Financial Performance and Dividend Policy to the Value of Company in Corporate Social Responsibility Moderation

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Abstract: The purpose of this study is to examine the financial performance and dividend policy on corporate value in corporate social responsibility moderation. The method used is quantitative and correlational research type. Analytical technique used is Multiple Linear Regression. The results showed that the financial performance and dividend policy significantly affect the value of the company. Corporate social responsibility is able to moderate the relationship of company performance to company value. Corporate social responsibility is not proven to moderate the relationship of dividend policy to the value of company. This is because investors have not paid attention to the disclosure of corporate social responsibility in deciding to invest in the company. Conclusion is the disclosure of corporate social responsibility improves the relationship of financial performance with the company value. The research implications of potential investors are expected to see disclosure of corporate social responsibility before investing in the company.

1 INTRODUCTION

Financial performance and dividend policy affect on corporate value in the moderation of corporate social responsibility. Financial performance is a fundamental assessment of the conditions that the company has. The dividend policy is the company's policy of sharing profits for shareholders. The company's values policy can be seen from the company's ability to pay dividends. There are times when the dividends are not shared by the company because the company feels the need to reinvest the profits it earns. The dividend policy is a signal to investors in assessing the good performance of a company and a source of income for investors (Khan, 2011). Companies that have implemented Corporate Social Responsibility will make reporting and disclosure of Corporate Social Responsibility in addition to the financial statements. This is done because the company wants the legitimacy and positive value of the community.

Research on the financial performance of the company's value is done by Nawaiseh (2017) examines the influence of financial performance on the value of companies in Jordan. A research sample of 40 companies on the AFM website. Research period is 2006-2015. Data analysts used multiple regression. The results showed that financial performance has an effect on company value. Gamayuni (2015) examines the effect of financial performance on corporate value in Indonesia. The population of companies that go public on period of 2007-2009. The results showed that the financial performance affected the value of the company.

Ochieng (2016) examines the effect of dividend policy on corporate value in Kenya. The results showed that the dividend policy has a significant effect on the value of the company. Samples of research are 33 companies for 2011-2015 period and multiple regression analyst tools. The results of research conducted Amidu (2007) showed that the dividend policy has a significant effect on the value of the company.

The difference of this research with previous research is the existence of corporate social responsibility variable as moderation variable. Corporate social responsibility is the company's commitment to improve the welfare of the community through good business practices and contribute some of the company's resources (Kotler and Nancy, 2005). This means a form of corporate responsibility to a wider society and environment,

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covering economic, environmental and socio-cultural aspects.

Problems in this study are: Does the financial performance affect the value of the company? Does dividend policy affect the value of the company? Is corporate social responsibility capable of moderating the financial performance of corporate value? Is corporate social responsibility able to narrow dividend policy to company value?

The purpose of this study to determine the effect of financial performance on corporate value. Influence of dividend policy on company value. Influence of financial performance to corporate value in moderation corporate social responsibility. The influence of dividend policy on corporate value in moderation corporate social responsibility.

2 RESEARCH METHOD

This research method is quantitative with the type of correlation research. The purpose of correlation research is to know the relationship and the level of relationship between two or more variables.

2.1 Data

The data used in this study is secondary data taken from the company's annual report. Secondary data was obtained from Investment Gallery of Faculty of Economics and Business of Kanjuruhan University and Indonesian Capital Market Directory (ICMD). Samples of research are 33 manufacturing companies.

2.2 Research Model

To analyze, Moderated Regression Analysis (MRA) is used as follows:

$$\text{Tobins Q} = \beta 0 + \beta 1\text{ROA} + \beta 2\text{DPR} + \beta 3\ \text{CSRi*ROA} + \beta 4\text{CSRi*DPR} + e \quad (1)$$

Explanation: Tobins Q is the value of company. ROA is used to calculate the financial performance. DPR is used to calculate dividend policy. CSRi is a CSR indeks.

3 RESULTS AND DISCUSSION

3.1 Classical Assumption Test

The normality test results indicate that the data spreads around the diagonal line and follows the direction of the diagonal line, so the regression model meets the assumption of normality. The result of multicollinearity test shows that VIF value around 1 and tolerance value close to 1, so it can be concluded that there are no multicollinearity symptoms among independent variables in the regression model used. The result of heteroscedasticity test shows that the scatterplot image that the points are spread above and below zero on the Y axis, so it can be concluded that there is no problem of heteroscedasticity. The results of the autocorrelation test indicate that the Durbin test value is obtained, the Durbin Watson test value (DW) is close to two or between (du) < DW< (4-du), so there is no autocorrelation.

3.2 Hypothesis Testing

Decision-making for hypothesis testing uses significance value with criterion if p value> 0,05, then H0 accepted or Ha rejected, it means that regression coefficient obtained is not influential and if value p <0,05, then H0 refused or Ha accepted, meaning the regression coefficient obtained is influential.

3.2.1 Financial Performance Has an Effect on Company Value

Financial performance within the company is reflected by high return on Asset, hence the value of company also will H1, in this research is to test whether financial performance have an effect on company value. The result of this research test shows the t_{count} of 3,249 with the probability significance is 0.009 is lower than α = 5% or 0.05 so that the results of this study support the hypothesis (Ha1) proposed. This means financial performance has a positive and significant impact on the value of the company, or in other Ards, the greater the financial performance then increasing the value of the company. If it increases because the company's value is determined by earnings power of the company's assets. The higher the earning power the more efficient the asset turnover and the higher the profit margin obtained by the company.

The results of this study support the research conducted by Nawaiseh (2017) and Gamayuni

(2015) that the financial performance affects the company value. The financial performance in the Company is reflected by high return on assets, the company value will also increase because the company's value is determined by earnings power from the company's assets. The higher the earning power the more efficient the asset turnover and the higher the profit margin obtained by the company. According to Brigham and Houston (2006) shows that financial performance is one of the corporate governance mechanisms that can increase the company value. Financial performance enables managers to strive to increase the value of their wealth as a shareholder of the company, which ultimately also increases the value of the company.

3.2.2 Dividend Policy has an Effect on Company Value

The result of the research shows that there is an effect on Dividend Policy to Company Value with t value is equal to 2,903 and significant value 0,045 is lower than α = 5% or 0,05. (H2) dividend policy affects the value of the company received.

The results of this study support Nwamaka and zeabasili (2017) and Ochieng (2016), (Amarjit et al., 2010) and (Adesola and Okwong, 2009) that dividend policy affects company value. The high dividends paid to shareholders are related to the high and low value of the company. Dividend policy is the right of shareholders to get a portion of the company's profits. The company will disclose an information if the information can increase the value of the company. Based on the theory of signal managers who have good information about the company will try to convey the information to outside investors. Information dividend is information that can increase the company value.

3.2.3 Corporate Social Responsibility Moderates the Relationship of Financial Performance with the Company Value

H3 in this study is to test whether the interaction of financial performance with the disclosure of corporate social responsibility is able to moderate the relationship between financial performances with the value of company. The results of this study indicate the value of t count is 2,989 and its probability significance is 0.033, which is lower than α = 5% or 0.05. So this research supports hypothesis (H3) proposed. This means that the interaction variable of financial performance with corporate social responsibility disclosure as a moderating variable can affect the relationship of Financial Performance to company value.

The disclosure of corporate social responsibility is also in accordance with stakeholder theory, which states that all stakeholders have the right to information about the activities of the company that can influence decision-making (Deegan, 2004). In review of the agency theory with the disclosure of corporate social responsibility, can reduce the existence of agency problems emerged between the management as manager with the owner of the company. Disclosure of corporate social responsibility suggests that the management is more transparent in managing the company.

3.2.4 Corporate Social Responsibility Moderates the Relationship of Financial Dividend Policy and the Company Value

H4 in this study is to test whether the interaction of dividend policy with corporate social responsibility disclosure is able to moderate the relationship between financial performance and company value. The results of this study show the value of t_{count} of 1.631 and its probability significance is 0.53 which is higher than α = 5% or 0.05. So this study does not support the hypothesis (H4) proposed. This means that the variable of dividend policy interaction with corporate social responsibility disclosure as moderating variable cannot affect the relationship of dividend policy with company value.

The results show that CSR has not been able to moderate the relationship of dividend policy and company value. The disclosure of CRS has not been able to benefit the relationship of dividend policy and company value. This means that CSR disclosure cannot have a significant impact on the relationship of dividend policy with company value. Potential investors have not seen corporate social responsibility as the information used before deciding to invest.

4 CONCLUSIONS

This study proves that the disclosure of corporate social responsibility is able to moderate the relationship of financial performance with company value. The company will disclose an information if the information can increase the value of the company. CSR moderates the relationship of financial performance to company value. Corporate CSR rises, it will increase the value of a company.

5 IMPLICATIONS AND SUGGESTIONS

The disclosure of corporate social responsibility has not been seen as important information for investment decision-making for investors and potential investors. For further research it is better to change the moderation variables. The goal is to get different results.

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