The Moderating Impact of Dividend Policy and Corporate Social Responsibility On Profitability towards Firm Value

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Abstract

This research targets are to identify and analyze not only the influence of profitability towards firm value but also the ability of both dividend policy and corporate social responsibility disclosure to moderate them on companies which are listed in the consumer goods industry on Indonesian stock exchange (IDX) from 2013 to 2017. There are precisely 39 and 14 enterprises that are utilized as population and sample respectively. This study applies the purposive sampling method to generate samples from the population which had been eliminated by the devoted criteria. Data has been analyzed by using multiple regression and moderation regression analysis. The result delineates that profitability and dividend policy have an insignificant positive effect on firm value, while corporate social responsibility does not affect firm value.

INTRODUCTION

Becoming a sophisticated trend in society especially the young generation, the capital market has been considered to have not only a highly prominent role in the perspective of economic growth but also a promising investment platform.

One of the most worth-investing instruments which have been the center of attention in indonesia is stock. In the last consecutive years, consumer goods sector of industry's shares have gotten the public spotlight, a few from plethora of them are GGRM, HMSP, UNVR, ICBP, and INDF shares has utterly become the main attraction for the consumer goods industry because they are believed to be the most liquid securities among the 50 companies with the largest market capitalization that are the most preferred by traders. The shares of this sector are considered to have resilience effects on various economic conditions because they are related to the fundamental and primary needs of the community.

Subsequently, there are fluctuations which depict from the data of the Consumer Confidence Index (CCI) survey results, this survey was conducted on a number of respondents consisting of ± 4600 households in 18 major cities in indonesia that are published on the official website of Bank Indonesia, this data can indirectly reflect the country's economic conditions because of This survey involves the most basic element of a country itself, namely society, the stable tendency of stock movements presented in the sectoral stock index statistics data from which information stems from a reliable source: IDX.

The data of the consumer confidence index is relatively constant and slowly increasing which is directly proportional to the movement of the Consumer Expectation Index (CEI) and the Economic Condition Index (ECI). An eye-catching phenomenon occurred in 2015, when all share movements of all sectors simultaneously weakened, the stock of the consumer goods sector was indiscriminately included, but the movement of consumer goods industry stocks was still at a level that was not too severe compared with other sectors which amounted to -5.19% and this seems to be influenced by optimism as a result of economic conditions reflected in the consumer survey index which also weakened to 94.0 in 2015; Meanwhile, in 2016 the movement of stock prices experienced a very significant increase at

31.96%, this is directly proportional to the strengthening consumer confidence index.

Based on that phenomenon, every company, especially the go-public companies must be able to strengthen the appeal of their shares through information that can encourage positive assumptions or paradigms to the public to be able to maintain their share position, a fairly efficient way is through information disclosures. The important thing needed by external parties in this case investors gets a positive signal, one of which is to publish activities of corporate social responsibility which are very clearly regulated in 2007 Indonesian Incorporated Corporation Law Number 40.

Furthermore, the disclosure of information about the level of dividend payments is also very crucial and important for investors who use passive investment strategies which naturally expect dividends to be distributed annually by the issuer or the company in question where they invest their share capital. Therefore, this study aims to find out how could return on assets affects atock Prices with the DPR and CSR as moderating variables of consumer goods industry sector companies listed on the Indonesia Stock Exchange in the 2013-2017 period both partially and simultaneously.

Return on asset (ROA)
Wira (2015) determines that ROA is a variable used in measuring the level of profit generated by a company in comparison with the efficiency and utilization of assets.
Indicator :

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

According to Husnan (2015), ROA has a positive relationship to the true value of a stock, the greater the acquisition of assets, the greater the stock price.
From the expert statements above, it can obviously be seen that ROA can be legitimately used to assess the company's ability to maximize all of its assets to generate profits. Furthermore, the maximum profit generated can positively affect the price of a stock and is significant (Sitorus & Elinarty, 2016)

Dividend payout ratio (DPR)
Gumanti (2013) states that dividend policy is a step taken to make a profit distribution which is generally done in the form of cash dividends to shareholders. This policy could estimate future profits and prices (signaling theory). The shareholders tend to like dividends, the distribution of shares can signal the company in good condition.
Indicator:

$$DPR = \frac{Dividend}{Net\ Income}$$

Initiation of the company in making dividend payments will be welcomed relatively well by the market, which can be a trigger for rising share prices (Asmirantho and Yuliawati, 2015);

Corporate social responsibility (CSR)
Solihin (2015) writes that social responsibility is an activity that has values and morals carried out by companies to meet social obligations to both internal and external stakeholders, this can affect the increase in corporate value in the form of an increase in share prices.
Indicator:

$$CSDI = \frac{\Sigma Xip}{np}$$

Description:
CSDI: Corporate Corporate Responsibility Disclosure Index p
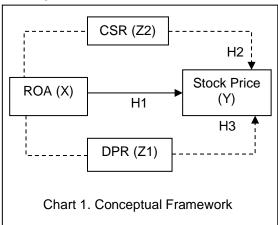Xij: 1 = if item I was disclosed; 0 = if item I was not disclosed
np: Number of Item disclosure criteria for companies p; ni = 91.

Corporate CSR disclosure can be measured using the Global Reporting Initiative (GRI), where the assessment is divided into several categories and sub-categories which are criteria of social responsibility undertaken by the company. (Darmawati and Wahyuni, 2018);

Stock price
Darmadji and Fakhruddin (2015) stated that Share Price is a representation of corporate performance; which uses a closing price as an indicator, that is the closing price of a company's stock in the year of a period.

Conceptual Framework

Chart 1. Conceptual Framework

Regarded on the conceptual framework described above, this research hypothesis is:

H1: Return On Assets (ROA) affects the Stock Prices of Consumer Goods Industry companies listed on the Indonesia Stock Exchange 2013-2017.

H2: Dividend Payout Ratio (DPR) can moderate the effect of Return on Assets (ROA) on the Share Prices of Consumer Goods Industry companies listed on the 2013-2017 BEI.

H3: Corporate Social Responsibility (CSR) can moderate the influence of the effect of Return on Assets (ROA) on the Share Prices of Consumer Goods Industry companies listed on the Indonesia Stock Exchange 2013-2017.

RESEARCH METHODS
Approach, Types, and Nature of Research

The research approach undertaken in this study is a quantitative approach which is a research method based on the philosophy of positivism; The type of research conducted is descriptive quantitative visualizing specific details, and the nature of this systematic and scientific research is explanatory which is a with the aim of describing the relationships and relationships and the inequality of phenomena that occur.

Population and Sample

The population in this study is all companies in the Consumer Goods Industry sector which are listed on the Indonesia Stock Exchange, amounting to 39 companies. In this study using purposive sampling method with the above criteria and after the company's data

was eliminated in accordance with predetermined criteria, namely:

1. Industrial consumer goods companies listed on the Indonesia Stock Exchange from 2013-2017

2. Consumer goods industry sector companies that did not distribute dividends during 2013-2017

3. Consumer goods industry sector companies that received negative profits in the period 2013-2017

The samples used were precisely 14 companies, so the total observations in this study were 14 companies x 5 years = 70 observations in the Consumer Goods Industry sector companies listed on the Indonesia Stock Exchange with the research period 2013-2017.

Data analysis technique
Multiple Linear Regression Analysis & Moderation (MRA)

The analysis is performed after the classic assumption test: normality, multicollinearity, autocorrelation, and heteroscedasticity, then the model can already be used in testing linear regression and moderation, by the following equation:

$$Y1 = \alpha + \varepsilon + \beta1X1 \text{ .... (1)}$$
$$Y2 = \alpha + \beta1X1 + \beta2X1.Z1 + \beta2X1.Z2 + \varepsilon \text{ (2)}$$

Information :
Y = The share price,
X1 = Return On Assets,
Z1 = Dividend Payout Ratio,
Z2 = Corporate Social Responsibility,
α = Constant,
β1-β2 = coefficient of correlation,
ε = error

Coefficient of determination

The coefficient of determination (R^2) was used to measure the ability of the model to explain the dependent variable. A value close to 1 (one) means the independent variable (X) is great on the dependent variable (Y).

Hypothesis

In this study hypothesis test to determine the corresponding relationships or influence of the variables studied, the researchers statistically use simultaneous test (F-test) and partial test (t- test).

RESULTS AND DISCUSSION

Table 1. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
ROA (X)	70	.0001	.38	.0792	.11168
DPR (Z1)	70	.0010	1.18	.4445	.30245
CSR (Z2)	70	.0330	.45	.1741	.11357
Stock Price (Y)	70	180.00	94000.00	14867.0857	22614.20751
Valid N (listwise)	70				

(X); ROA of 70 observational data, it can be seen that the minimum value of 0.0001 is located at. Ultrajaya Milk Industry and Trading Company, Tbk. In 2015, which means the level of the company's efficiency in using assets to generate earnings amounted to only 0.01% and a maximum value of 0.38 on PT. Unilever Indonesia, Tbk. In 2013 which means that the level of efficiency of the company in maximizing its assets to generate earnings by 38%.

DPR (Z_1); 70 observation data DPR has a minimum value 0.0010 is located at. Ultrajaya Milk Industry and Trading Company, Tbk., This means that companies only pay a dividend of 0.1% on the profit generated in 2015 and a maximum value of 1.18 on PT. Handjaya Mandala Sampoerna Tbk., Indicating that the company had paid a dividend of 118% in the same year.

CSR (Z_2); 70 CSR observation data has a minimum value 0.0330 is located at. Sekar Laut, Tbk. In 2013 and a maximum value of 0.45 on PT. Indofood Sukses Makmur, Tbk. In 2017. This indicates that the value of CSR in the study sample is around 3.3% which reflects the value of 45% minimum to a maximum value above which illustrates the proportion disclosure of social responsibility to corporate social disclosure index (G4). The average value of which is owned by 0.1741.

Stock Price (Y); 70 Stock Price observation data has a minimum value of 180 at. Sekar Laut, Tbk. In 2013 and a maximum value of 94000 on PT. Handjaya Mandala Sampoerna Tbk. In 2015 and the average value of 14867.0857.

Table 2. Data Analysis Results Linear Regression Analysis and t-test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9.397	.435		21.593	.000
LNROA	.304	.111	.315	2.741	.008

a. Dependent Variable: LNHS

$$Y1 = \alpha + \varepsilon + \beta 1 X1 \dots\dots\dots\dots\dots\dots\dots (1)$$
LNHS = 9.397 + 0,304LNROA

LNROA variable regression coefficient (X) of 0.304, this means that if there is a change LNROA rise by 1%, it will increase the stock price of 30.4%.

Table 3. Test Analysis Coefficient of Determination Regression Model
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.315[a]	.099	.086	1.66204	1.797

a. Predictors: (Constant), LNROA

b. Dependent Variable: LNHS

Test results obtained by the value of the coefficient of determination Adjusted R Square of 0.086 or 8.6%, which means that the size variable stock price can be explained by the independent variables ROA in Consumer Goods Industry sector companies listed on the Indonesia Stock Exchange 2013-2017 period. While the rest (100% - 8.6%) = 92.4% explained by other variable outside this research model.

Table 4. Simultaneous Analysis Hypothesis (F-test)
ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	20.751	1	20.751	7.512	.008[a]
Residual	187.841	68	2.762		
Total	208.592	69			

a. Predictors: (Constant), LNROA

b. Dependent Variable: LNHS

Arithmetic-F amounted to 7.512 and F-table of 3.08 for arithmetic-F 7.512> 3.98 F-table with a significance level of 0.008 for the amount of the 0.05 significance level means ROA simultaneously significant effect on stock prices Industry Consumer Goods sector companies listed on the Stock Exchange in 2013 -2017.

Partial Analysis Hypothesis (t-test)

SPSS calculation results with the level of the provision of freedom (df) with the provisions of (nk) or 70-2 = 68, the obtained values:
Return on Assets: 2.741 t> t table at a significance level of 0.008 1.99547 <0.05 then H0 is rejected and H1 accepted. That is ROA effect is insignificant and positive on the stock price Industry Consumer Goods sector companies listed on the Stock Exchange from 2013 to 2017.

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Table 5. Moderate Regression Analysis (MRA) and t-test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.839	.600		18.050	.000
1 LNROA	.981	.264	1.016	3.718	.000
LnROA_LnDPR	.057	.018	.622	3.141	.003
LnROA_LnCSR	.074	.078	.207	.940	.350

a. Dependent Variable: LNHS

Y2 = α + β1X1 + β2X1.Z1 + β2X1.Z2 + ε ..(2)
LNHS = 10.839 + 0,981LNROA + 0,057LNROA.LNDPR + 0,074LNROA.LNCSR

LNROA variable regression coefficient (X) of 0,981. This means that if there is a change ROA rise by 1 time, it will increase the stock price by 98.1%.
LNROA.LNDPR variable regression coefficient of 0.057. This means that if there is an increase of 1% LNDPR, it will moderate and increase LNROA's influence on stock price by 5.7%.
LNROA.LNCSR variable regression coefficient of 0.074. This means that if there is an increase of 1% LNCSR, it will moderate and increase LNROA's influence on stock price by 7.4%.

Table 6. Test Analysis Coefficient of Determination Regression Model Moderation

Model Summaryᵇ

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.476ᵃ	.227	.192	1.56336	1.964

a. Predictors: (Constant), LnROA_LnCSR, LnROA_LnDPR, LNROA

b. Dependent Variable: LNHS

Test results obtained by the value of the coefficient of determination Adjusted R Square of 0.192 or 19.2%, which means that the size variable stock price can be explained by the independent variables and their ROA moderating variables DPR and CSR on Consumer Goods Industry sector companies listed on the Indonesia Stock Exchange period 2013- 2017. While the rest (100% - 19.2%) = 81.8% explained by other variable outside this research model.

Table 7. Simultaneous Analysis Hypothesis (F-Test)

ANOVAᵇ

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	47.282	3	15.761	6.448	.001ᵃ
Residual	161.311	66	2.444		
Total	208.592	69			

a. Predictors: (Constant), LnROA_LnCSR, LnROA_LnDPR, LNROA

b. Dependent Variable: LNHS

Arithmetic-F amounted to 2,583 and F-table of 3.08 for arithmetic-F 2.583 <F table of 3.13 with a significance level of 0.001 for the amount of the 0.05 significance level means ROA, DPR, and CSR simultaneously no significant effect on the company's stock price Consumer Goods sector Industry listed on the Stock Exchange from 2013 to 2017.

Partial Analysis Hypothesis Testing (t-test)

SPSS calculation results with the level of the provision of freedom (df) with the provisions of (nk) or 70-3 = 67, the obtained values:
Return on Assets: 3,718 t> t table at a significance level 0 1.99601 <0.05 then H0 is rejected and H1 accepted. That is ROA effect is not a significant and positive impact on

stock prices. This is consistent with other research that's done before (Sidiq, et al., 2018).

Return on Assets with Dividend Payout Ratio: 3.141 t> t table at a significance level of 0.03 1.99601 <0.05 then H0 is rejected and H1 accepted. That is ROA with DPR no significant effect and positive impact on stock prices. This shows that DPR can moderate and strengthen the influence of ROA and stock price but not significant. This shows that DPR has consistently moderated the influence of ROA on stock prices with previous studies (Bulutoding, et al., 2018).

Return on Assets, Corporate Social Responsibility: 0,940 t <t table at a significance level of 0.35 1.99601 <0.05 then H0 rejected and H1 accepted. That is ROA with CSR not significant and positive impact on stock prices. This proves that CSR can not moderate significantly and strengthen the influence of ROA with Stock Price. Hali is not in line with previous studies (Raningsih and Artini. 2018), stating that CSR can weaken ROA's relationship with Stock Price.

CONCLUSION

In partial, return on assets has an insignificant positive effect on stock prices. This means that an increase in return on assets will have a positive influence on stock prices. Additionally, if a company can both utilize all of its assets efficiently to generate profits that will give a mild good effect on the price of a stock.

Partially, the dividend payout ratio effect is insignificant and positive on stock prices. This means DPR was able to moderate the increase in ROA is not significant to the stock price. Besides, the cash dividend policy conducted by the company on the profits generated will give employees a positive impact on the stock price.

Partially, corporate social responsibility does not affect stock prices significantly and positive. This means that CSR can not moderate an increase in ROA significantly to the stock price. Disclosure of social responsibility by companies does not have a significant impact on the company's stock price.

Simultaneously return on assets, dividend payout ratio and corporate social responsibility does not affect stock prices significantly and positive. This means that the level of stock price changes is not affected by return on assets, dividend payout ratio and corporate social responsibility simultaneously. Both DPR and CSR can not moderate profitability to the firm value simultaneously.

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