Good Corporate Governance and Corporate Social Responsibility on Firm Value

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ABSTRACT

This study aims to empirically examine the influence of independent commissioners and corporate social responsibility on firm value in state-owned and manufacturing companies listed on the Indonesia Stock Exchange. The population in this study are state-owned and manufacturing companies listed on the Indonesia Stock Exchange (IDX). The selection of this research sample was carried out by purposive sampling method. Based on the existing criteria, 30 companies became the research sample. Data were analyzed using descriptive statistical tests, classical assumption tests (normality test, heteroscedasticity test, multicollinearity test) and multiple linear regression analysis, coefficient of determination test, partial test and simultaneous test, which were processed using the SPSS program. The data analysis results show that Good Corporate Governance, proxied by independent commissioners, has a positive and significant influence on the value of BUMN and manufacturing companies listed on the Indonesia Stock Exchange. Meanwhile, Corporate Social Responsibility has a positive and insignificant effect on the value of BUMN and manufacturing companies listed on the Indonesia Stock Exchange.

Keywords:
Good Corporate Governance, Corporate Social Responsibility, Firm Value

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1. Introduction

The establishment of a company has a clear purpose. Several things suggest the purpose of establishing a company. The company's first goal is to achieve maximum profit or maximum profit. The second goal of the company is to prosper as the owner or shareholder. In comparison, the third goal of the company is to maximize its value, which is reflected in its stock price. The objectives of the three companies are substantially not much different. It is just that the emphasis that each company wants to achieve is different from one another (Mastuti & Prastiwi, 2021) .

A high increase in company value is a long-term goal that should be achieved by the company, which will be reflected in the market price of its shares because investors' evaluation of the company can be observed through the movement of the company's stock price, which is traded on the stock exchange for companies that have gone public. Investors will dare to buy shares at high prices against highly valued companies. Dewi (2016) states that in order to maximize the value of the company in the long term, not only the value of equity but also all financial claims such as debt, warrants, and preferred stock) Managers must make decisions that consider all stakeholders' interests so that they will be assessed for their performance based on their ability to achieve or implement strategies to achieve goals. High corporate value can increase shareholders' prosperity so that they will invest their capital in the company (D. Agustina, 2017; Perdana & Rahardja, 2014) .

Firm value is significant in the company's success, where the company's value is used as an indicator for investors to manage the company's finances. The company's increased value is reflected in the price of its shares in the capital market. Taufik (2016) states that high corporate value can increase shareholders' prosperity so that shareholders will invest their capital in a company. The company value proxied through the stock market value on the Indonesia Stock Exchange has undergone several changes, although not many companies use the financial aspect. Changes that occur are based on phenomena due to other information outside financial aspects, such as the scope of corporate social finance. Companies listed on the Indonesia Stock Exchange must report financial and annual reports to the stock exchange, investors and the public every year. Financial statements are the result of the accounting process which describes a company's financial position in a certain period and has an essential role as a measurement and evaluation of a company's work as well as a means of accountability and communication to those who need it. The purpose of financial reports is to provide information regarding the financial position, financial performance, and changes in a financial position that are useful to many users in making economic decisions (Indonesian Accounting Association, 2011). Financial statements are a tool for corporate accountability to interested parties, such as shareholders, investors, creditors, government, community and other parties. Therefore financial reports must contain information that reflects the actual condition of a company so that it can be used as a basis for decision-making (Stacia & Juniarti, 2016) .

Jensen and Meckling (2019) , state that increasing company share ownership by management can be aligned with management interests. Share ownership by institutional investors is a party that can monitor agents with significant ownership through the monitoring role of the board of commissioners. There is a relationship relevant to financial reporting—forming an audit committee as a company supervisor, where the committee is a party that assists the commissioner in improving quality and increasing the effectiveness of external and internal audits (Susanto & Subekti, 2015) .

Suitable corporate governance mechanisms, including managerial ownership, institutional ownership, independent commissioners, and audit committees, are related to companies' corporate social responsibility disclosure. Corporate social responsibility is a company policy approved and directly supervised by the four suitable corporate governance mechanisms as a form of corporate and social responsibility (Pasolo et al., 2023). Applying good corporate governance (GCG) in companies is necessary to fulfill public and international trust as one of the absolute requirements for a well-developed and healthy industrial world to add added value in the realization of decision-making (Saputra, 2018) .

Higher stakeholder involvement will increase the company's CSR implementation as a form of responsibility to society (Kinasih et al., 2022). This is also related to the greater the level of company profitability, this will encourage companies to report the results of their CSR in the company's annual report. The higher level of company profitability indicates that the company has sufficient funds allocated to social and environmental activities which can then increase the company's social responsibility. (Dahlia, 2018) .

Corporate social responsibility is a form of responsibility carried out by the company to repair social inequality and environmental damage resulting from the company's operational activities (Murdifin et al., 2019). The more forms of accountability companies take towards their environment, the company's image in the public view will increase or the company's image will be good (Rachmania, 2017) . Investors are more interested in companies with a good image in society because the better the company's image, the higher consumer loyalty (Ramlawati et al., 2022). As consumer loyalty increases for a long time, the company's sales will improve and in the end, the company's profitability level will also increase. If the company runs smoothly, then the value of the company's shares will increase (Ahmad et al., 2018).

Research (Putra, 2015) , states that Good Corporate Governance has a significant positive effect on firm value. This indicates that investors are willing to give more premium to companies that provide transparency on implementing Good Corporate Governance in their annual reports.

This is supported by research results (Berliani & Riduwan, 2017; Dahlia, 2018) , which state that Good Corporate Governance has a significant positive effect because the higher the level of corporate transparency, the higher the corporate value which is indicated by the high company stock price. However, the research results (Kusumaningtyas & Andayani, 2015; Rachmania, 2017; Taufik & Prijati, 2016) state that Good Corporate Governance has no significant effect because investors do not pay much attention to information about GCG when investing in companies.

Seeing the phenomenon of corporate values, Good Corporate Governance (GCG), and Corporate Social Responsibility (CSR) that have been described, the authors are interested in researching the influence of Good Corporate Governance on Corporate Social Responsibility and corporate values. This study used state-owned and manufacturing companies listed on the Indonesia Stock Exchange as research objects.

2. Literature Review

Agency Theory

An agency relationship is a contract between the shareholder and the owner manager of the company. Agency theory arises because of the separation of company owners or shareholders from the company managers. The agency theory views company management as an agent for shareholders, acting with full awareness for its interests (Self-interest), not as a wise and fair party to shareholders. The existence of a difference in interests between the two parties will cause an agency conflict (Kusumaningtyas & Andayani, 2015) . Ownership is represented by the investor who delegates authority to the agent, in this case, the manager managing the investor's wealth. Investors have the hope that they will benefit by increasing their wealth and prosperity of investors (Berliani & Riduwan, 2017) . Company owners empower managers, this can create a potential conflict of interest known as agency theory (Brigham & Houston, 2015) . Agency relations occur when one or more individuals, called principals, hire other individuals or organizations, often called agents, to perform several services and delegate authority to make decisions to these agents (Retno & Priantinah, 2016) .

Legitimacy Theory (Social Responsibility)

Legitimacy is a psychological state of alignment with people and groups who are very sensitive to the symptoms of the surrounding environment, both physical and non-physical. Agustina (2015) argues that organizational legitimacy can be seen as something society gives to companies and that companies want or seek from society. Thus, legitimacy is a potential benefit or resource for the company to survive (going concerned). Farida (2019) states that the efforts that need to be made by companies in order to manage legitimacy to be effective, namely by: a.

Carry out idea take hold identification and communication/dialogue with the public. b. Conducting dialogue on social and environmental values and building their perceptions about the company. c. Carry out legitimacy and disclosure strategies related to social responsibility issues.

Corporate Social Responsibility

Corporate Social Responsibility, commonly known as corporate social responsibility, has various definitions depending on a company's vision. The World Bank Group (2001) and The World Business Council for Sustainable Development (2004), corporate social responsibility is a sustainable commitment from the business world to behave ethically and assist in the sustainable development of the business world to behave ethically. and it assisted sustainable development in collaboration with employees and their representatives, families, and communities, and improved the quality of life of the surrounding community and society more broadly. According to Jain (2016) social responsibility (CSR) is a related concept but refers to all ways a business seeks to balance its commitment to groups and individuals in a social environment.

Although CSR has many definitions, essentially, CSR is a form of sustainable corporate economic activity. In general, the company's economic activities were established based on an economic orientation, but without forgetting the social and environmental aspects to ensure the company's survival. The purpose of establishing CSR is as a form of corporate social responsibility because of the environmental impact it causes. Uncertain world conditions such as global warming, increasing poverty and worsening public health have prompted companies to carry out their responsibilities (Jizi et al., 2014) .

Principles of Corporate Social responsibility

The importance of companies to carry out CSR is regulated in Law no. 40 of 2007 concerning limited liability companies, which is contained in article 74: 1) Companies that carry out their business activities in the field of and or related to natural resources are required to carry out social and environmental responsibility. 2) Social and environmental responsibility, as referred to in paragraph (1) is an obligation of the company which is budgeted for and calculated according to the costs of the company, the implementation of which is carried out with due observance of compliance and fairness. 3) Companies that do not carry out the obligations referred to in paragraph (1) are subject to sanctions following statutory provisions.

Benefits of Corporate Social responsibility

Several things are expected from the implementation of CSR. In addition to empowering the community from the company side so that operations can run smoothly without any interruptions. If the relationship between the community and the company is not "friendly," there is undoubtedly a problem. The community has not entirely accepted the implementation of the CSR program. This is caused by the company's lack of attention to implementing CSR for the company (Khan et al., 2013) : a. Brand differentiation. In an increasingly competitive market competition, CSR can provide a distinctive, excellent and ethical corporate image in the eyes of the public which in turn creates customer loyalty. Often considered as having a unique image related to environmental issues. b. human resources. CSR programs can assist in recruiting new employees, exceptionally high-quality ones. During interviews, prospective employees with higher education and experience often ask questions about the company's CSR and business ethics before they accept the offer. For old staff, CSR can also increase perception, reputation and dedication. c. License to operate. Companies carrying CSR can encourage the government and the public to give business "permits" or "blessings" because it is considered to have met operating standards and our concern for the environment and the wider community. d. risk management. Risk management is a central issue for every company. A company's reputation that took years to build can be destroyed immediately by a corruption scandal, employee accidents, or environmental damage. Building a culture of "doing the right thing" is helpful for companies in managing business risks.

Definition of Good Corporate Governance

Experts give several definitions of Good Corporate Governance (GCG). The definition of Good Corporate Governance, according to Esa (2012) is as follows: "Good Corporate Governance is an administrative mechanism that regulates the relationships between company management, commissioners, directors, shareholders and other interest groups (stakeholders). These relationships are manifested in the form of various game rules and incentive systems as a necessary framework for determining company goals and ways of achieving those goals and monitoring the resulting performance." Meanwhile, Mason (2014) states, "Good corporate governance is a system that regulates the relationship between the roles of the Board of Commissioners, the role of the Board of Directors, shareholders and other stakeholders. Good corporate governance is also a transparent process of determining company goals, achieving them, and evaluating their performance.

Principles of Good Corporate Governance

Law No. 40 of 2007 by the Ministry of Law and Human Rights of the Republic of Indonesia concerning Limited Liability Companies and the principles of good corporate governance in running companies and the 2002 Minister of BUMN Decree concerning the principles of Good

Corporate Governance must reflect on the following matters: a) Fairness (Justice). The principle of fairness is the principle of fair treatment for all shareholders. Justice which is defined as equal treatment of shareholders, predominantly minority shareholders and foreign shareholders, from fraud and insider misconduct. b) Disclosure/Transparency. Transparency is the existence of accurate and timely disclosures and transparency on essential matters for the company's performance, ownership, and stakeholders. c) Accountability (Accountability). Accountability emphasizes creating an effective oversight system based on the division of powers between commissioners, directors and shareholders. This includes monitoring, evaluating and controlling management to ensure that management acts following the interests of shareholders and other interested parties. d) Responsibility (Responsibility). Responsibility (responsibility) is the existence of management responsibilities, supervision, and accountability to the company and its shareholders. e) Independence (Independence). Expedite the implementation of GCG principles. The company must be managed independently so that each company organ does not dominate the other and cannot be intervened by other parties.

Benefits of Good Corporate Governance

FCGI (Forum for Corporate Governance in Indonesia), the company's success in implementing good corporate governance will provide benefits, including 1. It improves company performance by creating better decision-making processes, increasing operational efficiency and improving customer service. 2. Make it easier to obtain cheaper financing funds to obtain corporate value. 3. Restore investor confidence to invest in Indonesia. 4. Shareholders will be satisfied with the company's performance because it will simultaneously increase stakeholder value and dividends (Adnan et al., 2018) .

Management Ownership

An agency relationship is a contract between the shareholder and the owner manager of the company. Agency theory arises based on separating company owners or shareholders from the company managers. The agency theory views company management as an agent for shareholders, acting with full awareness for its own interests, not as a wise and fair party to shareholders. The existence of different interests between the two parties can lead to agency conflicts (Choi et al., 2013) .

Firm Value

Firm value is significant because the high corporate value will be followed by high shareholder prosperity (Lau et al., 2016) . The higher the stock price, the higher the firm’s value.

High corporate value is the desire of the company owners, because with a high value, it shows the prosperity of shareholders is also high. Shareholder and company wealth is represented by the market price of shares, which reflects investment decisions, financing, and asset management. According to Agustina (2015) company value is the company's selling price or growth value for shareholders, the company's value will be reflected in the market price of its shares.

Good Corporate Governance concerns corporate responsibility to interested parties, especially for economic activity and all its impacts, while Corporate Social Responsibility is an activity organized by the company to increase social welfare outside the company's main activities. Both activities aim to optimize company value for shareholders while still paying attention to other stakeholders (Retno & Priantinah, 2016) . The value of the company will increase if the owner of the company can control the company. The proxy of Good Corporate Governance used is management ownership. Management ownership, namely the unification of the interests of shareholders and management, who are interested parties in the company's goals, often causes problems (Rachmania, 2017) . The greater the proxies of management ownership in the company, the more management will tend to be more active in the interests of shareholders where the shareholders are themselves. With this motivation, managers will try their best to maximize the company's value. Berliani (2017) states that there is a positive influence between independent commissioners and company value. The independent board of commissioners is the proportion of independent commissioners in the company. The increasing number of independent commissioners means that the board of commissioners performing supervisory and coordinating functions in the company is getting better. Therefore, the more independent members of the board of commissioners, the higher the level of integrity of supervision of the board of directors produced so that it represents the interests of other stakeholders apart from the interests of the majority shareholder and the better the impact on corporate value. Based on the theoretical basis and previous research reviews put forward, the research hypothesis is as follows:

H1: Independent commissioners have a positive effect on firm value.

Disclosure of corporate social responsibility is communicating the social and environmental impacts of the company's economic activities on society. The concept of CSR involves the responsibility of joint partnerships between companies, governments, community resource agencies, and local communities. The Company will disclose the information if the information can increase the value of the company. Companies can use social responsibility information as a company's competitive advantage. Investors will respond positively to companies with good environmental and social performance through increased stock prices. The higher the share price, the higher the company's value (Taufik & Prijati, 2016). Research that relates the disclosure of corporate social responsibility to corporate value is revealed by (S. Agustina, 2015; Retno & Priantinah, 2016) which supports the hypothesis that the level of disclosure of CSR information in the company's annual report has the effect of increasing the value of the company. In contrast to previous research (Silalahi & Ardini, 2017) which obtained the result that disclosure of corporate social responsibility can increase corporate value. Based on this explanation related to the disclosure of corporate social responsibility to the value of the company, the hypothesis developed is as follows:

H2: Disclosure of corporate social responsibility affects company value.

3. Method, Data, and Analysis

This research is a type of quantitative research. The population in this study are state-owned and manufacturing companies listed on the Indonesia Stock Exchange (IDX). This research sample was selected using purposive sampling to obtain a representative sample per the specified criteria. Some of the criteria set for obtaining the sample are as follows:

Table 1: Purposive Sampling Process

No	Information	Amount
1	State-Owned Enterprises and Cement Sector are listed on the Indonesia Stock Exchange	167
2	Companies that have experienced *delisting* or have just made an initial offering during the year of data collection	(33)
3	The company has an independent commissioner	-
4	Companies whose data on CSR reporting are incomplete	(60)
5	Companies that publish sustainability reports	(64)
6	Companies used as samples	10
	3-year period	10x3
	Final Sample Amount	**30**

Source: Indonesia Stock Exchange

The data collection method used in this research is the documentation method, namely searching, collecting, recording and reviewing data on matters or variables in the form of notes, documents, transcripts, books, newspapers, magazines, journals, and important websites. The data used is quantitative data sourced from secondary data in the form of company annual reports that have been audited and financial statements of manufacturing companies listed on the Indonesia Stock Exchange. The data that has been collected will be analyzed through three stages of testing. The first stage is descriptive statistical analysis. The second stage is the classical assumption test (normality test, multicollinearity test, heteroscedasticity test). The third stage is to test all the hypotheses proposed in this study and will be proven through the coefficient of determination test, partial test (t test) and simultaneous test (f test).

Table 2: Operational Variables

Variables	Indicators	Major Reference
Firm Value	$Q = \frac{\text{MVE} + \text{D}}{\text{EBV} + \text{D}}$	(D. Agustina, 2017; Taufik & Prijati, 2016)
Good Corporate Governance	Proporsi komisaris Independen $= \frac{\sum \text{Independent Commissioner}}{\sum \text{Member of the board of commissioners}} \text{x } 100\%$	(Dahlia, 2018; Rachmania, 2017)
Corporate Social Responsibility	$\text{CSRIj} = \frac{\text{n}}{\text{k}}$	(Stacia & Juniarti, 2016; Susanto & Subekti, 2015)

4. Result and Discussion

The first stage in analyzing the research data is descriptive statistical analysis. Descriptive statistics in this study are used to provide information about research variables such as Independent Commissioner (X1), Corporate Social Responsibility (X2), and company value (Y).

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
Firm Value	30	47.31	924.50	241.7893	236.59 432
Good Corporate Governance	30	25.00	80.00	45.9580	14.00 232
Corporate Social Responsibility	30	3.80	46.84	20.2957	11,896 67
Valid N (listwise)	30				

Source: data results processed by SPSS 21

Based on the descriptive test in Table 3, the firm value dependent variable has a minimum value of 47.31 and for maximum data of 924.50. An average value (mean) of 241.789 with a standard deviation of 236.590. The Independent Commissioner variable (X1), an independent variable, shows a minimum value of 25.00 and a maximum value of 80.00. With an average value (mean) of 45.96 and a standard deviation value of 14.002. The Corporate Social Responsibility variable (X2), an independent variable, shows a minimum value of 3.80 and a maximum value of 46.84. With an average (mean) of 20.30 and a standard deviation of 11.90.

The second stage is the classical assumption test intended to determine whether using a simple linear regression model in analyzing meets the classical assumptions. There are three classical assumption tests to test the linear regression model: the normality test, multicollinearity test and heteroscedasticity test. The normality test aims to test whether the dependent and independent variables have a normal distribution in the regression model.

Table 4: Residual Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		30
Normal Parameters [a, b]	Means	.0000000
	std. Deviation	155.97624233
Most Extreme Differences	absolute	.09 1
	Positive	.09 1
	Negative	-.09 1
Kolmogorov-Smirnov Z		.51 3
asymp. Sig. (2-tailed)		.95 1

a. Test distribution is Normal.
b. Calculated from data.
Source: data results processed by SPSS 21

Table 4 data to see the normality test can be seen from the Asymp value. Sig. (2-tailed). If the Asymp. Sig. (2-tailed) is more significant than 0.05, so the data is usually distributed. The results of the test obtained a significant value from Asymp. Sig. (2- tailed) is 0.95 1, so it can be concluded that the regression model is feasible because it meets the assumption of residual normality.

Furthermore, the multicollinearity test aims to test whether the regression model found a correlation between the independent variables. A good regression model should not correlate with independent variables. This test looks at the VIF (Variance inflation factor) and tolerance. A typical value to indicate the presence of multicollinearity is a Tolerance value > 0.10 or equal to a VIF value < 10. The results of multicollinearity can be seen in table 5 below.

Table 5: Multicollinearity Test Results

Coefficients [a]

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	Independent Commissioner	.981	1.019
	CSRX2	.981	1.019

a. Dependent Variable: Company Value

Source: data results processed by SPSS 21

The multicollinearity test in table 5 shows that the independent commissioner and CSR variables have a tolerance value of 0.981, more significant than 0.10. Meanwhile, the VIF value of the independent commissioners and CSR variables is 1.019, less than 10.00. This means that there are no multicollinearity symptoms in the regression equation model so that the data can be used in this study.

Furthermore, the heteroscedasticity test is a condition with an inequality of variance in the regression function. Good data is data that has homoscedasticity or does not have heteroscedasticity. Homoscedasticity is the similarity of variance in the regression model. In this test to determine whether heteroscedasticity occurs, you can use the scatterplot method where the distribution of the points generated is random, does not form a specific pattern and the direction of the spread is above or below the number 0 on the Y axis. The results of the heteroscedasticity test can be seen in figure 1.

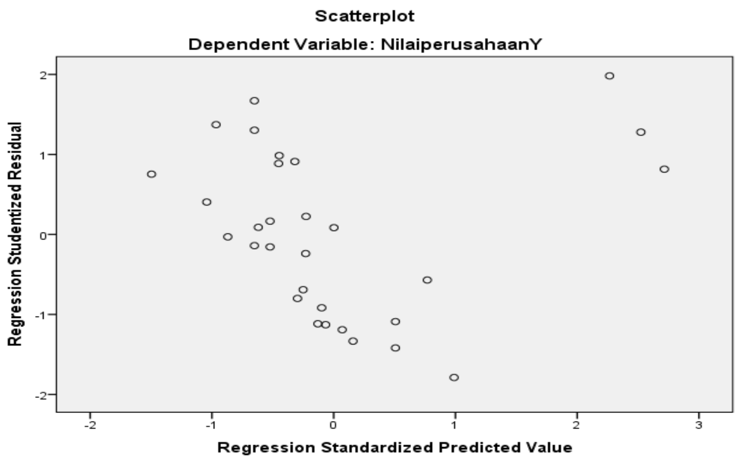

Figure 1: Heteroscedasticity Test Results

Based on Figure 1, the data points spread randomly and do not form a pattern, either above or below the number 0 on the Y axis. So it can be concluded that the regression model in this study does not experience heteroscedasticity problems, so the regression model is feasible to use to predict firm value with influencing variables, namely independent commissioners (X1) and CSR (X2).

The autocorrelation test aims to test whether, in a linear regression model, there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period. A regression equation is said to fulfill the assumption that there is no autocorrelation in the regression equation if the value of the Durbin-Watson test is between dU < DW < 4-dU. The results of the autocorrelation test are presented in table 6 below.

Table 6: Autocorrelation Test Results

Summary Model [b]

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	. 8 52 [a]	. 69 5	. 6 33	161,649 21	2 .107

a. Predictors: (Constant), CSRX2, Independent Commissioner
b. Dependent Variable: Company ValueY
Source: data results processed by SPSS 21

From table 6, the Durbin-Watson coefficient is 1.107 where the value of dU > DW < 4-dU (1.566 > 2.107 < 2.434), thus it can be concluded that in the regression between independent commissioner variables and CSR on firm value there is no autocorrelation.

The third stage is multiple linear regression analysis which is used to determine the linear relationship between the independent variables on the dependent variable, whether each independent variable has a positive or negative effect and to predict the value of the dependent variable if the independent variable increases or decreases.

Table 7: Results of Multiple Regression Analysis

Coefficients [a]

Model	Unstandardized Coefficients		standardized Coefficients	Q	Sig.
	B	std. Error	Betas		
(Constant)	-432,912	122,418		-3,536	001
Commissioner Independent	12,696	2.176	0.742	5,835	.000
CSRX2	4,523	2.56 0	0.218	1,767	.0 90

a. Dependent Variable: SHARE RETURN
Source: Data processed with SPSS 23

Based on table 7, the multiple linear regression equation models is obtained as follows:

$$Y = -432.912 + 12{,}696\ X1 + 4{,}523X2$$

The model can be represented that the constant value is -432,912. This shows that if the independent variable (independent commissioner and CSR) is zero (0), then the value of the dependent variable (company value) is -432,912 units. The independent commissioner's regression coefficient (X1) is 12,696 and marked positive. This means the value of variable Y will increase by 12,696 if the value of variable X1 decreases by one unit and the other independent variables have a fixed value. A positive coefficient indicates a positive relationship between the independent commissioner variable (X1) and the firm value (Y). The CSR regression coefficient (X2) is 4,523 and marked positive. This means the value of variable Y will increase by 4,523 if the value of variable X2 has increased by one unit and the other independent variables have a fixed value. The coefficient with a positive sign indicates a direct relationship between the CSR variable (X2) and the firm value variable (Y). Furthermore, the coefficient of determination test aims to determine how much the independent variable can explain the ability of the dependent variable. The test results can be seen in table 8.

Table 8: R Test Results 2

Summary Model [b]

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	. 8 52 [a]	. 69 5	. 6 33	161,649 21

a. Predictors: (Constant), CSRX2, independent commissioners
b. Dependent Variable: Company ValueY
Source: results of data processed in 2011-2013, SPSS 21

Based on table 8, an R number of 0 .8 52 is obtained, indicating that the relationship between firm value and the two independent variables is quite strong. While the value of R square is 0.695 or 69.5 % this indicates that the company value variable can be explained by the independent commissioner and CSR variables of 69.5 % while the remaining 30.5 % can be explained by other variables do not present in this study.

The F test (simultaneous test) tests the significance of the effect of all independent variables together (simultaneously) on the dependent variable. The F test is intended to see the overall ability of the independent variables, namely independent commissioners and CSR, on firm value. Based on data management using following results are obtained:

Table 9: Simultaneous Test Results (Test F)

ANOVA a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	917732.345	2	458866.173	17,561	.000 [b]
	residual	705500.11	27	26129634		
	Total	1623232.455	29			

a. Dependent Variable: Company Value
b. Predictors: (Constant), CSR, Independent Commissioner
Source: data results processed by SPSS 21

In table 9, the calculated F value is 17. 561 and the F table value is 3. 34. Because the value of F table 3. 34 is smaller than the calculated F value of 17. 561, it can be concluded that the independent variables X1 and X2 (simultaneously) affect firm value (Y). The significance value is 0. 000 < 0. 05, it can be concluded that the independent commissioner (X1) and CSR (X2) simultaneously affect firm value (Y).

A partial test is used to see the effect of each independent variable on the dependent variable. The test is carried out with the t-test, namely by looking at the significance value of t count, if the significant value of t count is <0.05, it can be said that the independent variable influences the dependent variable. The results for the t-test can be seen in table 6. The test results show that the t-value of the Independent Commissioner variable (X1) is 5,835 with a significant value of 0.000. Because the significant value is less than 0.05, hypothesis 1 is accepted. The t value of the Corporate Social Responsibility variable (X2) is 1,767 with a significant value of 0 . 0 90 . Because the significant value is greater than 0.05, hypothesis 2 is rejected.

Discussion

The results of this study indicate that the independent commissioner has a positive and significant influence on firm value, so H1 is accepted. This is because an independent board of commissioners will reduce fraud in financial reporting and is expected to increase the effectiveness of supervision and strive to improve the quality of financial reports. The existence of good supervision will minimize fraudulent actions committed by management in financial reporting. That way, the quality of financial reports is also improving, causing investors to believe in investing in the company so that, in general, the company's stock price will be higher and the company's value will increase (Choi et al., 2013) . In addition, effective monitoring of management carried out by the board of commissioners and accountability of the board of commissioners to the company and shareholders will help minimize agency conflicts which will ultimately impact increasing company value. The more members of the independent commissioners, the more influential the process of overseeing financial reporting by the board of commissioners will be, thereby increasing the company's performance. With the increase in company performance due to adequate supervision from independent commissioners, investors are willing to pay more expensive and high-value banking company shares. This result is supported by the statement (Dewi & Nugrahanti, 2016; Perdana & Rahardja, 2014) which states that Good Corporate Governance has a significant positive effect because the higher the level of corporate transparency, the higher the corporate value, as indicated by the high company stock price. This result contradicts the results of research (D. Agustina, 2017; Taufik & Prijati, 2016) which states that Good Corporate Governance has no significant effect because investors do not pay much attention to information about GCG when investing in companies.

The second hypothesis in this study is to test Corporate Social Responsibility on company value. The results of this calculation indicate that Corporate Social Responsibility (CSR) has a positive and insignificant effect on firm value, so H2 is rejected. This is because the quality of CSR disclosure from 2011 to 2013 is still relatively low and has not followed the standards issued by GRI. It often happens that what is carried out in a company's CSR is not following what the surrounding community wants, so what the company does has not received a good response from the surrounding community. The results of this study cannot support the theory of legitimacy that companies cannot separate themselves from the surrounding social environment and need to maintain stakeholder legitimacy within the framework of policies and decision-making to support the achievement of company goals. The results of this study are consistent with the results of research (Stacia & Juniarti, 2016; Susanto & Subekti, 2015), indicating that companies do not communicate corporate social responsibility appropriately, so interested parties have not adequately captured it. This can be seen from public companies' small value of CSR disclosure. The results of this study are inconsistent with research (Karina & Setiadi, 2020; Saputra, 2018; Silalahi & Ardini, 2017) which says that long-term stability and prosperity of companies can be obtained if companies carry out social responsibility to society.

5. Conclusion and Suggestion

Based on the research results, it can be concluded that the presence of an independent board of commissioners positively and significantly influences firm value, indicating that effective supervision and improved financial reporting quality contribute to increased investor confidence and higher stock prices. The findings highlight the importance of good corporate governance practices in reducing fraud, minimizing agency conflicts, and ultimately enhancing company performance. However, the study did not find a significant impact of Corporate Social Responsibility (CSR) on firm value, suggesting that the quality of CSR disclosure and alignment with community expectations are crucial factors. While some prior research supports the positive relationship between CSR and long-term company stability, this study emphasizes the need for appropriate communication and capturing stakeholders' attention to fully realize the benefits of CSR. Therefore, it is recommended that companies focus on strengthening corporate governance mechanisms, particularly the independence of commissioners, while also improving CSR practices by aligning them with stakeholder expectations and increasing transparency in CSR disclosures.

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