

Good Corporate Governance, Corporate Social Responsibility, Firm Value, and Financial Performance as Moderating Variable

by Mukhtaruddin Mukhtaruddin

Submission date: 26-May-2022 09:04AM (UTC+0700)


Submission ID: 1844303742

File name: IJSAM_2019.pdf (218.04K)

Word count: 6500

Character count: 35095

Good Corporate Governance, Corporate Social Responsibility, Firm Value, and Financial Performance as Moderating Variable

Mukhtaruddin Mukhtaruddin^{1*}  | Ubaidillah Ubaidillah² | Kencana Dewi³ | Arista Hakiki⁴ | Nopriyanto Nopriyanto⁵

¹Universitas Sriwijaya, Faculty of Economics, Palembang, Indonesia

²Universitas Sriwijaya, Faculty of Economics, Palembang, Indonesia

³Universitas Sriwijaya, Faculty of Economics, Palembang, Indonesia

⁴Universitas Sriwijaya, Faculty of Economics, Palembang, Indonesia

⁵Universitas Sriwijaya, Faculty of Economics, Palembang, Indonesia

*Correspondence to: Mukhtaruddin Mukhtaruddin, Universitas Sriwijaya, Faculty of Economics, Jl. Raya Palembang – Prabumulih Km. 32 Indralaya, Palembang 30662, Indonesia. E-mail: yuditiz@yahoo.com

Abstract: Good corporate governance and corporate social responsibility can assist the company in facing the challenges and risks as a strategy in increasing the firm value by building the right image from the stakeholders' view. This study aims to determine the effect of good corporate governance and corporate social responsibility on firm value with financial performance as a moderating variable. The population of this research is banking companies listed in Indonesia Stock Exchange (IDX) for 2011–2015. The sample consisted of 23 companies which were selected by purposive random sampling. This data is analyzed by using Partial Least Square approach. The results of this study indicate that good corporate governance has an insignificant positive effect on firm value; otherwise corporate social responsibility has a significant negative impact on firm value. Financial performance has significantly strengthened the relationship between good corporate governance and corporate social responsibility on firm value.

Keywords: corporate social responsibility, financial performance, firm value, good corporate governance.

Article info: Received 12 October 2018 | revised 27 December 2018 | accepted 30 January 2019

Recommended citation: Mukhtaruddin, M., Ubaidillah, U., Dewi, K., Hakiki, A., & Nopriyanto, N. (2019). Good Corporate Governance, Corporate Social Responsibility, Firm Value, and Financial Performance as Moderating Variable. *Indonesian Journal of Sustainability Accounting and Management*, 3(1), 55–64. <https://doi.org/10.28992/ijSAM.v3i1.74>.

INTRODUCTION

In the globalization era, the development in the business world is more rapidly followed by increasingly fierce competition. Companies are required to think critically, effectively, and efficiently to excel in the competition. A company certainly wants its company continues to develop, has excellent financial performance and a great firm value, and continues to increase over time. Increasing the firm value in long-term is one of the company's goals. In go public companies, investor's assessment to the company can be observed through the company's



Copyright © 2019 by the author(s). This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial & non-commercial purposes), subject to full attribution to the original publication and author(s). The full terms of this license may be seen at <http://creativecommons.org/licenses/by/4.0/legalcode>

stock price movement, which transacted in stock exchanges. The banking industry is a company which has rapid growth and high level of complexity. Banking, in particular, is a financial institution which is business activities are collecting funds from the community and distributing the funds back to the community and providing other bank services. This intermediary institution depends on public funds and trusts both within inside and outside the country, whereas in conducting business the bank faces various risks, such as credit risk, market risk, operational risk, liquidity risk, legal risk, strategic risk, compliance risk, and reputation risk, political and sovereign risk (Tobing et al., 2013).

Given the risks and challenges faced by the increasing banking industry so that the implementation of good corporate governance (GCG) becomes very important. GCG implementation will consistently strengthen the company's competitive position, maximize firm value, manage resources and risks more efficiently and effectively, which finally will strengthen the trust of shareholders and stakeholders, so they can operate and grow sustainably. Windah & Andono (2013) stated the key to success in companies to gain long-term profit and can compete well in global business is the implementation of GCG. GCG can help banking companies or other companies in facing the challenges, risks, and also having many benefits. Scott (2007) said that GCG would provide appropriate incentives for managers and leaders to achieve goals which meet corporate and shareholder interest also will facilitate effective monitoring processes. GCG is a guideline for managers to manage companies in best practices. Through the implementation of GCG, managers will be required to make financial decisions that can have benefits to stakeholders (Nuswandari, 2009). While companies which are not maximal in implementing GCG, in the end, they will be abandoned by investors, less appreciated by the public, and may be penalized if based on the firm assessment results proved to violate the law (Effendi, 2016; Odoemelum & Okafor, 2018).

To improve bank performance, protect the interests of stakeholders and improve compliance to the laws and code of conduct which commonly applied in the banking industry, banks are obligated to carry out their business activities by GCG principles. Described by the National Committee of Governance Policy in 2006 these principles are transparency which has a consistent performance on all levels of banks based on FV, business targets and bank strategies described as reflecting accountability in the bank, the basis of which is in accordance with the banking ethics and ensure the implementation of the prevailing of provisions as a form of bank responsibility, objective and free from pressure of any party in decision-making (independency), and always pay attention to the interests of all stakeholders based on the principle of equality and fairness.

The implementation of GCG becomes an essential concern for companies, especially in the Indonesian banking industry after experiencing the economic crisis in 1997–1998, which caused a hit in banking performance. The same thing happened at the economic crisis in 2008, which also hit the United States (Miralles-Quirós et al., 2019). The crisis phenomenon is caused by lousy governance so that delivering a country to the financial crisis (Uyun, 2016). Therefore GCG is needed to build the trust of the people and the international community as an absolute requirement for the banking to develop well and healthy (Tumewu & Alexander, 2014; Johansen, 2016; Monciardini, 2016).

The importance of GCG in banking to improve bank performance, protect interests of stakeholders, and enhance compliance to the prevailing laws and ethical values generally accepted in the banking industry. Related to GCG, corporate social responsibility (CSR) is one of the strategies to increase firm value by building the right image from the standpoint of stakeholders. Wardoyo & Veronica (2013) said that CSR disclosure in the annual report strengthens the firm's image and becomes one of the considerations which be noticed by investors and potential investors to choose the investment because they consider that company provides an image to the community that the company is no longer just pursuing profit but has been paying attention to the environment and society.

Companies should be aware that their presence will always be part of the local social community, so often companies are required not only to profit but to be responsible for generating social benefits. CSR deals with ethics and morals, which significantly affect stakeholder assessments of the company. CSR can be interpreted as a company committed to account for the impact of operations in social, economic, and environmental dimensions. Although banking companies are directly not related to the community and the environment, banks also have a responsibility or concern for the environment. Thompson & Cowton (2004) stated that banks can be seen as facilitators of industrial activity that can cause environmental damage. The discourse on CSR gets a good response from the company because corporate reporting in the economic, environmental, and social aspects is believed to enhance the firm's image in the society and increase the company's chance to survive and sustain (Socoliuc et al., 2018). Good environmental management and social relationships can avoid public and government claims and improve image and effect on companies, which finally will increase economic benefits. The company integrates CSR into business by developing well-planned programs, which are packed attractively.

CSR can protect the interests of the company itself, with the ease of society in accepting the company's presence, then the company's operations can be run without interruption. Conversely, if the company is involved in environmental degradation issues in the absence of efforts by the company to provide social and environmental responsibility, it will affect the rejection of the products from the company. This proves the importance of CSR role in building an excellent reputation for the company and make investors and potential investors know what social investment which has done by the company so that corporate risk in facing social problems will decline. Securities and Exchange Communication recommended to investors not to invest in companies which do not participate in CSR activities (Rodríguez & LeMaster, 2007). Therefore, with the corporate responsibility disclosure to the social and environmental is expected to be useful information for investors in making investment decisions, which finally will increase the firm value. Implementation of CSR has a close relationship with GCG to affect the firm value because investors will be more interested in investing their capital if there is CSR in a company. The implementation of GCG and CSR will increase the productivity and efficiency of the company, which indeed it has a significant effect on company profits, which impact on investor confidence. Theoretically, companies which have more significant gains will be more attractive to investors because it is expected can give a higher return for investors if they see and analyze the company's financial statements first. So before deciding to invest, they avoid everything which can cause losses from investments (Tumewu & Alexander, 2014).

Research about the effect of GCG on firm value (FV) has done by Retno (2011). The results showed that Corporate Governance Percentage Index (CGPI) as a GCG proxy to FV with Net Profit Margin (NPM) and Return on Assets (ROA) as intervening variable has no significant effect. This is due to macroeconomic factors, such as the occurrence of the global financial crisis resulting from the financial crisis in America, which begins to hit the business world in 2008 resulted in increasing of financial performance. However, it is not in line with Retno & Priantinah (2012) which conducted GCG and CSR research on FV listed company on the IDX period 2007–2010. The research results showed that GCG has a positive effect on FV with size and leverage as a control variable. CSR disclosure has a positive and insignificant impact on FV. It is because of the quality of CSR disclosure from 2007–2010, which is still low. Mukhtaruddin et al. (2014a) found that examined the effect of GCG and CSR mechanisms on FV. The research results showed that institutional ownership, managerial ownership, the board of commissioners, audit committee, and CSR has a positive effect on FV.

Based on the researches which have done before, it proved the results obtained are still contradictory. Therefore, this research is conducted to reexamine the relationship between GCG, CSR, and FV. Objects in this research were banking companies listed in the IDX in 2011–2015. Banking is a rapidly growing business, has a

high level of complexity, and based on public trust, and has tighter regulation compared with other companies, so this business is more vulnerable if not handled professionally, transparently and prudently.

In this research, GCG is measured by self-assessment on GCG implementation was developed by the Bank of Indonesia. While CSR measurement in this research is the CSR Disclosure Index (CSRDI) based on items contained in ISO 26000 Guidances Standard on Social Responsibility. While not entirely, all the themes contained within ISO 26000 which is still relevant for all organizations, both private and public, and nonprofit organizations (large and small) in developed and developing countries (Mukhtaruddin et al., 2014b). Also, in this research, researchers used financial performance measured by ROA as a moderating variable.

METHODS

The population used in this study is a banking company listed in IDX for 2011–2015. The sample was selected by using purposive sampling method. Sample criteria to be used are: 1) banking companies listed on the IDX for 2011–2015, 2) the banking company publishes and publishes the complete annual report 2011–2015 from the IDX website, www.idx.id or direct access to the company's website, 3) using rupiah currency units in financial statement, and (4) have complete data related to the variables used in the study. Based on these criteria were selected 23 samples for five years (2011–2015).

The GCG is measured by an assessment indicator derived from the self-assessment of GCG implementation. The results of the self-assessment paper on GCG implementation will result in ranking on each factor or aspect of the assessment. The rank will be multiplied by the weight of each factor. The final score for each element is obtained by multiplying the percentage weight by the rank result of each factor. To get a composite value, the bank must add up the final score of the eleven factors. The resulting composite value has a composite predicate from the GCG self-assessment. In this study, the measuring tool to measure CSR disclosure is the CSR Disclosure Index (CSRDI) based on items contained in the ISO 26000 Guidance Standard on Social Responsibility. In this case, CSR is treated as a latent variable with each indicator (Mukhtaruddin et al., 2014b).

There are several ways to measure of financial performance; one of these is ROA. Sudiyatno & Fatmawati (2013) explained that ROA is used as an indicator of bank performance based on the consideration that ROA covers the ability of all elements of bank assets used in obtaining income. There are several ways to measure the FV; one of these is Tobin's Q ratio (Q ratio). Tobin's Q is a more detail measurement of how effectively management manages the company's economic resources. If Tobin's Q ratio is > 1 , it means that investing in an asset generates a profit that gives a higher value than an investment in expenditure; then this will stimulate new investment. Meanwhile, if Tobin's Q ratio is < 1 , then investment in assets is unattractive (Herawaty, 2008).

Partial Least Squares (PLS) is a model of Structural Equation Modeling (SEM) based on components or variants. (Ghozali, 2014) stated PLS is an alternative approach that shifts from a Covariance-based SEM approach to a variance-based. SEM-based covariances generally test the causality or theory, while PLS is a more predictive model. PLS is a powerful analytical method (Ghozali, 2014) because it is not based on many assumptions. For example, the data should be normally distributed; the sample should not be significant. Besides, it can be used to confirm the theory; PLS can also be used to explain the presence or absence of relationships between latent variables. PLS can simultaneously analyze constructs formed with reflective and formative indicators.

The hypothesis test intends to prove the truth of research or hypothesis allegations. The results of correlation between constructs are measured by looking at the path of coefficients and their significance level,

which is then compared with hypothesis one to the three research hypotheses. The significance level used in this study is 5%.

RESULTS AND DISCUSSION

R square (R^2) as well as in R square linear regression can be used to measure the effectiveness of the certain latent independent variable on the latent dependent variable whether it has substantive influence (Ghozali, 2014). There are three criteria R^2 values are: 0.67 (good), 0.33 (moderate) and 0.19 (weak). Based on the result, R square for Q ratio is equal to 0.326 which indicate that big contribution given variable of CSR, GCG, ROA and its moderation effect to variable Q ratio is equal to 32.6% value this is included in the moderate category, while the rest as much as 67.4% variance of Q ratio variable is influenced by other factors outside CSR, GCG, ROA, and its moderation effect.

F^2 is performed to determine the change of R^2 value in the endogenous construct. The change in the value of R^2 indicates the effect of exogenous constructs on the endogenous construct, whether it has a substantive effect. The F^2 value is 0.02 (small) 0.15 (medium), and 0.35 (large). R square for Q ratio, if the CSR variable included in the model is 0.326, while without CSR is 0.280. It means the value of f square for CSR is 0.0682. This f square is closing to 0.02, which means that the contribution of CSR to Q ratio is 6.82%, the influence of CSR to Q ratio is quite small. R square for Q ratio, if GCG included in the model is 0.326, while without GCG is 0.264. It means that the value of f square GCG is 0.0920. This f square is closing to 0.15, which means that the contribution of GCG to Q ratio is 9.2%, the influence of GCG variables on the Q ratio variable is quite small. R square Q ratio, if the ROA included in the model is 0.326, while without the ROA is 0.138. It means the value of f square ROA is 0.2789. This f square is closing to 0.35, which means the contribution of ROA to Q ratio is 27.89%, the effect of ROA to Q ratio is strong enough.

In the PLS analysis, Q^2 shows the strength of model prediction. The value of Q^2 model of 0.02 indicates the model has weak predictive relevance, the value of Q^2 model of 0.15 suggests the model has predictive significance moderate and the value of Q^2 model of 0.35 indicates the model has strong predictive relevance. Based on the calculation of R^2 at point (a), the value of R^2 of value Q is 0.326. Thus the value of Q^2 model is 0.326. This value of Q^2 model is closing to 0.35 indicates that the model has a robust predictive relevance.

Based on the values of communality indexes, value of the communality indexes model is 0.902. Based on the redundancy indexes values, the redundancy indexes value of the model is 0.169. Based on the value of communality indexes of 0.902 and redundancy indexes of 0.169, thus, the Goodness of Fit (GoF) model value is 0.39. The 0.39 value of GoF indexes model is indicating that the model has GoF in the Large (Goodness of Fit model) category.

Table 1 Result of Model Estimation

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
CSR → Q Ratio	-0.252	-0.219	0.084	0.084	2.998
CSR*ROA → Q Ratio	1.191	1.105	0.281	0.281	4.243
GCG → Q Ratio	0.063	0.062	0.038	0.038	1.682
GCG*ROA → Q Ratio	1.121	1.173	0.189	0.189	5.940
ROA → Q Ratio	-1.831	-1.810	0.154	0.154	1.187

The result of the subsequent analysis of PLS is the result of study showing the effect of CSR, GCG, ROA variable, and its moderating effect on the Q ratio. The effect test is done by comparing the t-value of the statistic with the value of t-table equal to 1.982 (t-table value at $n = 115$ and significant level 0.05). The test is continued by looking at the original value of the sample, which will show the direction of the effect of the exogenous variable on the endogenous variable.

The t-value of statistic effect of CSR to Q ratio is $2.998 > 1.982$ with original value of negative signed equal to -0.252 is indicating that CSR has negative and significant influence to Q ratio. The value of the statistical effect of GCG to Q ratio is $1.682 < 1.982$ with original value 0.063 which indicates that GCG has positive effect but not significant to Q ratio, GCG increase has not been able to increase Q ratio. The t-value of statistic effect of interaction result between ROA and CSR (ROA*CSR) to Q ratio is $4.244 > 1.982$ is indicating that ROA is able to moderate impact of CSR to Q ratio. The t-value of statistic effect of interaction result between ROA and GCG (ROA*GCG) to Q ratio is $5.940 > 1.982$ is indicating that ROA is able to moderate the impact of GCG to Q ratio.

The first hypothesis test in this study is intended to test the effect of GCG to FV. This variable is measured using an assessment indicator derived from the self-assessment of GCG implementation. In the annual report, there are only conclusions from the self-assessment, but the company previously conducted self-assessment using a working paper based on the attachment of Bank Indonesia requirement. Based on the result of the statistical analysis test, the effect of GCG variable on FV is $1.682 < 1.982$ with the original value of sample 0.063 indicating that GCG has a positive but not significant impact to FV. The insignificant results can be seen that hypothesis 1 is not accepted.

Based on these insignificant results, it can be seen that in this study, GCG cannot be used as a variable that affects the FV. Permatasari & Novitasary (2014) said that implementation of GCG does not guarantee to increase investor perspective. For example, the application of prudential principles imposed by the management in disproportionate lending disbursement of credit funds to the public. With the decline in credit disbursed, it also decreases the profit generated by the bank. When the resulting profit decreases, the market's attention also decreases. Besides, investors are still considered not trusting the implementation of GCG in Indonesia regarding the emergence of cases of PT Waskita, PT Jamsossek, Bank Mega, and Citibank in 2011. Thus, the application of GCG in Indonesia should be more credible, so it can serve as an indicator for investors in making investment decisions.

This result is supported by Permatasari & Novitasary (2014) research that used self-assessment as a measurement of the implementation of GCG in banking companies and Nuswandari (2009) that used CGPI as a measurement of GCG implementation in the company. This may be because the market response to GCG implementation is not straightforward but takes time. The effect of GCG on market performance tends to be seen in the long term as it relates to the trust levels of investors (Nuswandari, 2009). In contrast to Rustiari (2010) stated that FV is affected by GCG, the same result is also shown by Retno & Priantinah (2012) which showed GCG positively affects to FV in banking companies. The application of GCG can make a balance between the various interests of the company and the managerial parties that can provide benefits for the company as a whole. Thus the implementation of GCG is expected to generate positive perceptions of investors as indicated by a positive reaction to the company's shares, so it is useful to increase and maximize the FV (Retno & Priantinah, 2012).

The second hypothesis testing in this study is aimed to examine the effect of CSR disclosure on FV. CSR is considered as a latent variable with each indicator. Based on the result of statistical analysis test for the impact of CSR to FV is $2.998 > 1.982$ with the sign of the coefficient is negative that it is indicating that CSR has a negative and significant effect to FV, the more company doing CSR, the lower FV, and vice versa. The results

of this study are not by the hypothesis of research stating that CSR has a positive effect on FV. The reason is likely that the impact of this CSR is partially valued on FV. This means that increase of corporate spending for CSR that is not followed by changes in other financial ratios of a company such as profitability, firm size, leverage, growth, and different ratios causes investors to measure that increase of expenditure for CSR is a waste of corporate resources. This causes a decline in FV (Pramana & Mustanda, 2016).

This result is supported by Barnea & Rubin (2010) stated that CSR could harm to the company because it can lead to agency costs and wasted additional costs the company's resources thereby degrading the company's performance and value. These agency costs arise due to a conflict of interest between shareholders (insiders and institutional) who see increased spending on CSR as an effort to improve the company's positive image that will impact the FV, but it can also mean a waste of corporate resources especially if not followed by a significant improvement in company performance. Not in line with Jo & Harjoto (2011) which showed that CSR involvement positively affects firm value as measured by industry-adapted Tobin's Q, the results support the conflict resolution hypothesis. These results are consistent with Bidhari et al. (2013) said that increasing information disclosure of CSR can improve the company's financial performance, especially profitability. These results indicate that an increase of CSR information makes IDX-listed banking companies have an opportunity to enhance their financial performance as long as social responsibility and disclosure activities are considered investment rather than cost-reducing. Increasing the disclosure of CSR information to IDX-listed banking companies can improve the reputation rating factor of the investors so that the FV increases.

The financial performance is proxied by ROA as a moderating the relationship between GCG and FV. Based on the result of statistical analysis test for the effect of interaction result between ROA and GCG (ROA*GCG) to FV is $5.940 > 1.982$ with a positive coefficient that it is indicating that ROA has positively and significantly moderated the relationship between GCG on FV. GCG illustrates how management manages its assets and capital in the right way to increase the productivity and efficiency of the company (Tumewu & Alexander, 2014). Asset management and wealth of a company can be seen from the financial performance is one factor that shows the effectiveness and efficiency of an organization to achieve its objectives.

Financial performance often measures to be closely related to bank health. Bank of Indonesia prioritizes the profitability of a bank as measured by assets whose funds are mostly derived from public savings funds (Rahmi, 2014). So the better the financial performance of a company will be a less likely risk of an investment that will be borne and will increasingly increase the probability of return to be obtained, resulting in the number of investors who make investments. Adequate GCG practice and coupled with high financial performance will increase the firm value. This research is in line with the study of Fauzi et al. (2016) used GCG mechanism in measuring GCG practice in company, the result of this research indicates if the company have high ROA hence will strengthen the influence of the relationship between GCG to FV.

The financial performance is proxied by ROA as a moderating variable of CSR relationships to FV. Based on the results of statistical analysis test for the influence of interaction between ROA and CSR (ROA*CSR) to the firm value is $4.243 > 1.982$ with the original value of positive signed sample equal to 1.191 indicating that ROA variable positive and significant can moderate the relationship between the effect of CSR on FV. This result is in line with the fourth hypothesis; thus H4 is accepted. This study suggests that improving financial performance can strengthen CSR's relationship with FV. This is because ROA is called Earning Power because this ratio describes the company's ability to generate net profit based on total assets owned overall. Through this ratio will be able to determine whether the company has been efficient in utilizing its assets in the company's operational activities or not.

Companies which have high financial performance will have more resources to perform CSR activities. According to Gamerschlag et al. (2011) explained that the higher level of corporate profitability, the greater the

disclosure of social information the company does. Another study mentioned that if financial performance decreases while CSR increases (Chen et al., 2018), it creates conflict where companies do not want to invest in CSR activities due to financial performance decline. It can also be caused by CSR investments that require significant expenditure can cause short-term economic losses. CSR activities are expected to have a positive impact, as reflected in the company's profit and improved financial performance. When a company performs extensive CSR disclosure, but its profitability level is low then investor confidence tends to decrease so that investor perception toward company becomes weak, so if high CSR disclosure is accompanied with high profitability, then investor perception toward company will increase (Pratiwi, 2016). In other words, profitability becomes a benchmark for investors in assessing whether increasing expenditures for CSR is not a waste of corporate resources.

The results of this study support the research of Rosiana et al. (2013) that the higher level of profitability indicates the company can earn greater profits, so the company can increase social responsibility activities, and reveal its social responsibility in the report annual basis. However, the research is not in line with the study of Fauzi et al. (2016), which found that the profitability weakened the CSR relationship to firm value. When companies achieve excellent financial performance, companies think there is no need to disclose other activities.

CONCLUSION

GCG has no significant role in FV. This is due to the absence of investor trust in the implementation of GCG in Indonesia as a result of the emergence of cases of abuse of authority. Therefore, GCG implementation does not guarantee an increase in investor valuation. CSR has a negative and significant effect on the FV, the more companies apply the CSR the lower the FV, and vice versa. This is because investors assess the implementation of CSR can lead to agency costs, which are a form of waste of corporate resources. So the increase in spending for CSR should be followed by the rise in financial ratios. Financial performance can moderate the effect of GCG on FV. Financial performance can best describe the implementation of GCG in the management of company assets and capital as an effort to improve the productivity and efficiency of the company to achieve its objectives. Financial performance can moderate the effect of CSR on FV. Companies that have high financial performance will have more resources to perform CSR activities. Besides, financial performance is a benchmark for investors in assessing whether increasing expenditures for CSR is not a waste of resources.

The use of research samples that are only in the banking companies which may not reflect the overall conditions of actual GCG and CSR implementation in Indonesia. There is an element of subjectivity in determining the CSR disclosure index so that the disclosure value obtained cannot be used as a reference for further research. This study uses observation periods during 2011–2015 so that the use of samples is limited. New research is expected to expand the scope of research, not only in banking companies and the study period to obtain accurate research results in the long run. Further research should not only use the annual report and ISO 26000 standards in assessing CSR disclosure but using sustainability reports and other measures and using the percentage of earnings or funds that companies use for CSR. Further research for moderating variables may use other indicators that may affect GCG and CSR relationships on firm value. To reflect the financial performance, we can use the ratios of the CAMELS analysis component.

ORCID

Mukhtaruddin Mukhtaruddin  <https://orcid.org/0000-0003-2743-8080>

REFERENCES

- Barnea, A., & Rubin, A. (2010). Corporate Social Responsibility as a Conflict Between Shareholders. *Journal of Business Ethics*, 97(1), 71–86. <https://doi.org/10.1007/s10551-010-0496-z>
- Bidhari, S. C., Salim, U., & Aisjah, S. (2013). Effect of Corporate Social Responsibility Information Disclosure on Financial Performance and Firm Value in Banking Industry Listed at Indonesia Stock Exchange. *European Journal of Business and Management*, 5(18), 39–46.
- Chen, Y.-C., Hung, M., & Wang, Y. (2018). The Effect of Mandatory CSR Disclosure on Firm Profitability and Social Externalities: Evidence from China. *Journal of Accounting and Economics*, 65(1), 169–190. <https://doi.org/10.1016/j.jacceco.2017.11.009>
- Effendi, M. A. (2016). *The Power of Good Corporate Governance: Teori dan Implementasi* (2nd ed.). Jakarta: Salemba Empat.
- Fauzi, A. S., Suransi, N. K., & Alamsyah, A. (2016). Pengaruh GCG dan CSR terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Pemoderasi. *Infestasi: Jurnal Bisnis Dan Akuntansi*, 12(1), 1–19.
- Gamerschlag, R., Möller, K., & Verbeeten, F. (2011). Determinants of Voluntary CSR Disclosure: Empirical Evidence from Germany. *Review of Managerial Science*, 5(2–3), 233–262. <https://doi.org/10.1007/s11846-010-0052-3>
- Ghozali, I. (2014). *Structural Equation Modeling: Metode Alternatif dengan Partial Least Squares (PLS)* (4th ed.). Semarang: Badan Penerbit Universitas Diponegoro.
- Herawaty, V. (2008). Peran Praktek Corporate Governance sebagai Moderating Variable dari Pengaruh Earnings Management terhadap Nilai Perusahaan. *Jurnal Akuntansi Dan Keuangan*, 10(2), 97–108.
- Jo, H., & Harjoto, M. A. (2011). Corporate Governance and Firm Value: The Impact of Corporate Social Responsibility. *Journal of Business Ethics*, 103(3), 351–383. <https://doi.org/10.1007/s10551-011-0869-y>
- Johansen, T. R. (2016). EU Regulation of Corporate Social and Environmental Reporting. *Social and Environmental Accountability Journal*, 36(1), 1–9. <https://doi.org/10.1080/0969160X.2016.1148948>
- Miralles-Quirós, M., Miralles-Quirós, J., & Redondo Hernández, J. (2019). ESG Performance and Shareholder Value Creation in the Banking Industry: International Differences. *Sustainability*, 11(5). <https://doi.org/10.3390/su11051404>
- Monciardini, D. (2016). The ‘Coalition of the Unlikely’ Driving the EU Regulatory Process of Non-Financial Reporting. *Social and Environmental Accountability Journal*, 36(1), 76–89. <https://doi.org/10.1080/0969160X.2016.1149302>
- Mukhtaruddin, M., Relasari, R., & Felmania, M. (2014a). Good Corporate Governance Mechanism, Corporate Social Responsibility Disclosure on Firm Value: Empirical Study on Listed Company in Indonesia Stock Exchange. *International Journal of Finance and Accounting Studies*, 2(1), 1–10.
- Mukhtaruddin, M., Relasari, R., Soebyakto, B. B., Irham, A. R., & Abukosim, A. (2014b). Earning Management, Corporate Social Responsibility Disclosures and Firm’s Value: Empirical Study on Manufacturing Listed on IDX Period 2010–2012. *Net Journal of Business Management*, 2(3), 48–56.
- Nuswandari, C. (2009). Pengaruh Corporate Governance Perception Index terhadap Kinerja Perusahaan pada Perusahaan yang Terdaftar di Bursa Efek Jakarta. *Jurnal Bisnis Dan Ekonomi*, 16(2), 70–84.
- Odoemelam, N., & Okafor, R. G. (2018). The Influence of Corporate Governance on Environmental Disclosure of Listed Non-Financial Firms in Nigeria. *Indonesian Journal of Sustainability Accounting and Management*, 2(1), 25–49.

- Permatasari, I., & Novitasary, R. (2014). Pengaruh Implementasi Good Corporate Governance terhadap Permodalan dan Kinerja Perbankan di Indonesia: Manajemen Risiko sebagai Variabel Intervening. *Jurnal Ekonomi Kuantitatif Terapan*, 7(1), 52–59.
- Pramana, I. G. N. A. D., & Mustanda, I. K. (2016). Pengaruh Profitabilitas dan Size terhadap Nilai Perusahaan dengan CSR sebagai Variabel Pemoderasi. *E-Jurnal Manajemen Unud*, 5(1), 561–594.
- Pratiwi, L. W. (2016). Pengaruh Pengungkapan Corporate Social Responsibility pada Persepsi Investor dengan Profitabilitas dan Kepemilikan Manajemen sebagai Variabel Pemoderasi. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 5(5), 1439–1458.
- Rahmi, C. L. (2014). Pengaruh Risiko Kredit, Risiko Likuiditas dan Risiko Tingkat Bunga terhadap Profitabilitas. *Jurnal Akuntansi*, 2(3).
- Ratih, S. (2011). Pengaruh Good Corporate Governance terhadap Nilai Perusahaan dengan Kinerja Keuangan sebagai Variabel Intervening pada Perusahaan Peraih the Indonesia Most Trusted Company–CGPI. *Jurnal Kewirausahaan*, 5(2), 18–24.
- Retno, R. D., & Priantinah, D. (2012). Pengaruh Good Corporate Governance dan Pengungkapan Corporate Social Responsibility terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan yang Terdaftar di Bursa Efek Indonesia Periode 2007–2010). *Nominal, Barometer Riset Akuntansi Dan Manajemen*, 1(2), 84–103. <https://doi.org/10.21831/nominal.v1i2.1000>
- Rodríguez, L. C., & LeMaster, J. (2007). Voluntary Corporate Social Responsibility Disclosure: SEC “CSR Seal of Approval.” *Business and Society*, 46(3), 370–384. <https://doi.org/10.1177/0007650306297944>
- Rosiana, G. A. M. E., Juliarsa, G., & Sari, M. M. R. (2013). Pengaruh Pengungkapan CSR terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Pemoderasi. *E-Jurnal Akuntansi Universitas Udayana*, 5(3), 723–728.
- Rustiarini, N. W. (2010). Pengaruh Corporate Governance pada Hubungan Corporate Social Responsibility dan Nilai Perusahaan. In *Simposium Nasional Akuntansi 13*. Purwokerto.
- Scott, D. H. (2007). *Strengthening the Governance and Performance of State-Owned Financial Institutions* (Policy Research Working Paper No. 4321).
- Socoliuc, M., Grosu, V., Hlaciuc, E., & Stanciu, S. (2018). Analysis of Social Responsibility and Reporting Methods of Romanian Companies in the Countries of the European Union. *Sustainability*, 10(12). <https://doi.org/10.3390/su10124662>
- Sudiyatno, B., & Fatmawati, A. (2013). Pengaruh Risiko Kredit dan Efisiensi Operasional terhadap Kinerja Bank. *Jurnal Organisasi Dan Manajemen*, 9(1), 73–86.
- Thompson, P., & Cowton, C. J. (2004). Bringing the Environment into Bank Lending: Implications for Environmental Reporting. *The British Accounting Review*, 36(2), 197–218. <https://doi.org/10.1016/j.bar.2003.11.005>
- Tobing, A., Arkeman, Y., Sanim, B., & Nuryartono, N. (2013). Pengaruh Penerapan Good Corporate Governance terhadap Tingkat Kesehatan dan Daya Saing di Perbankan Indonesia. *Jurnal Manajemen Teknologi*, 12(3), 298–318. <https://doi.org/10.12695/jmt.2013.12.3.5>
- Tumewu, R. C., & Alexander, S. (2014). Pengaruh Penerapan Good Corporate Governance Terhadap Profitabilitas Pada Perusahaan Perbankan yang Terdaftar di BEI Periode 2009–2013. *Accountability*, 3(1), 77–85. <https://doi.org/10.32400/ja.4943.3.1.2014.77-85>
- Uyun, Q. (2016). Pengaruh Good Corporate Governance terhadap Kinerja Keuangan Perbankan Diukur dengan Nilai Eva Momentum. *Jurnal Akuntansi Unesa*, 4(3).
- Wardoyo, W., & Veronica, T. M. (2013). Pengaruh Good Corporate Governance, Corporate Social Responsibility dan Kinerja Keuangan terhadap Nilai Perusahaan. *Jurnal Dinamika Manajemen*, 4(2), 132–149.
- Windah, G. C., & Andono, F. A. (2013). Pengaruh Penerapan Corporate Governance terhadap Kinerja Keuangan Perusahaan Hasil Survei the Indonesian Institute Perception Governance (IICG) Periode 2008–2011. *Calyptra: Jurnal Ilmiah Mahasiswa Universitas Surabaya*, 2(1), 1–20.

Good Corporate Governance, Corporate Social Responsibility, Firm Value, and Financial Performance as Moderating Variable

ORIGINALITY REPORT

17%

SIMILARITY INDEX

13%

INTERNET SOURCES

11%

PUBLICATIONS

10%

STUDENT PAPERS

PRIMARY SOURCES

1	1library.net Internet Source	2%
2	www.karyailmiah.trisakti.ac.id Internet Source	1%
3	Anissa Dakhli. "The impact of corporate social responsibility on firm financial performance: does audit quality matter?", Journal of Applied Accounting Research, 2021 Publication	1%
4	Submitted to University of Bolton Student Paper	1%
5	Submitted to Universitas Pendidikan Indonesia Student Paper	1%
6	eprints.unsri.ac.id Internet Source	1%
7	Ida Bagus Anom Purbawangsa, Solimun Solimun, Adji Achmad Reinaldo Fernandes, Sri Mangesti Rahayu. "Corporate governance,	1%

corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016)", Social Responsibility Journal, 2019

Publication

8

www.keyword-suggest-tool.com

Internet Source

1 %

9

Siti Aisyah, Widiya N. Rosari, Tito Sofyan. "Strengthening Corporate Legal Functions in Achieving Good Corporate Governance at PT Bank Bengkulu", Bengkoelen Justice : Jurnal Ilmu Hukum, 2020

Publication

1 %

10

Submitted to University of South Australia

Student Paper

1 %

11

rigeo.org

Internet Source

1 %

12

feb.untan.ac.id

Internet Source

1 %

13

ecampus.iainbatusangkar.ac.id

Internet Source

1 %

14

ijicc.net

Internet Source

1 %

15

de.slideshare.net

Internet Source

1 %

16	muhariefeffendi.files.wordpress.com Internet Source	1 %
17	Mirza Lailatun Ni'mah, Syaiful Syaiful. "The Effect Of Good Corporate Governance, Corporate Social Responsibility On Corporate Profitability", Journal Universitas Muhammadiyah Gresik Engineering, Social Science, and Health International Conference (UMGESHIC), 2021 Publication	1 %
18	repository.uin-malang.ac.id Internet Source	1 %
19	d.researchbib.com Internet Source	1 %

Exclude quotes On

Exclude bibliography On

Exclude matches < 1%