

# **Analysis of the Influence of Profitability, Liquidity, Managerial Ownership, and Pandemic on Company Value with Disclosure of Corporate Social Responsibility (CSR) as Moderating Variable**

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**Abstract:** This study aims to examine the effect of Profitability, Liquidity, Managerial Ownership, and Pandemic on Firm Value with CSR as a moderating variable in food and beverage sub-sector manufacturing companies listed on the IDX in 2017-2021. The test used in this study is the multiple regression test with the test tool using SPSS. The data used is secondary data. The results of the study show that the profitability and liquidity variables have a positive and significant effect on firm value. For managerial ownership variables, CSR and pandemic have no effect on firm value and only the pandemic relationship on firm value can be moderated by CSR.

**Keywords:** Profitability, Liquidity, Managerial Ownership, Corporate Value, CSR.

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## **1. Introduction**

In this era of globalization, companies around the world are experiencing rapid digital development and have high corporate value, and companies must be able to face intense competition in the business world. A quality company must be able to take advantage of various financial and non-financial opportunities to support its existence and increase the growth of beneficial corporate value. A company can be said to have good corporate value, which can be reflected in the value of its shares. The higher the value of the company, the higher the value of its shares.

Firm value is the value needed by investors to continue to invest in the company so that it is prosperous and provides benefits for its holders (Sustainable, 2022). One of the economic sectors that has high corporate value is manufacturing companies.

Manufacturing companies are companies that have activities in the processing of raw materials into finished goods and then selling these goods. Companies in the food and beverage sub-sector in manufacturing companies are able to contribute more to increasing national economic growth, starting from investment, export and import to employment in companies related to natural resources and have a high enough potential to cause environmental damage, so companies is obliged to have every way to carry out social responsibility in the company.

Corporate Social Responsibility (CSR) is a corporate responsibility effort for the impact arising from decisions and activities that have been taken by the company, where the impact will be felt by related parties, including society and the environment (Widianingsih 2018a). The factor that influences CSR on firm value is profitability.

Profitability is the company's ability to generate profits, the higher the level of profitability, the higher the returns obtained by investors (Tumanan and Ratnawati 2021). Companies and investors often use liquidity to determine a company's ability to meet its obligations. Liquidity is the ability of a company to meet long and short term obligations. In addition, managerial ownership is one of the aspects that can affect company value because it has the potential to increase the company's added value. Managerial ownership is overall share ownership by the management of the company's share capital which is processed by the company's management. However, in 2020 the Covid-19 pandemic occurred which caused prices on the stock market to decline and investors were more interested in selling their share ownership. When several industrial sectors began to collapse due to the Covid-19 outbreak, The consumer goods sector, especially the food and beverage sub-sector, was able to become the sector with the least correction. The food and beverage sub-sector is specifically the most defensive sector, or the sector that can survive economic downturns and crises but cannot develop significantly even during periods of strong economic growth (Wahasusmiah 2022).

## **2. Literature Review and Hypothesis**

### **2.1 Signal Theory**

Based on the signal theory, the company will get good news or signals from investors if the company has good information too, so investors will see and consider the benefits that the company gets (Putra and Sunarto

2021). One type of company information that can provide signals to outside parties, especially to investors, is the annual report. The annual report contains accounting information related to financial reports and not related to financial reports.

## **2.2 The value of the company**

According to (Rochmah and Hendra Titisari 2022a) company value is a benchmark for the success of a company because this value indicates that there is an increase in the prosperity of the owners or shareholders. The higher the value of a company's stock, the more favorable the market's confidence in the company today and its future growth.

## **2.3 Profitability**

Profitability is the amount of net profit generated by a company when it is running a business or company activity. If the company has a high level of profitability then the company has a good performance or company value, but if the company has a low level of profitability then the company has a bad performance image or company value as well.

## **2.4 Liquidity**

Liquidity is a company's ability to meet short-term obligations (Apriantini, Putu Widhiastuti, and Gde Novitasari n.d.). A high level of liquidity in the company indicates that the company's assets are not being used. However, a low level of liquidity will indicate a larger number of fixed assets in the company and will be able to send a positive signal to investors.

## **2.5 Managerial ownership**

Managerial ownership is management that participates in company decisions and also has the possibility to become a company shareholder (Torondek and Simbolon n.d.). The higher managerial ownership, the more management tries to maximize its efficiency because management assumes greater responsibility to fulfill management's wishes.

## **2.6 Corporate Social Responsibility (CSR)**

According to (Ramadhani, Moh. Amin, and Junaidi n.d.) Corporate social responsibility is a form of corporate responsibility in repairing social inequality and environmental damage that occurs as a result of the company's operational activities. Sustainable CSR implementation encourages public acceptance of the existence of companies that can generate economic benefits in the form of corporate value.

## **2.7 Pandemic**

The Covid-19 pandemic has had a significant impact on all aspects of people's lives, including managing business. The Indonesian capital market is one of the countries that experienced a drastic drop in stock prices. Investors prefer to look for safer investments in a pandemic situation than having to maintain share ownership whose conditions are uncertain.

## **2.8 Hypothesis**

- H 1.1: Profitability has a positive effect on firm value
- H 1.2: Liquidity has a positive effect on firm value
- H 1.3: Managerial ownership has a positive effect on firm value
- H 1.4: The pandemic has a positive effect on company value
- H 1.5: CSR has a positive effect on firm value
- H 2: CSR is able to moderate the relationship between profitability and firm value
- H 3: CSR is able to moderate the relationship between liquidity and firm value
- H 4: CSR is able to moderate the relationship between managerial ownership and firm value
- H 5: CSR is able to moderate the relationship between the pandemic and company value

## **3. Methodology**

### **3.1 Population and Sample**

This type of research is quantitative research. The population in this study are all food and beverage sub-sector manufacturing companies listed on the IDX in 2017-2021. The sampling technique in this study was purposive sampling, namely sampling with certain criteria. The sample criteria in this study are:

1. Food and beverage sub-sector manufacturing companies listed on the IDX in 2017-2021
2. Starting in 2017 and continuing until 2021 the company publishes consecutive and complete financial

reports and annual reports.

3. Companies that provide information on corporate social responsibility activities in their annual reports for 2017-2021
4. Available information on the number of outstanding shares, the closing price of shares, and the overall balance sheet (total assets, liabilities and equity)
5. Businesses with positive net profit from 2017 to 2021

### 3.2 Variable Measurement

**Table 1: Variable Measurement**

Variable	Indicator	Source
Profitability	ROA = Net Profit Total Assets	(Rochmah and Hendra Titisari 2022b)
Liquidity	CR = Current Assets Current Liabilities	(Irmayanti, Merawati, and Tandio n.d.)
Managerial ownership	KM = Number of Manager Shares Number of shares outstanding	(Torondek and Simbolon n.d.)
Pandemic	Measured using a dummy variable where 0 is for the situation before the pandemic (the company was not affected by the pandemic) and 1 for the situation during the pandemic (the company was affected by the pandemic)	(Mulianto, Wijaya, and Jogi n.d.)
The value of the company	Tobin's Q = MVE + Debt TA	(Putra and Sunarto 2021)
CSR	CSR <sub>i</sub> = $\sum x_i$ ni The GRI G4 index discloses 91 items	(Putra and Sunarto 2021)

### 3.3 Data analysis technique

Data analysis in this study uses SPSS. The tests used are descriptive statistical tests, classic assumption tests which include normality, multicollinearity, autocorrection, and heteroscedasticity as well as hypothesis testing which includes the t test, Adj R2, and F test

## 4. Results and Discussion

### 4.1 Descriptive Statistical Analysis

Table 2: Descriptive Statistical Test Results

	N	Minimum	Maximum	Means	std. Deviation
PROFITABILITY	98	.00306	.52670	.0968996	.08569594
LIQUIDITY	98	.01554	13.30906	2.3567813	2.69322640
km	98	.00000	.57848	.1278368	.19395605
PANDEMIC	98	0	1	.41	.494
THE VALUE OF THE COMPANY	98	.36077	12.29946	2.4991469	2.33599230
CSR	98	.26374	.50549	.4435972	.03613383
Valid N (listwise)	98				

Table 2 shows that profitability has a minimum value of 0.00306, a maximum value of 0.52670, a mean value of 0.0968996, and a standard deviation of 0.08569594. Liquidity has a minimum value of 0.01554, a maximum value of 13.30906, a mean value of 2.3567813, and a standard deviation of 2.69322640. Managerial ownership has a minimum value of 0, a maximum value of 0.57848, a mean value of 0.1278368, and a standard deviation of 0.19395605. Pandemic has a minimum value of 0, a maximum value of 1, a mean value of 0.41, and a standard deviation of 0.494. Firm value has a minimum value of 0.36077, a maximum value of 12.29946, a

mean value of 2.4991469, and a standard deviation of 2.33599230. CSR has a minimum value of 0.26374, a maximum value of 0.50549, a mean value of 0.

**Table 3: Normality Test Results**

	Kolmogorov-Smirnov value	Information
asympt. Sig. (2-tailed)	0.200	Normal

Based on the table, it can be concluded that the Kolmogorov-Smirnov test shows a significant value with a Kolmogorov-Smirnov value of 0.200, which is greater than 0.05, which means that these results prove that the variables in this study have a normal distribution of data.

**Table 4: Multicollinearity Test Results**

Variable	tolerance	VIF	Information
Profitability	0.950	1.053	Multicollinearity Does Not Occur
Liquidity	0.943	1,060	Multicollinearity Does Not Occur
Managerial ownership	0.923	1,084	Multicollinearity Does Not Occur
Pandemic	0.927	1,073	Multicollinearity Does Not Occur

Based on the table above, it can be seen that there is no multicollinearity in the independent variables. This is because the VIF value of all independent variables is less than 10 and the tolerance value is above 0.10.

**Table 5: Heteroscedasticity Test Results**

Variable	Significance Value	Information
Profitability	0.053	Homoscedasticity
Liquidity	0.562	Homoscedasticity
Managerial ownership	0.340	Homoscedasticity
Pandemic	0.431	Homoscedasticity

From the table above it can be seen that the significance value of all independent variables in this study is more than 0.05 so it can be concluded that there is no heteroscedasticity.

**Table 6: Autocorrelation Test Results**

	Run Test Value	Information
asympt. Sig. (2-tailed)	0.839	No Autocorrelation Occurs

Based on the table above using the run test it is known that the significance value is greater than 0.05 so that the data in this study does not occur autocorrelation.

**Table 7: Test Results of Multiple Linear Regression Analysis Equation 1**

Variable	B	Std. Error
Constant	0.792	0.323
Profitability	20,728	1,854
Liquidity	-0.130	0.059
Managerial ownership	-0.115	0.831
Pandemic	-0.050	0.326

Results the calculation of multiple linear regression analysis in this study is Firm Value = 0.792 + 20.792X1 + (-0.130X2) + (-0.115X3) + (-0.050X4) + e

Table 8: Test Results of Multiple Linear Regression Analysis Equation 2

Variable	B	std. Error
Constant	1,824	3,324
Profitability	33,227	29,025
Liquidity	1,180	1,550
Managerial ownership	-26,311	12,968
Pandemic	0.008	0.326
CSR	-2,328	7,562
Profitability Against CSR	-27,686	66,793
Liquidity Against CSR	-2,934	3,489
Managerial Ownership of CSR	-2,683	3,237
Pandemic Against CSR	60,602	30,193

Results The calculation of multiple linear regression analysis in this study is Firm Value =  $1.824 + 33.227X_1 + 1.180X_2 + (26.311X_3) + 0.008X_4 + (-2.328Z) + (-27.686X_1*Z) + (-2.934X_2*Z) + (-2.683X_3*Z) + 60.602X_4*Z + e$

Table 9: Test Results t

Variable	T Count	Sig.	Information
Profitability	11.178	0.000	Influential
Liquidity	-2,202	0.030	Influential
Managerial ownership	-0.139	0.890	No Stake
Pandemic	0.153	0.879	No effect
CSR	-0.308	0.759	No effect
Profitability Against CSR	-0.415	0.680	No effect
Liquidity Against CSR	-0.841	0.403	Bet Not
Managerial Ownership of CSR	-0.517	0.135	No effect
Pandemic Against CSR	2.007	0.048	Influential

Based on the table above hypotheses 1.1, 1.2, and 5 have a significant effect on firm value with an overall significant value of  $<0.05$ . Meanwhile for hypotheses 1.3, 1.4, 1.5, 2, 3, and 4 have no significant effect on firm value because the significance value is  $> 0.05$ .

After the t test, there will be an R2 test (coefficient determinant) where the value of R2 in this study is 0.591, this means that the independent variable on the dependent variable is 59.1% and the remaining 40.9% is explained by other factors or variables outside the model. .

Table 10: F Test Results

P Count	Sig.	Information
33,619	0.000	Have a significant impact

Based on the results of the data, a significance value of  $0.000 < 0.05$ , it can be concluded that simultaneously the independent variables have a significant influence on the dependent variable.

## 4.2 Discussion

### Effect of Profitability on Firm Value

The results of the analysis as seen from the explanation above show that the significance value of 0.000 is less than 0.05, meaning that there is a significant and positive influence between profitability and firm value. The results of this study are in line with research conducted by (Tumanan and Ratnawati 2021) where profitability affects the firm value.

Profitability plays an important role in all aspects of business because it can show business efficiency, reflect company performance and show how the company will share large profits with investors.

### The Effect of Liquidity on Firm Value

The results of the analysis as seen from the explanation above show that the significance value of 0.030 is less than 0.05, meaning that there is a significant and positive influence between liquidity and company value. The results of this study are in line with research conducted by (Irmayanti et al. nd) where liquidity affects the firm value.

The company's liquidity with the CR indicator shows how smooth the company's cash flow is. If the company has a stable cash flow, investors will consider the company's business profitable, the stock price will increase and the company's value will also be higher.

#### **Effect of Managerial Ownership on Firm Value**

The results of the analysis as seen from the explanation above show that the significance value is 0.890 which is greater than 0.05, meaning that there is no significant and positive influence between managerial ownership and firm value. The results of this study are in line with research conducted by (Lestari et al. 2022) where managerial ownership has no effect on firm value.

The absence of managerial ownership on firm value indicates that the company will always try to benefit shareholders or investors regardless of the ownership rights of managers and investors.

#### **The Effect of a Pandemic on Company Value**

The results of the analysis, as seen from the explanation above, show that the significance value is 0.879 which is greater than 0.05, meaning that there is no significant and positive influence between the pandemic and company value. The results of this study are in contrast to research conducted by (Revinka, Finance, and Stan 2021) where the pandemic affects the company's value.

The Covid-19 pandemic has reduced investor confidence in the market, causing the Indonesian capital market to experience a decline and the JCI tends to fall more than before the pandemic.

#### **The Influence of CSR on Corporate Values**

The results of the analysis as seen from the explanation above show that the significance value is 0.759 which is greater than 0.05, meaning that there is no significant and positive influence between CSR on firm value. The results of this study are in contrast to research conducted by (Ariadi et al. 2022) where CSR affects the value of the company,

Disclosure of CSR will be the company's long-term strategy and will have a positive impact on the company's efforts so that it can affect the company's performance.

#### **The Effect of Profitability on Corporate Value Moderated by CSR**

The results of the analysis as seen from the explanation above show that the significance value is 0.680 which is greater than 0.05, meaning that CSR cannot moderate the effect of profitability on firm value. The results of this study are in line with research conducted by (Irmayanti et al. nd) where CSR is not able to mediate the profitability of the company's value. This is due to the tendency of investors who are very focused on profits and company profitability ratios, so they pay less attention to corporate social responsibility.

#### **The Effect of Liquidity on Corporate Value Moderated by CSR**

Results analysis as seen from the explanation above that a significance value of 0.403 which is greater than 0.05 means that CSR cannot moderate the influence of liquidity on firm value. The results of this study are in line with research conducted by (Tumanan and Ratnawati 2021) where CSR is unable to mediate liquidity on firm value. No matter how big CSR disclosure does not have a significant effect on liquidity and company value, companies must still report social responsibility even though the level of liquidity is high or low.

#### **The Effect of Managerial Ownership on Corporate Value Moderated by CSR**

The results of the analysis as seen from the explanation above show that a significance value of 0.135 which is greater than 0.05 means that CSR cannot moderate the effect of managerial ownership on firm value. The results of this study are in contrast to the research conducted by (Widianingsih 2018b) where CSR is able to mediate managerial ownership of firm value. Managerial share ownership can provide added value to the company itself, especially if the number of shares owned is quite large.

#### **The Effect of a Pandemic on Corporate Values Moderated by CSR**

The results of the analysis, as can be seen from the explanation above, are that a significance value of 0.048 which is less than 0.05 means that CSR is able to moderate the influence of the pandemic on company value.

### **5. Conclusion**

This study aims to examine the effect of profitability, liquidity, managerial ownership, and pandemic on firm value with CSR as a moderating variable in food and beverage sub-sector manufacturing companies listed on the IDX in 2017-2021. Based on the exhaustive data analysis that has been carried out in this study, it

can be concluded that the profitability and liquidity variables have a positive and significant effect on firm value. For managerial ownership, CSR, and pandemic variables have no effect on firm value. and only the pandemic relationship to corporate value can be moderated by CSR.

The limitation of this research is that the research object only takes food and beverage sub-sector companies. In addition, many of the variables used have no effect, so further research is expected to use variables outside the variables in this study. Researchers only take research data from the internet so that there is a possibility that data is lost or not included or intentionally not included by the company. For further research, it is hoped that there will be an increase in the number of samples and also the company sector used for research.

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