

Investment Opportunity Set And Corporate Social Responsibility On Company Value

Adelia Kintan Kusuma¹, Diah Santi Hariyani^{2*}, Liliek Nur Sulistyowati³

^{1,2,3}Faculty of Economics and Business, Universitas PGRI Madiun

diyah.santi@unipma.ac.id

*Corresponding author

ABSTRACT

The purpose of this study is to determine the influence of established investment opportunities and corporate social responsibility on company value. This research is a type of quantitative research using secondary data. The population used in this study were infrastructure companies listed on the IDX. The sampling technique used is purposive sampling, to obtain 15 infrastructure companies over a 5-year period, namely from 2017 to 2021, which are used as research samples. The data collection method is carried out by accessing annual reports in the form of annual reports listed on the IDX or data published by each infrastructure company on their respective websites. The data obtained is then processed with the help of SPSS 21 software. The results of this study show that the IOS implemented by infrastructure companies in 2017 to 2021 can affect the value of the company. Corporate Social Responsibility has no effect on the value of the company. That is, the second hypothesis is rejected. This shows that the CSR implemented by infrastructure companies in 2017 to 2021 cannot affect the value of the company

Keywords: Corporate Social Responsibility, Firm Value, Investment Opportunity Set

INTRODUCTION

The capital market in Indonesia is currently experiencing development, it is supported by advances in technology and information that encourage companies to follow existing developments. The capital market is an activity related to the sale and purchase of securities, while the place for buying and selling securities is called the Stock Exchange. In Indonesia, commonly referred to as the IDX (Indonesian Stock Exchange), the IDX is supervised by the OJK (Financial Services Authority) which can protect the interests of investors so as to realize financial services activities in a transparent and orderly manner.

One of the sectors of the IDX is the infrastructure sector, namely companies that contribute to Indonesia's development. However, the rapid increase in development in the infrastructure sector is in fact not in line with the increase in company value which is one of the factors that investors pay attention to before investing their capital. Meanwhile, infrastructure companies experienced a decline in profits so there were few new investments from investors (Ananda, 2021).

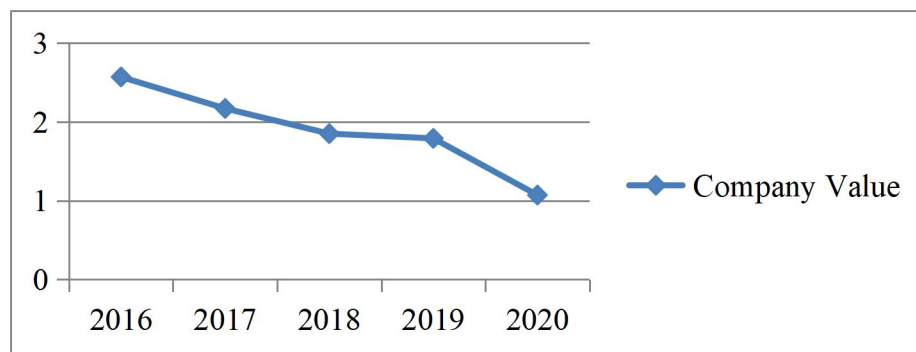


Figure 1 Infrastructure Sector Company Value

Source: Data processed (www.idx.co.id)



Based on Figure 1 above, the company value or PBV of infrastructure sector companies has continued to decline successively since 2016 with a PBV value of 2.57 times, in 2017 it decreased to 2.17 times, then in 2018 it decreased again to 1.85, in 2019 it also decreased again to 1.79, and until 2020 it decreased to 1.07.

Price Book Value (PBV) is used to determine company value and measure the company's book value which can be seen from stock price performance, PBV is a market ratio (Prastuti & Sudiartha, 2016). Investors need to pay attention to the advantages of the company's operational activities in making decisions. If the company makes a profit, then the company is successful in running the company, where PBV is used as a measuring tool.

Factors that can affect the value of the company is the investment opportunity set. Investment opportunity set is an indicator for investors to know the development of a company. Investment opportunity set affects investment in company decisions. If there are many investment opportunity proxies set in determining the characteristics of the company, it can reduce errors in determining the company's development. So, the investment opportunity set requires a proxy that can reflect the value of assets in the form of the investment opportunity set of capital and the value of opportunities in the future (Sumarni, Yusniar, & Juniar, 2014).

Factors that can affect the value of the company is corporate social responsibility, namely the company's responsibility to the community or the surrounding environment in the hope of providing benefits to the community (Suwasono, 2021).

Meanwhile, the definition of corporate social responsibility in ISO 26000 is the responsibility of the organization for the impact of decision-making and activities on society and the environment through transparent and ethical behavior that is in line with sustainable development and community welfare by taking into account the expectations of stakeholders in accordance with applicable law.

The results of research conducted by Dewiningrat & Baskara (2020) show that the investment opportunity set has an effect on firm value. Research by Rachim & Setiany (2021) shows that investment opportunity sets have an effect on firm value. Research from Ayu & Kusumawati (2020) states that the investment opportunity set has an effect on firm value. It was also stated by Nyoman, Febriyanti, and Mertha (2021) that the investment opportunity set has an effect on firm value. Research conducted by Dharmawan & Riza (2019) also has an influence between the investment opportunity set on firm value. According to Putri & Setiawan (2019), the investment opportunity set has an effect on firm value. While the research conducted by Lestari (2019), the investment opportunity set has no effect on firm value.

The results of research conducted by Suwasono (2021) that corporate social responsibility has an effect on firm value. According to Fellycia (2017) corporate social responsibility has an effect on firm value. It was also stated by Rahmantari (2021) that corporate social responsibility has a significant effect on firm value. Research conducted by Sari & Febrianti (2021) that corporate social responsibility has an effect on firm value. These results are in line with Dzikir, Syahnur, and Tenriwaru (2020) which state that corporate social responsibility has an effect on firm value. In contrast to the research conducted by Hariyani, Ratnawati, & Rahmiyati (2021) that Corporate Social Responsibility has no effect on firm value. The results of previous studies regarding the investment opportunity set and corporate social responsibility on firm value, found various different results, this needs to be reviewed to clarify further research to determine the effect of the Investment Opportunity Set and Corporate Social Responsibility on firm value.

LITERATURE STUDY

Investment Opportunity Set

According to Sumarni et al (2014) Investment opportunity set is one indicator for investors to know the development of a company. Investment opportunity set affects investment in company decisions. If there are many investment opportunity set proxies in determining the characteristics of the company, it can reduce errors in determining the company's development. In addition, the Investment opportunity set has a hidden variable nature that IOS cannot be observed to determine the size of the IOS company (Hidayah, 2017).

Corporate Social Responsibility

According to Rahmantari (2021), Corporate Social Responsibility is the concept of corporate responsibility that promises to contribute to sustainable economic development, taking into account the balance of social, economic and ecological aspects. Furthermore, CSR is a form of cooperation between companies (not only Limited Liability Companies) with all matters (stakeholders) who directly or indirectly interact with the company to ensure the existence and sustainability of the company's business (sustainability). This understanding is the same as social and environmental responsibility, which is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial, both for the company itself, the local community, and society in general (Nayenggita et al., 2019).

Company Value

The company value is the market value of the company which is reflected in the stock price with the aim of the company's success in the perceived prosperity of shareholders will be higher and the investment of investors will increase (Kristy et al., 2017). The company's goal is to maximize the welfare of investors or shareholders. In improving the welfare of investors, the stock price is one of the reflections of the value of the company.

The conceptual frame work in this research is as follows:

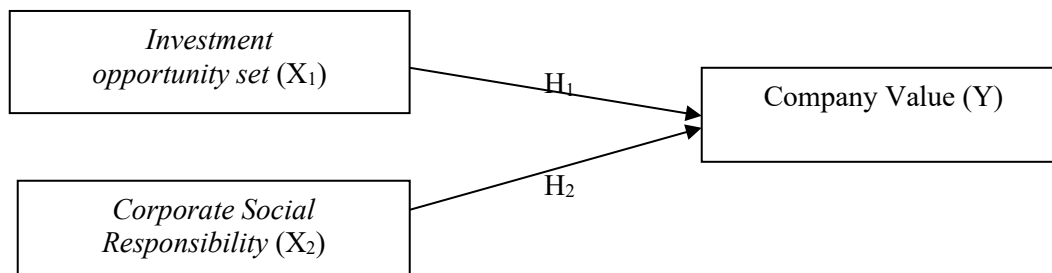


Figure 2 Conceptual Frame Work

Based on Figure 2 the Conceptual Frame Work above can be formulated hypotheses in this study are :

H₁ : The Investment Opportunity Set variable has an effect on firm value.

H₂ : Corporate Social Responsibility variable has an effect on firm value.

METHOD

The method used in this study is a quantitative method based on concrete data, research data in the form of numbers to be measured using statistics as a calculation test tool, relating to the problem under study to produce a conclusion (Sugiyono, 2017). Sources of data needed for research is secondary data. This research was conducted on infrastructure companies, carried out in infrastructure companies, where data was taken through the Indonesia Stock Exchange and through the websites of each infrastructure company. The data used are the financial reports of infrastructure companies that have been published in 2017-2021. The population in the study was 78 infrastructure companies and with the application of purposive sampling technique, the number of research samples obtained was 15 infrastructure companies over a 5 year period. For hypothesis testing, the analytical method used is t test (partial).

RESULTS AND DISCUSSION

Table 1 t test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	,401	,710		,564	,575
	IOS	,532	,205	,313	2,593	,012
	CSR	,890	,982	,109	,906	,368

a. Dependent Variable: PBV

Source : SPSS Output SPSS Version 21 (2022)

Based on table 1 the results of the t test above can be explained as follows:

The Investment Opportunity Set variable has an effect on firm value.

Based on the results of the t test, it can be seen that the tcount value is 2.593 with a significance value of 0.012. Based on the hypothesis criteria if the significance value is < 0.05 , it can be concluded that the investment opportunity set has an effect on firm value, so H_1 is accepted.

Investment Opportunity Set affects the value of the company because if the IOS increases it can increase the value of the company. The value of the company reflects the stock price, the higher the opportunity the company has to invest will get the expected return. The Investment Opportunity Set reflects that the value of an asset through the return from investment in the future will be greater. If the company is able to maximize its capabilities through investment in generating profits in accordance with its capital, it can increase the value of the company. The influence of the Investment Opportunity Set on the value of the company in infrastructure companies because the company is able to get capital and manage capital well.

This research is in line with previous research, namely research from Dewiningrat & Baskara (2020), Heru Suwasono (2021), Ayu & Kusumawati (2020), Nyoman, Febriyanti, & Mertha (2021), Dharmawan & Riza (2019), Putri and Setiawan (2019) states that the investment opportunity set has an effect on firm value. However, this research is not in line with that conducted by Lestari (2019) that the investment opportunity set has no effect on firm value.

Corporate Social Responsibility variable has an effect on firm value.

Based on the results of the t test, it can be seen that the tcount value is 0.096 with a significance value of 0.368. Based on the hypothesis criteria if the significance value is < 0.05 , it can be concluded that corporate social responsibility has no effect on firm value, so H_2 is rejected.

The results of this study do not support that companies that have implemented CSR and disclosed their social responsibility information more broadly will have high corporate values. The low disclosure of CSR and not following GRI standards causes CSR practices to have no effect on firm value. CSR from this infrastructure company has not met the GRI standard that has been set where the GRI standard used is 91 item disclosures while the CSR disclosed from this infrastructure company is still below the number 91 so that CSR does not affect the value of infrastructure companies.

This research has not been able to support previous research, namely research from Benjamin & Biswas (2022), Suwasono (2021), Fellycia (2017), Rahmantari (2021), Sari & Febrianti (2021), Rahmantari (2021) which states that corporate social responsibility affect the value of the company. However, this study is in accordance with research conducted by Hariyani et al (2021), Pristianingrum (2017) and Kristy, Hariyani, & Paramitha (2017) which showed that Corporate Social Responsibility had no effect on firm value.



CONCLUSION

Based on the results of research conducted on the effect of investment opportunity set and corporate social responsibility on firm value, it can be concluded that the Investment Opportunity Set has an effect on firm value. That is, the first hypothesis is accepted. This shows that the IOS implemented by infrastructure companies in 2017 to 2021 can affect the value of the company. Corporate Social Responsibility has no effect on the value of the company. That is, the second hypothesis is rejected. This shows that the CSR implemented by infrastructure companies in 2017 to 2021 cannot affect the value of the company. For further researchers, it is recommended to use the three Investment Opportunity Set (IOS) proxies, namely IOS based on price, IOS based on investment, and IOS based on variance so as to get a comparison of the three IOS proxies and add other variables that can affect company value such as dividend policy, company growth, company size, and liquidity.

References

- Ananda, Meina Rizki. (2021). Pengaruh Kebijakan Utang Dan Likuiditas Terhadap Nilai Perusahaan Sektor Infrastruktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2015-2019.
- Ayu, P. C., & Kusumawati, N. P. A. (2020). Peran Kebijakan Hutang Dalam Memoderasi Hubungan Investment Opportunity Set Dan Kebijakan Dividen Terhadap Nilai *Jurnal Ilmiah Akuntansi* 5(1), 20–33. Retrieved from <http://journal.undiknas.ac.id/index.php/akuntansi/article/view/2405>
- Benjamin, Samuel Jebaraj, & Biswas, Pallab Kumar. (2022). *Does winning a CSR Award increase firm value? International Journal of Disclosure and Governance*, 19(3), 313–329. <https://doi.org/10.1057/s41310-022-00142-8>
- Dewiningrat, Ayu Indira, & Baskara, I. Gde Kajeng. (2020). *Does Dividend Policy Moderate The Relationship between Profitability , IOS , and Liquidity toward Firm Value? American Journal of Humanities and Social Sciences Research*, 4(7), 49–52.
- Dharmawan, Billy, & Riza, Fahrul. (2019). Pengaruh *Investment Opportunity Set* Terhadap Nilai Perusahaan Dengan Mediasi Kebijakan Deviden [Studi Empiris Pada Emiten Yang Tergabung Dalam Index Lq45]. *Business Management Journal*, 15(1), 53–61. <https://doi.org/10.30813/Bmj.V15i1.1564>
- Dzikir, A. Nurul, Syahnur, & Tenriwaru. (2020). Pengaruh *Corporate Social Responsibility* Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi (Studi Empiris Pada Sektor Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode 2016 - 2018). *Ajar*, 3(2), 219–235.
- Fellycia. (2017). Pengaruh CSR Terhadap nilai perusahaan. (1), 41–49. <https://doi.org/10.33508/jima.v10i1.3454>
- Hariyani, Diyah Santi, Ratnawati, Tri, & Rahmiyati, Nekky. (2021). *The Effects of Macroeconomics, Dividend Policy, Good Financial Governance on Corporate Value: Moderation of CSR. International Journal of Scientific and Research Publications (IJSRP)*, 11(4), 303–309. <https://doi.org/10.29322/ijsrp.11.04.2021.p11240>
- Kristy, Agustina, Hariyani, Diyah Santi, Devi, Heidy Paramitha, Ekonomi, Fakultas, & Bisnis, (2017). *Januari 2021 74* CSR dan Kinerja Keuangan Terhadap Nilai Perusahaan Manufaktur Di BEI 2017-2019 *CSR and Financial Performance on the Value of Manufacturing Companies on the IDX*. 8(1). Retrieved from www.idx.co.id.
- Lestari, Ari. (2019). *The Effect of profitability, Investment Opportunity Set and Free Cash Flow on Dividends Paid To Companies, (Empirical Study of Manufacturing Companies). Jurnal Mantik*, 3(January), 31–38.
- Nyoman, Ni, Febrianty, Astriani, & Mertha, I. Made. (2021). *Open Access Effect of Profitability , Investment Opportunity Set and Good Corporate Governance on Company Value*. (2), 238–246.
- Pristianingrum, Nurfina. (2017). Pengaruh Ukuran, Profitabilitas, dan Pengungkapan CSR



- Terhadap Nilai Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia. *Snaper Ebis*, 2017, 353–364.
- Putri, Rika Amanda, & Setiawan, Mia Angelina. (2019). Pengaruh *Investment Opportunity Set*(IOS), Kebijakan Dividen, dan *Opportunistic Behavior* terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2015-2018). *Jurnal Eksplorasi Akuntansi*, 1(3), 1392–1410. Retrieved from <http://jea.ppj.unp.ac.id/index.php/jea/issue/view/12>
- Rachim, Rendri Rahadian, & Setiany, Erna. (2021). *The Analysis of Investment Opportunity Set , Bord Independence , Firm Characteristics on Firm Value. International Journal of Innovative Science and Research Technology*, 6(3), 892–898.
- Rahmantari, Ni Luh Laksmi. (2021). Pengaruh *Corporate Social Responsibility* Terhadap Nilai Perusahaan Dengan Ukuran Perusahaan Dan Profitabilitas Sebagai Variabel Moderasi Pada Perusahaan Farmasi. *Ganec Swara*, 15(1), 813.
- Rai Prastuti, Ni, & Merta Sudiarta, I. (2016). Pengaruh Struktur Modal, Kebijakan Dividen, Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur. *None*, 5(3), 254202.
- Sari, Rafika, & Febrianti, Renny Aziatul. (2021). Moderasi Profitabilitas Atas Pengaruh *Corporate Social Responsibility* terhadap Nilai Perusahaan. *Jurnal Ilmiah Ekonomi Global Masa Kini*, 12(2), 131. <https://doi.org/10.36982/jiegmk.v12i2.1290>
- Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: Alfabeta.
- Sumarni, Indriati, Yusniar, Meina Wulansari, & Juniar, Asrid. (2014). Pengaruh *Investment Opportunity Set* terhadap Kebijakan Dividen. *Jurnal Wawasan Manajemen*, 2(2), 201–212.
- Suwasono, H. (2021). *Decisions, Dividend Policy, and Corporate Social Responsibility (CSR) on the Value of Manufacturing Companies Listed on the Indonesia Stock Exchange 2015-2019. International Journal of Seocology*, 02(02), 71–78. Retrieved from <http://seocologi.com/index.php/seocology/article/view/24>