The Effect of Corporate Social Responsibility, Good Corporate Governance, and Business Risk on the Enterprise Value of Property and Real Estate Companies

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The Effect of Corporate Social Responsibility, Good Corporate Governance, and Business Risk on the Enterprise Value of Property and Real Estate Companies

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Abstract:
The main goal of a company is to maximize profits or wealth, especially for its shareholders. It can be realized by efforts to increase or maximize the market value of the company's stock price so that the enterprise value will increase. There are several factors affecting enterprise value but this research will only examine 3 variables, i.e. CSR, GCG, and Business Risk. This research aims to examine the effect of CSR, GCG, and Business Risk to the Enterprise Value. GCG is proxied through managerial ownership, institutional ownership, independent commissioner ownership, and foreign ownership. The research populations are companies in property and real estate groups listed on the Indonesia Stock Exchange in the period of 2010-2016. The selection of the research samples is based on purposive sampling method. The analysis applies associative method with the classical assumption test, hypothesis testing, and multiple regression analysis by using the SPSS program. CSR has a positive and significant effect on Enterprise Value, Managerial Ownership has a negative effect on Enterprise Value, Institutional Ownership has a negative effect on Enterprise Value, Independent Commissioner Ownership has a positive effect on the Enterprise Value, Foreign Ownership has a positive effect on Enterprise Value, and Business Risk has a negative effect on the Enterprise Value. Supposedly, investors are more careful in choosing a company to invest their capital by looking at the CSR, GCG and Company Risk to improve the expected stock returns.
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Keywords*: Corporate social responsibility, good corporate governance, business risk, enterprise valuea*

1. Introduction

Competition in the business world is increasingly tighter coupled with the advanced information technology and systems that are growing so rapidly that it makes businesses look for ways to maintain their business to keep going well. In order for business actors to compete with other business actors, the expertise of a business actor in regulating the business system is indispensable. A good business system will convince investors to make investment. In addition, if there are many investors who invest their capital, it will contribute to the enterprise value. Thus, companies can compete with other companies both domestically and abroad.

According to Wiagustini in Swardika and Mustanda (2017: 2), normatively, one of the objectives of financial management is to maximize enterprise value. The effort that can be carried out by the owner or shareholder to maximize enterprise value is by handing over the management of the company to the experts or professionals called managers. However, efforts to improve enterprise value will lead to conflicts of interest between agents (managers) and principals (shareholders) called agency conflicts. The managers (agents), with the authority they have, can act for they personal interests and sacrifice shareholders' interests (Trisnantari, 2010). To overcome this, Good Corporate Governance is required. The benefits of Good Corporate Governance are to protect the rights and interests of shareholders (Aldridge and Sutojo, 2005). Meanwhile, according to Daniri (2005), the objective of Good Corporate Governance is to reduce agency costs, i.e. costs that arise due to the abuse of authority (wrong doing) or the costs of supervision that arise to prevent the occurrence of a problem. It means that GCG does not only positively affect shareholders but also for the wider community in the form of national economic growth.

According to Tunggal (2002) in Gunawan (2016: 64), there are several parties who play a role in realizing good corporate governance in the company, i.e. shareholders and general meeting of shareholders, commissioners and directors, external auditors, internal auditors, audit committee, corporate secretary, manager and organization, and other stakeholders. Herawati (2008) and Siallagan and Machfoedz (2006) in Kusumaningtyas (2015) revealed that the GCG

mechanism is usually characterized by managerial ownership, institutional ownership, and independent commissioner ownership. Herawaty (2008) in Kusumaningtyas (2015) also added that audit quality is the proxy for the GCG mechanism.

Based on previous research conducted by Prastuti and Budiasih (2015), managerial ownership does not affect enterprise value. Institutional ownership has a negative and insignificant effect on enterprise value. The independent commissioner ownership does not affect the enterprise value. Foreign ownership has a negative and insignificant effect on enterprise value. The independent commissioner ownership does not affect the enterprise value. Meanwhile, according to Muryati and Suardika (2014), managerial ownership has a positive effect on enterprise value. Institutional ownership has a positive and insignificant effect on enterprise value. The independent commissioner ownership has a positive effect on enterprise value. Foreign ownership has a negative effect on enterprise value and independent commissioner ownership has a positive effect on enterprise value.

According to Parengkuan (2017), Corporate Social Responsibility (CSR) is a mechanism for an organization to voluntarily integrate its environmental and social attention into its operations and interactions with stakeholders, which exceeds the organizational responsibilities in the legal field. It broadens the company's responsibility in providing financial reports to capital owners, especially shareholders. Thus, the responsibility of the company does not only seek profit for shareholders, but also must provide a social responsibility report to the community.

Corporate Social Responsibility (CSR) is often considered a less important activity. As the result, this activity is very less developed. This activity is still limited to giving donations, without continuing effects which will also affect the economic and social environment in the long run. On the other hand, if CSR is processed properly, it can be a strategy for the company, which not only benefits the company but also for the community and the government.

According to Mardikanto (2014: 187), the measurement of CSR uses the Sustainability Reporting Guidelines (SRG) which is issued by the Global Reporting Initiative (GRI) as the basis for items of social responsibility disclosure. These GRI disclosure items are used because they have been accepted globally as a standard to express the implementation of corporate social responsibility, in which GRI helps companies to decide what to disclose and how to disclose information on corporate social responsibility.

Based on the previous research conducted by Rosiana, et al. (2013) entitled "The Effect of CSR Disclosures on Enterprise Value with Profitability as the Moderating Variable", it is concluded that CSR has a positive and significant effect on the enterprise value of companies registered in the ISE for the period of 2008-2012. Meanwhile, research conducted by Retno and Priantinah (2012) found that CSR disclosure had a positive and insignificant effect on the Enterprise Value with Company Size as the control variable.

Risk is defined as the possibility of several unfavorable events. Business risk is the uncertainty faced by the company in carrying out its business activities. Business risk can increase when companies use high debt to meet their funding needs. Risks arise along with the emergence of a cost burden on loans made by the company. The greater the cost that must be borne, the greater the risk faced by the company.

Company business risk can be described by measuring fluctuations in company profits. Companies that experience earnings fluctuations will face uncertainty in terms of raising funds to repay their loans to creditors. Therefore, companies that have high business risk will try to maintain the debt proxy in order not to endanger the company's going concern. Business risk is a risk from the company when it is unable to cover its operational costs and is affected by the stability of income and costs (Gitman in Sari. 2016). Basically, the amount of business risk faced by the company will reduce the ratio of debt use. It aims to avoid excessive risks caused by the debt use so that it can be concluded that the risk negatively affects the capital structure.

Based on previous research conducted by Rumondor, et al. (2015) entitled "The Effect of Capital Structure, Company Size, and Company Risk on Enterprise Value in the Plastic and Packaging Sub-Sector at ISE", it is concluded that the Company Risk has a negative and insignificant effect on the Enterprise Value in the Plastic and Packaging Company at ISE in the period of 2010 until 2013. Meanwhile, research conducted by Sari and Wirajaya (2017) found that business risk has a positive effect on the enterprise value of property and real estate companies in the Indonesia Stock Exchange in the period of 2011-2015.

2. Literature Review

2.1. Corporate Social Responsibility (CSR)

In a global context, the term Corporate Social Responsibility (CSR) has been used since the 1970s and is increasingly popular especially after the presence of the book Cannibals with Forks: The Triple Bottom Line in 21st Century Business (1998), by John Elkington. Then, it was developed again by Edi Suharto. According to Suharto (2009: 6), in mapping the definition of CSR that is more easily operational and understood, the concept of triple bottom line was developed and stated by Jhon Elkington (1998) in Suharto (2009: 6) by adding an additional line, i.e. procedure.

In Indonesia, CSR disclosure is regulated in the Limited Liability Company Law No. 40 of 2007. Article 66 paragraph (2) states that all companies must report the implementation of these responsibilities in the Annual Report. Therefore, companies are required to implement CSR in their work programs and disclose CSR in the company's annual report. By CSR disclosure, companies will not get the profits directly. However, the expectation from this activity is the benefits of corporate image.

2.2. Good Corporate Governance (GCG)

Generally, Good Corporate Governance (GCG) is a set of mechanisms that balance the actions and choices of managers with the interests of shareholders (Susanti, 2011). Aspects of GCG are managerial ownership, independent commissioner ownership, institutional ownership, and foreign ownership.

Managerial Ownership. Jensen and Meckling (1976) state that the mechanism to overcome agency conflicts is by increasing insider ownership so that it can align the interests of the owner and the manager. Managerial ownership is the amount of shares owned by management from the total outstanding shares. Large shareholding in terms of economic value has an incentive to align the interests of management and principals

Institutional Ownership. Institutional ownership is the amount of shares owned by the institution from the total outstanding shares. Institutional ownership can monitor professionally the development of its investment so that the level of control over the management is very high which in turn can reduce the potential for fraud.

Independent Commissioner Ownership. According to Wardhani, (2008) independent commissioners are commissioners who are not affiliated with management, other commissioners, and controlling shareholders. They are free from business relationships or other relationships that can affect the ability to act independently or act solely in accordance with the interests of the company. The independent commissioners may not involve themselves in management duties and may not represent the company in transactions with third parties.

Foreign ownership is form of ownership of company shares by parties who are not registered as citizens but legally have the right to have business in that country. Foreign investors who invest their capital in Indonesia will encourage companies to carry out social activities, because foreign investors have first known, understood, and implemented corporate social activities. In addition, it seems to have become a culture for them. Foreign investors have social criteria in every investment decision because according to them the long-term sustainability of the company is an important consideration in investment decisions.

2.3. Business Risk

The company has a number of risks obtained directly from the type of business of the company; this is what business risk means. Business risk according to Brigham and Houston (2014) is how risky the company's shares are; if the company does not use debt. Business risk not only varies from industry to industry, but can also vary between companies from certain industries and can also change over time. Brigham and Houston (2014) showed several factors that can affect the business risk of a company. The first is demand variability; the more stable a product demand from a particular company "ceteris paribus", it will reduce the business risk of the company. The second is the variability of selling prices; companies, whose products are sold in markets that are relatively volatile will have more business risks compared to the same companies whose output prices are more stable. The third is the variability of input costs; companies that have uncertain input costs will have high business risk. The fourth is the ability to adjust output prices with changes in input costs; the more capable a company is in making adjustments in terms of price and costs, the company will have a lower business risk. The fifth is the ability to develop new products in an effective time and cost. Companies such as those involved in medicine and computers are very dependent on new product innovations. The faster a product becomes old or obsolete, the greater the business risk will be. The next is the risk of foreign trade; a company whose income is mostly coming from abroad can experience decline in its company's income. It is due to fluctuations in the exchange rate.

2.4. Enterprise Value

According to Samuel (2000), in Nurlela and Islahuddin (2008), enterprise value is an important concept for investors because it is an indicator for the market to assess the company as a whole. According to Brigham and Houston (2006), enterprise value is very important, because high enterprise value will be followed by high shareholder prosperity; the higher the stock price, the higher the enterprise value. High enterprise value is the desire of company owners, because high values indicate that shareholder prosperity is also high. The wealth of shareholders and companies is presented by the market price of shares which is a reflection of investment, financing and asset management decisions.

Ramadhani and Basuki (2012) stated that the Tobin's Q ratio includes all elements of the company's debt and share capital. It does not only include ordinary shares and company's equity but also all company assets. For this reason, this ratio is considered to provide the best information. By including all the company's assets, it means that the company is not only focused on one type of investor; investors in the form of shares but also for creditors because the company's operational financing sources are not only from its equity but also from loans provided by creditors. Therefore, the greater the value of Tobin's Q indicates that the company has good growth prospects. It can happen because if the market value of the company's assets is greater than the book value of the company's assets, there will be greater willingness of the investors to spend more to own the company.

2.5. Theoretical Framework

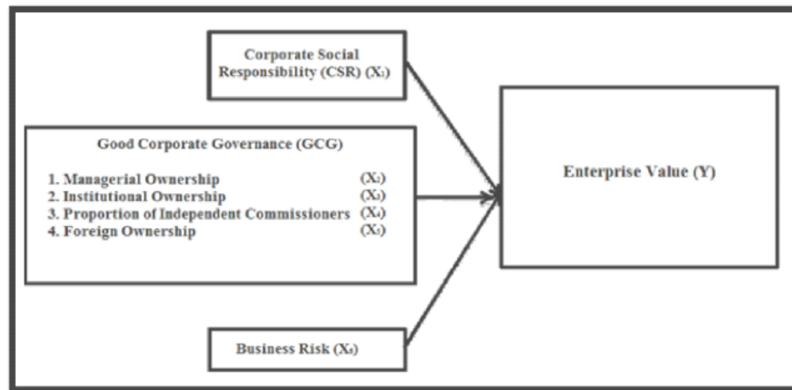

Figure 1

2.6. Research Hypotheses

- H1= There is a positive effect of Corporate Social Responsibility (CSR) on Enterprise Value in property and real estate companies in the period of 2010-2016.
- H2= There is a positive effect of Managerial Ownership on Enterprise Value in property and real estate companies in the period of 2010-2016.
- H3= There is a positive effect of Institutional Ownership on Enterprise Value in property and real estate companies in the period of 2010-2016.
- H4= There is a positive effect of Independent Commissioner Ownership on Enterprise Value in property and real estate companies in the period of 2010-2016.
- H5= There is a positive effect of Foreign Ownership on Enterprise Value in property and real estate companies in the period of 2010-2016.
- H6= There is a negative effect of Business Risk on Enterprise Value in property and real estate companies in the period of 2010-2016.

3. Research Method

3.1. Population and Sample

The research population is companies in the property and real estate groups listed on the Indonesia Stock Exchange in the period of 2010-2016. The selection of research samples is based on purposive sampling method.

3.2. Data Type and Data Source

The type of data used in this research are secondary data, i.e. financial reports and annual reports of property and real estate companies for the period of 2010-2016 obtained through the Indonesia Stock Exchange (ISE) website and the websites of each company if the data are not available on the ISE website.

3.3. Research Instrument

The data collection method used in this research is by conducting documentation studies by collecting secondary data related to the variables. These research data are obtained through the ISE website and the companies' official websites.

3.4. Classical Assumption Test

Classical assumption test is used to provide a pre-test or preliminary test of a device or instrument used in data collection, data form, and data type that will be further processed from a conclusion of the initial data that has been obtained previously. Thus, the conditions that are not met in obtaining the data will be met or so that the Best Linear Unbiased Estimator or BLUE principles are met (Wibowo, 2012: 61). In the analysis method, several classical assumption tests are carried out in advanced, i.e. multicollinearity test, heteroscedasticity test, auto-correlation test, and normality test.

3.5. Multiple Regression Analysis

Wibowo (2012: 126) argued that the multiple linear regression model itself states a form of linear correlation between two or more independent variables with the dependent variable. The multiple-regression model in this research is as follows:

$\acute{Y} = \alpha + \beta 1CSR + \beta 2MNG + \beta 3INST + \beta 4INDP + \beta 5FOREIGN + \beta 6BR + e$

Description:

Ý = enterprise value (independent variable)
α = constant
β1 - β6 = parameter coefficient
CSR = Corporate Social Responsibility
MNG = Management Ownership
INST = Institutional Ownership
INDP = Independent Commissioner Ownership
FOREIGN = Foreign Ownership
BR = Business Risk
e = disturbance's error

4. Findings

4.1. Data Analysis

Multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should not find a correlation between independent variables. Multicollinearity can be seen from the tolerance value and the opposite Variance Inflation Factor (VIF). These two measures show which independent variables are explained by other independent variables. Tolerance measures the variability of selected independent variables that are not explained by other independent variables. So, a low tolerance value equals to high VIF because VIF = 1/tolerance). The cut-off value that is commonly used to indicate the presence of multicollinearity is the tolerance value ≤ 0.10 or equal to VIF ≥ 10 (Ghozali, 2013: 105-106). Multicollinearity test results can be seen in the following table:

Model	VIF	Description
CSR	5.181	Non Multicollinearity
Managerial Ownership	1.387	Non Multicollinearity
Institutional Ownership	6.042	Non Multicollinearity
Independent Commissioner Ownership	8.082	Non Multicollinearity
Foreign Ownership	9.505	Non Multicollinearity
Business Ownership	4.436	Non Multicollinearity

Table 1: Multicollinearity Test Results
Source: The processed secondary data

4.2. Heteroscedasticity Test

Heteroscedasticity test is a regression model testing tool aims to know whether or not there is a variance inequality from the residual of one observation to another observation. If the variance has similarity from the residual of one observation to another observation, it is called homoscedasticity and if it is different, it is called heteroscedasticity. A good regression model is homoscedasticity.

One way to detect whether heteroscedasticity or homoscedasticity occurs is by looking at the graph between the predicted value of the dependent variable, ZPRED and the residual SRESID. Looking at the graph is carried out by looking at the presence or absence of a particular pattern in the scatter plot graph between SRESID and ZPRED.

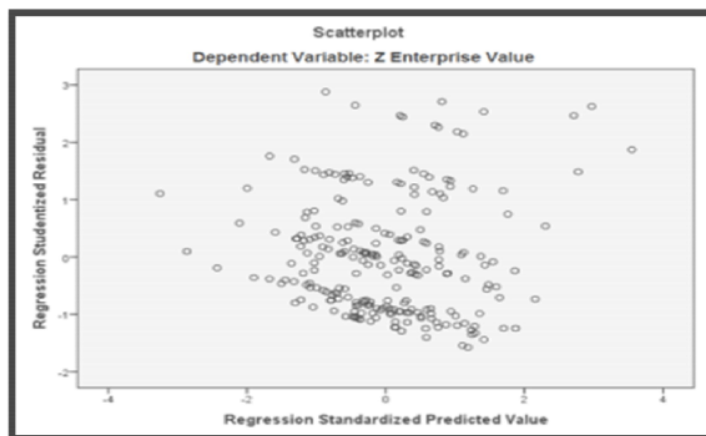

Figure 2

Based on the scatterplot graph above, it shows that the points spread randomly above and below zero on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model.

4.3. Autocorrelation Test

Autocorrelation test is a tool to test the regression model whether or not there is a correlation between the period and previous period. If it does exist, then it is called an autocorrelation problem. A tool for testing the autocorrelation is the Durbin-Watson test.

Model Summary[b]	
Model	Durbin-Watson
1	1.858

Table 1

a. Predictors: (Constant), Business Risk, Managerial Ownership, CSR, Independent Commissioner Ownership, Foreign Ownership, Institutional Ownership

b. Dependent Variable: Enterprise Value

Durbin Watson value, based on the table using a 5% significance, the number of samples 256, and the number of independent variables 6 (k = 6), obtains the dl = 1.75 and du = 1.83. The Durbin Watson value is 1.858 which is greater than the upper limit value du = 1.83 and Durbin Watson count of 1.858 which is less than 4-1.83 (4-du) = = 2.17. Therefore, it can be concluded that there is no autocorrelation.

4.4.Normality Test

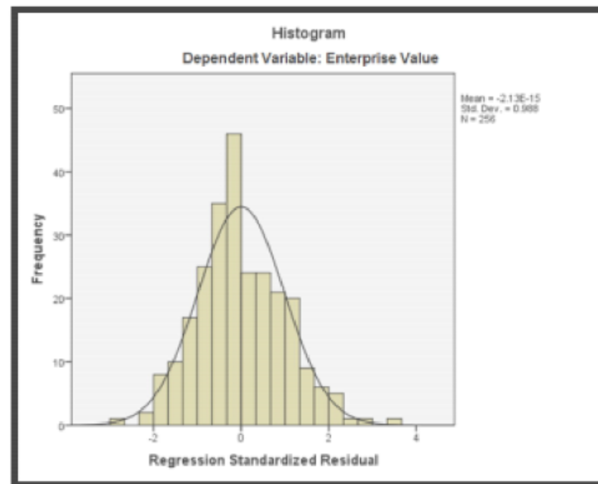

Figure 3

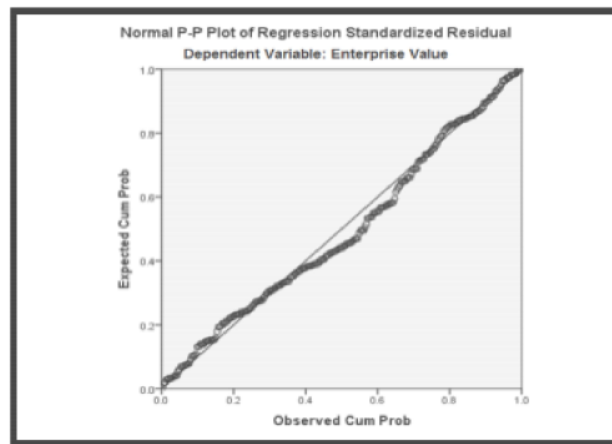

Figure 4

Based on the histogram graph above, it appears that the residuals are normally distributed and are formed symmetrically; not deviated to the right or to the left. In normal graph, probability plots spread and coincide around the diagonal and it shows that the residuals are normally distributed.

4.5. Determination Coefficient (R^2)

The coefficient of determination is used to find out how much variation the independent variables can explain as a whole the variation of the dependent variable. The coefficient of determination measures how much influence the overall independent variable has on the rise and fall of variations in the value of the dependent variable. The following is the result of the R-Square test:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.897[a]	.801	.996	.01404196

Table 2

a. Predictors: (Constant), Business Risk, Managerial Ownership, CSR, Independent Commissioner Ownership, Foreign Ownership, Institutional Ownership

Thus, it can be concluded that the effect of CSR, Managerial Ownership, Institutional Ownership, Independent Commissioner Ownership, Foreign Ownership, and Business Risk on the enterprise value is 80% while the rest 20% is affected by other variables outside the research.

4.6. Simultaneous Significance Testing (Statistical F-Test)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.406	6	1.901	4.190	.000[b]
	Residual	.049	249	.000		
	Total	11.455	255			

Table 3

a. Dependent Variable: Enterprise Value

b. Predictors: (Constant), Business Risk, Managerial Ownership, CSR, Independent Commissioner Ownership, Foreign Ownership, Institutional Ownership

The value of F in the above table is 4.190. This number is the value of Fcount which is then compared with the value of F_{table}. If the value of F_{count} is greater than F_{table} then it is concluded that there is a significant effect. The Ftable in this research is 1.50 so it can be concluded that there effects of CSR, managerial ownership, institutional ownership, independent commissioner ownership, foreign ownership, and business risk on enterprise value.

"Sig." in the above table means the level of significance. The test criteria are if the value of Sig. is smaller than the significance level (for example: 0.01 / 0.05 / 0.1 depending on the researcher) then it can be concluded that there is an effect between the dependent variable and the independent variables simultaneously. The significance value in the above table is 0.00, so it can be concluded that the significance value is smaller than the significance level used (0.05). Thus, it can be interpreted that there effects of CSR, managerial ownership, institutional ownership, independent commissioner ownership, foreign ownership, and business risk on enterprise value simultaneously.

4.7. Significance Test of Individual Parameters (Statistical T-Test)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.027	.034		.772	.441
	CSR	.002	.008	.002	.294	.769
	Managerial Ownership	.130	.056	.157	2.315	.022
	Institutional Ownership	1.067	.033	1.047	2.725	.000
	Independent Commissioner Ownership	.031	.056	.038	2.558	.577
	Foreign Ownership	.058	.029	.057	2.956	.052
	Business Risk	-.024	.008	-.027	-2.842	.005

Table 4

a. Dependent Variable: Enterprise Value

The significance value of this research is 0.05. If the significance value in the table is smaller than 0.05, it is concluded that there is an effect between the dependent variable and the independent variable. If the significance value in the table is bigger than 0.05, then there is no effect between the dependent variable and the independent variable.

Based on the above data, CSR has a significance value of 0.049. It means that the significance value is < 0.05. CSR t-value is 0.249, so it is concluded that CSR has a positive effect on enterprise value. Then, managerial ownership has a significance value of 0.22, it means that the significance value < 0.05 and the t_{count} is 2.315. It means that the company has a positive correlation. Thus, it is concluded that managerial ownership has a positive effect on enterprise value. Furthermore, institutional ownership has a significance value of 0.00 which means that the significance is < 0.05. Then, institutional ownership has a value of 2.725 then so it is concluded that institutional ownership has a positive effect on enterprise value. Independent commissioner ownership has a significance value of 0.577 which means that the significance value is > 0.05. Independent commissioner ownership also has a t_{count} of 2.558. So, it is concluded that the independent commissioner ownership has a positive effect on the enterprise value. Foreign ownership has a significance value of 0.022 which means that the significance value is < 0.05 and foreign ownership has a value of t_{count} of 2.956. Thus, it is concluded that foreign ownership has a positive effect on enterprise value. Business risk has a significance value of 0.005 which means that the significance is < 0.05. Business risk has a t-value of -2,842 so it is concluded that business risk has a significant negative effect on enterprise value.

5. Discussion

5.1. The Effect of CSR on Enterprise Value

The first hypothesis testing finds that there is an effect between CSR and enterprise value. From the test results, the hypothesis shows that the significance value in the table is smaller than the significance level of 0.05.The level of CSR disclosure is the company's alignment with the community. Thus, the community will be able to choose a good product that is assessed not only by its goods, but also by its corporate governance. CSR disclosure activity itself is part of good corporate governance. When the customers have a positive assessment of the company, they will be loyal to the product the company produces. It will improve company's image which is reflected through the increasing stock prices. Companies with good environmental performance will be responded positively by the investors through the increasing stock prices.

These research findings are supported by Retno and Priantinah (2012) whose research found that CSR disclosure has a positive effect on the enterprise value with the control variable of company size.

5.2. The Effect of Managerial Ownership on Enterprise Value

The test results of the second hypothesis show that managerial ownership variable has a positive effect on enterprise value. Based on the results of the hypothesis testing, it shows that the value of Sig. in the table is smaller than the significance level of 0.05.

Similar to the explanation of agency theory, the conflict of interests that often occurs within a company tends to harm the shareholders. In addition, the factor of low managerial share ownership can also be the reason why managerial ownership does not show a positive effect. Therefore, the shares owned by the managerial will improve their performance because the managers feel like they are the owner of the company. By having good performance, it will increase enterprise value.

These research findings are supported by Ni Nyoman and I Made Sadha (2015) whose research entitled "The Effect of Corporate Governance on Enterprise Value". They mentioned that managerial ownership has a positive effect on enterprise value, institutional ownership has a positive and insignificant effect on the enterprise value, the independent commissioner ownership has a positive effect on enterprise value, the audit committee has a negative effect on enterprise value, and independent commissioners have a positive effect on enterprise value.

5.3. The Effect of Independent Commissioner Ownership on Enterprise Value

The test results of hypothesis 3 indicate that the independent commissioner ownership has no effect on the enterprise value. From the results of hypothesis testing, it shows that the Sig. value in the table is bigger than the significance level of 0.05. Thus, it can be concluded that independent commissioner ownership does not have an enterprise value, meaning that the ownership of shares by independent commissioners will not affect the enterprise value.

Based on the research findings it can be concluded that the independent commissioner is less objective in supervising the board of directors, so that the performance of the board of directors is less effective and efficient which ultimately has an impact on decreasing enterprise value. Possible explanation from this result is that the independent commissioners of the company only conduct the observation for a formality to fulfill the regulations of the Indonesia Stock Exchange. Therefore, the existence of the independent commissioners is not to carry out a good monitoring function and does not use its independence to supervise the director's policy.

The existence of independent commissioners in a company cannot guarantee that the enterprise value will increase. The monitoring of independent commissioners does not preclude the behavior of managers to maximize their personal interests. Thus the company's objective, in maximizing enterprise value, will be difficult to achieve when such differences in interests occurs. It will be difficult for the investors.

These research findings are supported by Prastuti and Budiasih (2015) that managerial ownership does not affect the enterprise value. Institutional ownership has a negative and insignificant effect on enterprise value. The independent

commissioner ownership does not affect the enterprise value. The audit committee has a negative and insignificant effect on enterprise value. Independent commissioner does not affect the enterprise value.

5.4. The Effect of Institutional Ownership on Enterprise Value

The results of the fourth hypothesis testing show that institutional ownership variable has a positive effect on enterprise value. The test results of the hypothesis show that the Sig. value in the table is smaller than the significance level of 0.05.

Institutional ownership with shares above 50% can be categorized as the major ownership. According to Pound in Diyah and Erman (2009), the major institutional ownership will tend to side with the management and ignore the interests of the minor ownership. The assumption is that the management often takes less optimal decisions that create a negative stigma in the market. It certainly has an effect on the decline in stock market prices and negatively affects the enterprise value.

5.5. The Effect of Foreign Ownership on Enterprise Value

The fourth hypothesis testing about the effect of foreign ownership on the enterprise value shows that the significance value is smaller than the p-value which means that the fifth hypothesis is accepted. It means there is an effect between foreign ownership and enterprise value.

Kim, in Pung and Hoang (2013), argued that foreign ownership can overcome agency problems. Foreign ownership can be an active role when the shares are mostly owned by foreign parties. Shares, owned by foreign parties, will increase enterprise value because foreign parties have a broad scale and economic scope.

This hypothesis is also supported by a research conducted by Douma, Geeorge, and Kabir (2006) which showed that foreign ownership has a positive effect on enterprise value in India because foreign shareholders can play a monitoring role in the company's internal governance system.

5.6. The Effect of Business Risk on Enterprise Value

The hypothesis testing shows that the significant level of business risk effect on the enterprise value is 0.005 < 0.050 while the regression coefficient value is -0.24 with negative direction. These results are consistent with the sixth hypothesis, that business risk has a negative effect on enterprise value of property and real estate companies.

These research findings are in line with a research conducted by Efni (2012) and Pagach and Warr (2010) which have proven that business risk has a negative effect on enterprise value. Companies that have high business risk due to their funding decisions will lead to decrease in enterprise value in the eyes of the investors. They will consider that when the risk of bankruptcy comes, most of the company's assets will be sold to pay off large amounts of debt compared to returning the value of the invested shares.

6. Conclusions and Suggestions

6.1. Conclusions

This research analyzes the effect of CSR, GCG, and Business Risk on enterprise values of property and real estate companies. The implementation period of this research is 7 years, starting from 2010 to 2017. Based on the research findings and the analysis results that have been carried out, the following conclusions can be drawn:

- CSR variable has a positive effect on enterprise value.
- GCG variable that has a positive effect on enterprise value is based on statistical tests. GCG is proxied through variables of managerial ownership, institutional ownership, independent commissioner ownership, and foreign ownership.
- Business risk variable statistically has a negative effect on enterprise value.

6.2. Suggestions

Based on the obtained discussion and conclusions, the authors provide the following suggestions:

- Investors should make investment in companies that have good CSR and GCG and also have a low level of business risk.
- Companies must pay more attention to the implementation of GCG and CSR mechanisms so that they are more in line with applicable regulations and strive for the lower level of risk.
- Future researchers can add the category of companies that are going to be the research samples; for instance all companies listed on ISE.

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