicator of 91 items. The indicators contained in the Global Reporting Initiative (GRI) used in this study are as follows:

1. Category of Economic Performance (Economic Performance Indicator)
2. Environmental Performance Category (Environment Performance Indicator)
3. The category of Social Performance (Social Performance Indicator) consists of sub-labour, sub-community, sub-human rights, and sub-responsibility of the impact of the product.

The approach to calculating Corporate Social Responsibility disclosures uses a dichotomous approach. Each item of Corporate Social Responsibility Disclosure in the research instrument is given a value of 1 if it is disclosed and 0 if it is not disclosed. Furthermore, the scores of each item are added up to obtain the overall score for each company.

Based on the background of the research described above, the problem in this study is there is an agency conflict that can be seen in several cases of accounting scandals that befell the company due to the lack of good corporate governance implementation within the company and the impact on firm value and the differences in the results of researchers earlier.

Optimizing the firm value is one way to attract investors to reinvest in the company, as the increase in stock prices will be seen. It is following what investors want, namely good financial performance. Financial performance as measured by a high ROA reflects a good company position so that the value given by the market, which is reflected in the company's stock price, will also be good. The better the growth of the company's financial performance means that the company's prospects in the future are considered better, meaning that the value of the company will also be assessed as getting better in the eyes of investors.

However, to maintain their sustainability, companies can pay attention to financial and social and environmental aspects because public awareness has increased that its operational activities will have a social and environmental impact on the company. For this reason, the author tries to analyze Corporate Social Responsibility as a moderator of the relationship between Good Corporate Governance and Financial Performance with Firm Value.

PREVIOUS RESEARCH REVIEW

According to Sukirni (2012), managerial ownership has a negative and significant effect on firm value, and institutional ownership has a positive and significant effect on firm value. Tornyeva (2012) states that GCG positively affects firm value and performance. The factors of board size, board and management expertise, CEO tenure, audit committee size and independence, foreign and institutional ownership, dividend policy and annual general meeting positively correlate with the value of insurance companies in Ghana.

Marius's research (2012) results reveal that managerial ownership has a positive and insignificant effect on firm value. Meanwhile, institutional ownership, audit committee, and CSR partially positively and significantly affect firm value. According to Rouf (2011), managerial ownership and audit committee positively affect the firm value on the Dhaka stock exchange.

Sondokan (2019) states that the independent board of commissioners, board of directors, and audit committee positively and significantly influences the firm value partially. Gill & Obradovich (2012) stated that the impact of corporate governance and financial leverage differs between manufacturing and service industries. In American manufacturing firms, the board size, CEO duality, audit committee, leverage, firm size, and insider ownership positively impact firm value. The findings also show that board size has a negative impact on the value of American service firms. Meanwhile, leverage and return on assets positively impact the value of American service companies.

Astarani (2017) states that ROA has a positive and significant effect on firm value. CSR cannot moderate ROA on firm value. Adnantara (2014) states that managerial ownership, institutional ownership, and public ownership have no significant effect on firm value. In contrast, CSR has a positive and significant effect on firm value. CSR can mediate the relationship between institutional ownership and public ownership on firm value. Galant (2017) reveals no relationship between CSR and financial performance because CSR includes a reputation index, content analysis, questionnaire-based surveys, and one-dimensional measures. In contrast, the approach to measuring financial performance includes accounting-based measures, market-based actions, and a combination of both.

Raharja (2014) states that managerial ownership and the proportion of independent commissioners positively and significantly affect firm value partially. Institutional ownership and audit committee partially have a positive and not significant effect on firm value. Utama & Utama (2019) revealed that there is a positive relationship between the board of commissioners and financial performance, as well as institutional ownership. The higher the institutional ownership, the better the firm value.

Hanum (2014) states that GCG has a significant effect on firm value, and CSR has no significant effect on manufacturing companies listed on the IDX. Akben (2019) revealed that CSR has a positive relationship with firm value. Purwanto & Agustin (2017) and Dewi (2011) reveal that high ROA is positively proportional to firm value. Crisostomo (2011) states no significant relationship between CSR and firm value.

Framework

Following the description of the background of the problem, literature review and previous research, a conceptual research framework is prepared as follows:

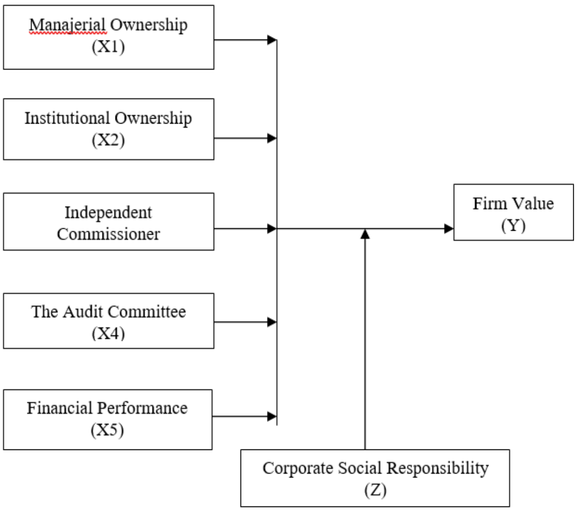


Figure 1. Conceptual Framework

H1: Managerial Ownership has a positive and significant effect on Firm Value.
H2: Institutional Ownership has a positive and significant effect on Firm Value.
H3: Independent Commissioner has a positive and significant effect on Firm Value.
H4: The Audit Committee has a positive and significant effect on Firm Value.
H5: Financial Performance has a positive and significant effect on Firm Value.
H6: Corporate Social Responsibility can moderate Good Corporate Governance and Financial Performance on Firm Value.

RESEARCH METHODS

This type of research is causal associative research to determine the effect of managerial ownership, institutional ownership, independent commissioners, audit committees, and financial performance (ROA) as independent variables on firm value as the dependent variable and CSR as a moderating variable. The causal associative study analyses the relationship between one variable to determine how one affects other variables (Erlina, 2015). The data analysis method used in this study is a statistical analysis method using the E-Views application. 10. Data analysis performs by testing standard assumptions and testing hypotheses.

The population used in this study were 171 manufacturing companies listed on the IDX in 2014-2019. This research uses the purposive sampling technique. So that obtained a sample of 33 companies multiplied by 6 years of research to obtain 198 observations.

RESULT AND DISCUSSION

Statistical Analysis

Table 1. Descriptive Statistics

VARIABLES	Mean	Max	Min	Std. Dev.
Firm Value (Y)	4,104	82,46	0,010	10,59
Managerial Ownership (X1)	0,037	0,890	0,000	0,161
Institutional Ownership (X2)	0,775	1,000	0,110	0,201
Independent Commissioner (X3)	0,399	0,800	0,1700	0,126
Audit Committee (X4)	3,085	4,000	3,000	0,280
Financial Performance/ROA (X5)	7,955	46,660	-27,850	9,650
Corporate Social Responsibility (X6)	0,137	0,5000	0,0100	0,110

Source: Eviews Data Processing (2021)

Based on Table 1, it can be explained the minimum value, maximum value, a mean and standard deviation of each variable with 198 samples during 2014 – 2019:

1. The issuer with the minimum PBV value is PT Barito Pacific Tbk in 2014. The issuer with the maximum PBV value is PT Unilever Indonesia Tbk in 2017. The minimum value of KM is 0, and the maximum value of KM is 0.89.
2. The issuer with the minimum managerial ownership value is PT Gunawan Dianjaya Steel Tbk in 2016. The issuer with the maximum managerial ownership value is PT Inai Alumunium Industri Tbk in 2014.

3. The issuer with the minimum institutional ownership value is PT Gunawan Dianjaya Steel Tbk in 2014. The issuer with the maximum institutional ownership value is PT Shoes Bata Tbk in 2014.
4. The issuer with the minimum independent commissioner value is PT Handjaya Mandala Sampoerna in 2018. The issuer with the maximum independent commissioner value is PT Unilever Indonesia Tbk in 2014.
5. The issuer with the minimum audit committee score was PT Champion Pacific Indonesia in 2014. The issuer with the maximum audit committee score is PT Semen Indonesia Tbk in 2014.
6. The issuer with the minimum ROA value is PT Tiga Pilar Sejahtera Food Tbk in 2017. The issuer with the maximum ROA value is PT Unilever Indonesia Tbk in 2018.
7. The issuer with the minimum CSR value is PT Wilmar Cahaya Indonesia Tbk in 2014. The issuer with the maximum CSR value is PT Astra International Tbk in 2014.

Selection of Panel Data Regression Model Estimation

This study uses a combination of cross-section and time-series data. There are three models used in the panel data regression estimation, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM).

There are three tests to decide which model to use: the Chow, Hausman, and Lagrange multiplier.

Chow Test

The Chow test is performed to determine whether the Common Effect Model (CEM) or Fixed Effect Model (FEM) is the most appropriate for estimating panel data. This test aims to determine which model is the best between the two. The hypotheses used in the Chow test are as follows:

Ho: Probability > 0.05, then the Common Effect Model (CEM) is used.
Ha: Probability < 0.05, then the Fixed Effect Model (FEM) is used.

Table 2. Chow Test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	40.134441	(32,160)	0.0000
Cross-section Chi-square	435.641126	32	0.0000

Source: Eviews Data Processing (2021)

Based on the results of the Chow test in Table 2 above, it is known that the probability value is 0.000 because the probability value is 0.000 in the Chi-square cross-section <0.05, the estimation model used is the Fixed Effect Model (FEM).

Hausman Test

The Hausman test can determine whether the Fixed Effect Model (FEM) or Random Effect Model (REM) estimation model is better used in constructing the model regression. This test is carried out with the following hypotheses:

Ho: Probability > 0.05, then the Random Effect Model (REM) is used
Ha: Probability < 0.05, then Fixed Effect Model (FEM) is used

The basis for rejecting Ho is to use chi-square distribution statistics. If the results of the Hausman test are significant (less than 0.05), then Ho is rejected, which means that the Fixed Effect Model (FEM) is used. The following are the results based on the Hausman test using Eviews:

Table 3. Hausman Test Result

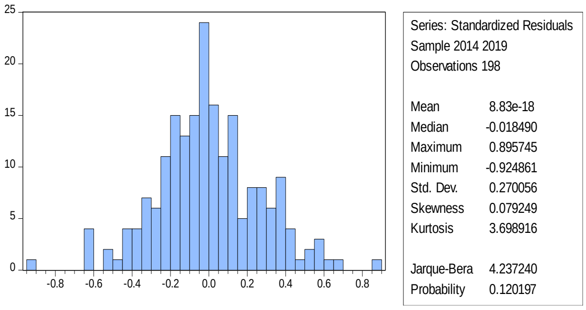
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	31.192662	5	0.0000

Source: Eviews Data Processing (2021)

Based on the results of the Hausman test in table 3 above, it is known that the probability value is 0.0000. Because the probability value in the Chi-square cross-section > 0.05, Ho is rejected and the estimation model used is the Fixed Effect Model (FEM).

Classic Assumption Test

In this study, the Jarque-Bera (J-B) statistical test was used. The level of significance used is alpha = 0.05. The basis for making decisions is to look at the probability numbers from the J-B statistics with the following conditions:
If the probability value of p 0.05, the assumption of normality is met.
If the probability value of $p < 0.05$, then the assumption of normality is not met.



Source: Eviews Data Processing (2021)

Figure 2. Classic Assumption Test Result

Based on the table above, it can be concluded that the probability value of 0.120 is greater than = 0.05, and the JB value of 4.2372 has a JB value of less than 5.9915 so that the residuals are normally distributed. Thus it can be concluded that the observed data is normally distributed.

Multicollinearity Test

The multicollinearity test tests whether the regression model correlated with the independent variables. In detecting the presence or absence of multicollinearity in the regression model, it can be seen from the tolerance value and its opposite and the Variance Inflation Factor (VIF). These two measures indicate the size of each independent variable when other independent variables explain it.

1. If the tolerance value is > 0.1 and the VIF value is < 10, it can be concluded that there is no multicollinearity between the independent variables in the regression model.
2. If the tolerance value is < 0.1 and the VIF value is > 10, it can be concluded that there is multicollinearity between the independent variables in the regression model.

Table 4. Multicollinearity Test Result

	Coefficient	Uncentered	Centred
Variables	Variance	VIF	VIF
C	0.000454	1.000000	NA
X1	0.001700	1.698826	1.698826
X2	0.003213	1.725856	1.725856
X3	0.016488	1.024922	1.024922
X4	0.008506	1.000675	1.000675
X5	0.002811	1.004623	1.004623

Source: Eviews Data Processing (2021)

From the results of the multicollinearity test in Table 5.3, it can be concluded that there are no symptoms of multicollinearity between the independent variables. It is because of VIF > 0.1 and VIF < 10.

Hypothesis Testing

Hypothesis testing in this study using the estimation results of the Fixed Effect Model (FEM) regression model. The estimation results of this model are used to see the coefficient of determination test, F test and t-test. The estimation results from the FEM model are as follows:

Table 5. Fixed Effect Model (FEM) Results

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	0.976419	0.026400	36.98539	0.0000
X1	0.015918	0.041772	0.381070	0.7037
X2	0.166527	0.070172	2.373132	0.0189
X3	0.110541	0.135449	0.816108	0.4157
X4	0.096656	0.216268	0.446927	0.6556
Z	0.159343	0.056915	2.799690	0.0058
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.802441	Mean dependent var	0.993391	
Adjusted R-squared	0.748909	S.D. dependent var	0.594962	
S.E. of regression	0.298129	Akaike info criterion	0.606922	
Sum squared resid	13.77655	Schwarz criterion	1.321040	
Log likelihood	-17.08524	Hannan-Quinn criter.	0.895973	
F-statistic	14.98993	Durbin-Watson stat	2.087333	
Prob(F-statistic)	0.000000			

Source: Eviews Data Processing (2021)

The equation formed from the estimation of the Fixed Effect Model (FEM) regression model. above can be described by the equation below:

Y = 0.97 + 0.015X1 + 0.16X2 + 0.11X3 + 0.096X4 + 0.159Z

The following is an analysis of the results of the above equation:

1. A constant of 0.97 indicates that if all independent variables are considered constant or have not changed, the firm value is 0.97.
2. The coefficient of managerial ownership is 0.015 with a positive direction which means that if managerial ownership increases by 1 unit, the firm value will increase by 0.015 units.
3. The institutional ownership coefficient value is 0.166 with a positive direction which means that if institutional ownership increases by 1 unit, the firm value will increase by 0.166 units.
4. The independent commissioner's regression coefficient value is 0.11 with a positive direction which means that if the independent commissioner increases by 1 unit, the firm value will increase by 0.11 units.
5. The audit committee coefficient value of 0.096 with a positive direction can be interpreted that if the audit committee increases by 1 unit, the firm value will increase by 0.096 units.
6. The ROA coefficient value of 0.159 with a positive direction means that if the ROA increases by 1 unit, the firm value will increase by 0.159 units.

Coefficient of Determination Test (R2 Test)

The coefficient of determination (R2) is used to measure how far the model can explain the variation of the dependent variable. Test the coefficient of determination by looking at the Adjusted R-squared value in table 5, namely R2 = 0.802441. This value can be interpreted as managerial ownership, institutional ownership, independent commissioners, audit committees, and ROA can influence/explain the firm value together by 80%, other factors influence the remaining 20%.

Simultaneous Test (F Test)

The F test was conducted to determine whether the independent variables simultaneously had a significant effect or not on the dependent variable. In the Fixed Effect Model, it can be seen in table 5 that the Prob value is known. (F-statistics), which is 0.0000 <0.05, it can be concluded that all independent variables, managerial ownership, institutional ownership, independent commissioners, audit committee and ROA simultaneously, have a significant effect on the PBV variable.

Partial test (t-Test)

Based on table 5, it can be concluded that:

1. The coefficient value of the MO variable is 0.015, which is positive. This value can be interpreted as the MO variable having a positive effect on the PBV variable and known the value of Prob. The MO variable is 0.703, that is > 0.05, then the MO variable has no significant effect on the PBV variable, at a significance level of 5%.
2. The coefficient value of the MO variable is 0.166, which is positive. This value can be interpreted as the MO variable having a positive effect on the PBV variable and known the value of Prob. The MO variable is 0.0189, i.e. <0.05, then the MO variable has a significant effect on the PBV variable, at a significance level of 5%.
3. The coefficient value of the IC variable is 0.110, which is positive. This value can be interpreted as the IC variable having a positive effect on the PBV variable and known the value of Prob. the IC variable is 0.415, i.e.> 0.05, then the IC variable has no significant effect on the PBV variable, at a significance level of 5%.
4. The coefficient value of the AC variable is 0.966, which is positive. This value can be interpreted as the AC variable having a positive effect on the PBV variable and known the value of Prob.

the AC variable is 0.655, i.e.> 0.05, then the AC variable has no significant effect on the PBV variable, at a significance level of 5%.

5. The coefficient value of the ROA variable is 0.159, which is positive. This value can be interpreted as the ROA variable having a positive effect on the PBV variable and known the value of Prob. ROA variable is 0.005, that is <0.05, then the ROA variable has a significant effect on the PBV variable, at a significance level of 5%.

CONCLUSION

Based on the results of data analysis and research discussion, the following conclusions can be drawn:

1. Managerial ownership has a positive but not significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange in 2014 – 2019.
2. Institutional ownership has a positive and significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange in 2014 – 2019.
3. Independent Commissioner has a positive but not significant effect on Firm Value in manufacturing companies listed on the Indonesia Stock Exchange in 2014 – 2019.
4. The Audit Committee has a positive but not significant effect on the Firm Value of manufacturing companies listed on the Indonesia Stock Exchange in 2014 – 2019.
5. Financial performance has a positive and significant impact on Firm Value in manufacturing companies listed on the Indonesia Stock Exchange in 2014 – 2019.
6. Corporate Social Responsibility has a positive but not significant effect in moderating the influence of Good Corporate Governance and Financial Performance on Firm Value in manufacturing companies listed on the Indonesia Stock Exchange in 2014 – 2019.

LIMITATIONS OF THE RESEARCH

This study has limitations that can be considered for further research to obtain better research results. The following are the limitations of this study:

1. This study only takes samples from public manufacturing companies. The number of samples obtained based on the purposive sampling method is 198 observations, so it cannot be generalized to all companies listed on the Indonesia Stock Exchange.
2. Researchers only examine some of the variables that may affect firm value, but other variables may significantly influence firm value.
3. The limited significance of the moderating variable, there may be other moderating variables besides Corporate Social Responsibility.

SUGGESTION

Based on the conclusions and limitations of the research mentioned above, the researchers provide suggestions, including the following:

1. This study only uses secondary data from the financial statements of manufacturing companies and cannot be generalized. Therefore, the researcher suggests that in future research, the object of research is broader, covering other industrial sectors.
2. For further researchers, it is necessary to consider using independent, dependent, and moderating variables.
3. Adding a longer observation period so that the results obtained will better explain the picture of the actual condition.

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