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THE EFFECT OF FINANCIAL RATIO, CORPORATE SOCIAL RESPONSIBILITY AND TAX PLANNING ON COMPANY VALUE

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ABSTRACT

This study is to test the influence, financial ratio, corporate disclosure social responsibility and tax planning on corporate value. Financial ratio, corporate disclosure, social responsibility and tax planning are used as independent variables and corporate value is used as dependent variables. This study was conducted on banking companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The method of determining samples in this study uses purposive sampling methods so that from 47 populations, 16 companies were sampled. Research results show that the data have met classical assumptions such as normal distribution data, no multicollinearity occurrence, no heteroscedasticity occur and no autocorrelation. From the hypothesis results, the Financial Ratio has a significant effect on Corporate Value and CSR and Tax Planning has no significant effect on Corporate Value.

Keywords: *Financial ratio, Corporate social responsibility, Tax planning, Corporate value*

INTRODUCTION

Company value is one of the factors that must be considered, because maximizing company value means maximizing the present value of all profits that will be received by shareholders in the future, so the higher the value of the company, the more prosperous shareholders 1 will be. Company value is also the main focus in making decisions by investors to invest in a company or not2.

[1] *Lumoly, S., Murni, S., &; Untu, V. N. (2018). The effect of liquidity, company size and profitability on company value (study on metal and similar companies listed on the Indonesia Stock Exchange). EMBA Journal: Journal of Economic Research, Management, Business and Accounting, 6(3).*

[2] *Nurminda, A., Isynuwardhana, D., &; Nurbaiti, A. (2017). The Influence Of Profitability, Leverage, And Firm Size Toward Firm Value (Study Of Manufacture Companies Goods And Foods Sub Sector Listed In Indonesia Stock Exchange 2012- 2015). E-Proceedings Of Management, 4(1), 542–549.*

In 2019 there was an economic slowdown which caused credit distribution to the public to be slow so that almost all banks experienced a decline in stock prices which certainly caused a decrease in company value. Deputy President Director of PT Bank Bukopin Tbk. (BBKP), Herry Sidharta explained that the slowdown in credit in August 2019 was caused by unfavorable global economic conditions. This condition is as a result of the trade war between the United States (US) and China as well as global geopolitical developments.

The next phenomenon is that the Financial Services Authority (OJK) recorded that throughout 2020 the decline in banking profits ranged from 30 percent to 40 percent according to the size of each financial institution. This is the impact of the Covid-19 pandemic over the past year. The deepest profit contraction occurred in state-owned banks which contracted by minus 50.07 percent. Based on the classification of commercial banks based on business activities (BUKU), the net profit growth of BUKU 1 and BUKU 4 contracted the deepest, respectively minus 56.5 percent and minus 37.14 percent. Lower interest rates and credit demand caused bank NIM to fall, so that bank net profit growth in 2020 contracted by minus 33.08 percent, the ROA rate also fell.

Company value can be influenced by several factors, one of which is profitability. Profitability is the ability of a company to generate profits over a certain period at a certain level of sales, assets, and share capital[3]. The profitability of a company can be assessed in various ways depending on profits and assets or capital that will be compared with one another. Profitability is important in maintaining the survival of the company in the long run, because profitability indicates whether the company has good prospects in the future or not. The results of profitability measurement can be used to evaluate performance, the company, whether the company has worked effectively or not.

Companies that already have high profitability must care about the surrounding environment, in addition to the goal to prosper people in the internal environment of the company itself, the company also has a goal to be responsible for its external environment, such as natural resources and communities in the company environment[4]. This responsibility is known as Corporate social responsibility (CSR). CSR is an activity carried out by the company to the environment and surrounding communities as a form of accountability for the company's activities[5].

[3] Sanjaya, S., &; Rizky, M. F. (2018). Profitability Analysis in Assessing Financial Performance at PT. Taspen (Persero) Medan. KITABAH: Journal of Islamic Accounting and Finance.

[4] Nugraha, N. B., &; Meiranto, W. (2015). The Effect of Corporate Social Responsibility, Company Size, Profitability, Leverage and Capital Intensity on Tax Aggressiveness (Empirical Study on Non-Financial Companies Listed on IDX During the 2012-2013 Period) (Doctoral dissertation, Faculty of Economics and Business).

[5] Haris, A. M., &; Purnomo, E. P. (2016). Implementation of CSR (Corporate Social Responsibility) PT. Agung Perdana in reducing the impact of environmental damage. Journal of Governance and Public Policy, 3(2), 203-225.

Another factor that can affect Company Value is Tax Planning. Tax planning is one way that can be used by companies to reduce the tax burden. Every company wants a high income without having to increase the value of paying the tax burden so that taxes do not reduce the level of company wealth significantly. So what should happen if the company's income is high, the tax burden paid will be high. Such a reality raises an idea and the company's efforts to minimize the tax burden owed, this effort can be done through tax planning (Nosalira, Z, 2020). In its stages, collection and research on tax regulations will be carried out so that the types of tax saving actions that will be carried out can be selected (Romantic, O., Heriansyah, K., D.W, S., &; Azizah, W, 2020)

1. DISCUSSION

1.1 Agency Theory

Agency theory explains that agency relationships arise when one or more people (principal) hire another person (agent) to provide a service and then delegate decision-making authority to the agent (Jensen and Meckling, 1976).

The relationship of Agency Theory with company value as a dependent variable in this study is because company value is one of the most important goals for the survival of the company, a way to increase company value through increasing prosperity for shareholders. As a benchmark for shareholder prosperity, it can be seen from the stock price, the high stock market price will increase the value of the company, because the higher the stock price, it shows the prosperity of shareholders. Managers as managers and decision makers in the company will get feedback on their performance, optimizing the profits of shareholders as company owners by obtaining the maximum compensation or incentives.

1.2 Research Methods

The approach used in this study is a quantitative approach, which is to find whether there is a significant influence between the independent variable and the dependent variable on specific research subjects. An objective research approach, including data collection and quantitative data analysis and using statistical testing methods.

The type of data obtained in this study is secondary data, namely on the company's financial statements taken from the annual report of companies that have been audited and published. Data obtained from the Indonesia Stock Exchange website, www.idx.co.id. This research uses banking financial statement data consisting of balance sheet and income statements as well as bank financial ratios at banks listed on the IDX for the annual period 2017-2021. $PBV = Harga\ pasar\ per\ saham \div nilai\ buku\ per\ saham$

1.3 Operational Variables

1.3.1 Company Value

$$PBV = Harga\ Pasar\ per\ saham \div Nilai\ Buku\ per\ saham \text{(BVS)}$$

$$BVS = Modal \div Jumlah\ saham\ beredar$$

1.3.2 Profitability

$$ROA = (Laba\ Bersih \div Nilai\ Buku\ per\ saham) \text{ x } 100$$

1.3.3 CSR

$$CSR_i = \frac{\sum X_{yi}}{n_i}$$

1.3.4 Tax Planning

$$ETR = Beban\ Pajak : Laba\ sebelum\ Pajak$$

2. CONCLUSION

2.1 RESEARCH RESULTS

The F-statistic test in this study has a coefficient value of 3.412781 can be seen in the statistical table at the level of significance with df 1 (number of variables-1) = 3 and df 2 (n-k) or 80-3 = 77 (n is the number of data and k is the number of independent variables), the results obtained for Ftable 2.723. So that Fcalculate < Ftable, (3.412781 > 2.723) and the results of the F (simultaneous) test show that prob (Fstatistic) is 0.021618 < 0.05. It can be concluded that the Financial Ratio, CSR, and Tax Planning have a significant effect on the Company's Value.

Based on the results of the t test (partial) shows that the Financial Ratio variable has a calculated value of 3.193537, so that it can be calculated > ttable (3.193537 > 1.66488) and the Financial Ratio variable has <a significant probability value (0.0020 < 0.05), then H2 is accepted. This means that the Financial Ratio has a significant effect on the value of the company.

Based on the results of the t test (partial) shows that the CSR variable has a calculated value of 1.267380, so that it can be calculated < ttable (1.267380 < 1.66488) and the CSR variable has >a significant probability value (0.2089 > 0.05), then H3 is rejected. This means that CSR does not have a significant effect on Company Value.

Based on the results of the t test (partial) shows that the Tax Planning variable has a calculated value of 1.176871, so that the ttable < is calculated (1.176871 < 1.66488) and the Tax Planning variable has >a significant probability value (0.2429 > 0.05), then H4 is rejected. This means that Tax Planning does not have a significant effect on the value of the company.

2.2 DISCUSSION

2.2.1 The Effect of Financial Ratio, CSR and Tax Planning on Company Value

Based on table 4.17 Test F (simultaneous) shows that Test F table is 2.723. So that Fcalculate > Ftable (3.412781 > 2.723) and the results of the F (simultaneous) test show that prob (Fstatistic) is 0.021618 < 0.05. It can be concluded that simultaneously Financial Ratio, CSR, and Tax Planning have a significant effect on Company Value.

2.2.2 The Effect of Financial Ratio on Company Value

Financial Ratio has a significant effect on the value of the company. Companies that generate profits reflect the performance of a company both so that stock prices and stock returns increase. Investors will capture this information and will choose to invest in companies that earn profits, thus obtaining returns on the shares invested and reducing the risk of the investment. The results of this study are in line with the research of Yourkif Algiffary, et al (2020) stating that there is an influence between the Financial Ratio to

Company Value and is inversely proportional to research conducted by Ustiani (2015), Ratih and Damayanthi (2016), Kusumayanti and Astika (2016) stating that profitability has no effect on company value.

2.2.3 The Effect of CSR on Corporate Value

CSR does not have a significant effect on Corporate Value. Based on data analysis that has been done previously, it can be concluded from this study that CSR has no effect on company value. This research shows that the higher the level of CSR disclosure, the value of the company will decrease, because it is suspected that companies will spend more on CSR activities, which benefits can be felt in the future. The results of the study are inversely proportional to the results of research by Muhamad Iqbal, et al (2018) The test results show that social responsibility disclosure has a significantly positive effect on company value.

2.2.4 The Effect of Tax Planning on Company Value

The test results show that tax planning does not have a significant effect on the value of the company. This may happen because companies tend to practice negative tax planning. Negative tax planning arises because companies as taxpayers act aggressively in reducing tax payments for companies by engineering taxable income. This increases the risk thereby reducing the value of the company. These results support research by Pohan and Anwar (2018) which states that the higher the tax planning, the more the company value decreases, of course, this condition has an impact on the level of investor confidence in the company's value which causes the company's value to decrease.

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