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The Influence of Corporate Social Responsibility and Company Values on the Welfare of People's Lives

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This study aims to determine: (1) the effect of corporate social responsibility on the welfare of people's lives. (2) The influence of corporate values on the welfare of the community. (3) The influence of corporate social responsibility and company value on the welfare of the community. The sample of this research is based on social responsibility in the Property sector in 2018-2020 using the purposive sampling method. There are 17 companies in 2018-2020 that meet the criteria as research samples using purposive sampling. The method of analysis in this study is multiple regression analysis. The results of this study indicate that the disclosure of corporate social responsibility has a positive effect on the welfare of people's lives. The value of the company does not have a positive effect on the welfare of people's lives.

Keywords: Corporate Social Responsibility, Corporate Values, Community Welfare, Company Profit, Social Environment

Introduction

Corporate Social Responsibility (CSR) is a discussion that companies not only have obligations in activities for shareholders but also have social responsibilities to stakeholders. CSR as the basis of the company's commitment to the environment and social where the company is located (Permanasari & Kawedar, 2010). This thinking is based on the 3Ps, namely (profit, people, planet) according to the Global Compact Initiative, namely the company's goal is not only to pursue profit (profit) but also to the welfare of people (people), and have a concern for environmental sustainability on this earth (Compact, 2019).

The ideal place of production does not only prioritize profit, but also has a concern for environmental sustainability and cares for the welfare of the community. A number of benefits from the implementation of Corporate Social Responsibility (CSR) that can be obtained by the company include improving the reputation and image of the company in the eyes of the public, investors, government and customers. This has a positive impact on companies in business development in the era of globalization and free competition (Elkington, 1998).

Corporate Social Responsibility (CSR) can be used as a new marketing tool for companies if it is carried out continuously. And basically these costs turn into expenses that reduce income which makes the company's profit level decrease. Even though by doing Corporate Social

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Responsibility (CSR), the good name of the company will have a big impact which makes consumers' interest soaring rapidly (Ida & Jenni, 2019).

In Indonesia, discussions about awareness of the need to protect the environment and social responsibility have been regulated in the Limited Liability Company Law Number 40 article 74 of 2007 (Presiden Republik Indonesia, 2007) which explains that companies in carrying out business activities related to natural resources obliged to carry out social and environmental responsibilities.

Literature Review

Every company around the world will carry out various ways how with structured activities can increase the company's attractiveness and become a good business company. One of its activities is Corporate Social Responsibility (CSR).

Corporate Social Responsibility (CSR) is a business approach by contributing to sustainable development by providing economic, social and environmental benefits for all stakeholders. For example, the company's CSR programs, such as providing scholarships for underprivileged children in the neighborhood, donating to various activities held by the neighborhood. So Corporate Social Responsibility (CSR) activities are essentially a strategy carried out by the company in accommodating the interests of its stakeholders.

Implementation of Corporate Social Responsibility

(Setyaningrum & Prastiwi, 2011) explains that the implementation of Corporate Social Responsibility (CSR) carried out by the company can be separated into several stages, namely the planning, implementation, evaluation, and reporting stages. Corporate social responsibility is divided into 3 models, namely direct involvement, through foundations or corporate social organizations, and partnering with other parties. The form is as follows:

1. Grant,
2. Award
3. Community Funds
4. Social Subsidies
5. Technical network funding assistance for eligible targets to acquire knowledge and skills so as to increase productivity. For example, technical assistance for small or micro businesses.
6. Provision of social services such as education, health, law, playgrounds, orphanages, scholarships, and sharing other social services for the community.
7. Small business credit assistance with low interest rates for households, both people living around the company and the community in general.
8. Community development program through community development.
9. Provision of social compensation for people who are victims of pollution and environmental damage

Limitations of Corporate Social Responsibility

The limitations contained in CSR are not only private companies not doing something so that they are affected by complaints from local residents. Companies take the initiative to involve themselves in various social and environmental activities in their company activities, and they will get business opportunities that Corporate Social Responsibility offers.

The value of the company

Understanding the value of the company according to (Husnan & Pudjiastuti, 2002) states that: "The value of the company is the price that prospective buyers are willing to pay if the

company is sold, the higher the value of the company, the greater the prosperity that will be received by the owner of the company".

Firm Value Determination

According to (Keown, 2000) states that there are eight ways to assess the company are as follows:

1. Price Book Value
2. Book Value
3. It can simply be calculated by dividing the difference between total assets and total debt by the number of shares outstanding. In the form of a formula it can be written:
4. Enterprise Value
5. Also known as firm value (company value) is the investor's perception of the company which is often associated with stock prices. Firm Value formed through stock market indicators is strongly influenced by investment opportunities. As for how to calculate enterprise value:
6. Price Earning Ratio Method
7. Discounted Cashflow Approach
8. Appraisal Value
9. Stock Market Value
10. Chop-Shop Rates

The chop-shop approach was first introduced by (Management, 1989). It is actually used as a checking tool in multi-industry companies whose existence is below value and will have a different management if there is a separation. The chop-shop approach bases the value of companies on the various stages of their business activities. The chop-shop approach actually consists of 3 stages:

- a) Identify the various business segments of the company and calculate the average capitalization ratio for companies in the industry.
- b) Calculates the theoretical market value over each capitalization ratio.
- c) Average written market value to determine the company's chop-shop value.

Understanding the welfare of people's lives

Community welfare according to (Setyaningrum & Prastiwi, 2011) is an attraction in providing the living needs of the surrounding community at age level indicators to grow and develop from various availability and motivations so that they can make decisions, organize and act to operate and improve their physical environment and social welfare.

Community Welfare Indicator

Community welfare is an integral part of the economic development paradigm. So that satisfaction and well-being are two related meanings. The level of satisfaction is based on the condition of the individual or group, while the level of welfare is based on the condition of the community or society at large (Jatiningrum et al., 2021). The main problem of social welfare in today's era states that there are people in our society who have not yet received their rights that should have been obtained in obtaining social services from the state. As a result, there are still people who face obstacles in carrying out their social activities so that they cannot live a decent and dignified life.

Methods

This descriptive statistic is used to get the level of opinion of Corporate Social Responsibility (CSR) and the value of the company in property companies listed on the IDX. used in this study are the minimum value, maximum value, mean, and standard deviation. The total population is 65

companies and total sample is 17 companies count with purposive sampling the criteria sample belows:

Table 1. Sample Criteria

No	Criteria	Total
1	The Corporate listed in Indonesian Exchange in The Property sector for the period 2018 - 2020	65
2	Companies That not Submit annual financial Statements in row during 2018 - 2021	(21)
3	Companies that suffered losses during the 2018 – 2020 period	(12)
4	Companies that do not have complete data related to research variables	(15)
	Total	17

Classic assumption test

Tests carried out to obtain answers to the calculation model carried out without problems of normality, heteroscedasticity and autocorrelation, researchers will test the classical assumptions. If all of these calculations meet the jokes, then it can be continued(Edy et al., 2020).

1. Normality test

Testing this assumption will assess the data on Corporate social responsibility, company value and the welfare of people's lives against the resulting regression equation, whether the results are normal or abnormal. Researchers use several ways to find out the data used is normal or not as follows:

a) Graph Analysis

The graph analysis used by the researcher is by looking at the normal probability plot that takes into account the cumulative distribution of the normal distribution. The normal distribution will form a straight diagonal line and plot the legacy data that will be calculated through the diagonal line.

b) Statistical Analysis

Normality testing used to analyze images can be confusing if you are not careful, because visually the data can look normal but statistically it can be otherwise. To get more reliable results, the researchers also carried out statistical tests, namely the non-parametric Kolmogorov-Smirnov (K-S). K-S test is done by making a hypothesis (Ghozali, 2018):

Ho : Residual data is normally distributed

Ha : Residual data is not normally distributed

2. Heteroscedasticity Test

This test is intended to find out how the regression model works so that it can see the incidence of variance inequality from the residuals of one study to another. If the variance in question is fixed, then it is called Homoscedasticity and if there is a difference it is called Heteroscedasticity. The ideal regression style is Homoscedasticity or Heteroscedasticity does not occur (Ghozali, 2018).

3. Multicollinearity Test

The multicollinearity test is used to determine whether or not there is a deviation from the classical assumption of multicollinearity, namely the existence of a linear relationship between independent variables in the regression model. The prerequisite that must be met in the regression model is the absence of multicollinearity. There are several test methods that can be used, including:

- a) By looking at the value of the inflation factor (VIF) in the regression model,
- b) By comparing the value of the coefficient of individual determination (r²) with the value of determination simultaneously (R²), and
- c) By looking at the eigenvalue and condition index.

In this discussion, a multicollinearity test will be carried out by looking at the value of the inflation factor (VIF) in the regression model and comparing the value of the coefficient

of individual determination (r^2) with the value of determination simultaneously (R^2). In general, if the VIF is greater than 5, then the variable has a multicollinearity problem with other independent variables.

4. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period $t-1$ (previous). If there is a correlation, then there is an autocorrelation problem. Autocorrelation arises because successive observations over time are related to each other. A good regression model is a regression that is free from autocorrelation. To detect the presence or absence of autocorrelation in the regression model, the Durbin – Watson test (DW Test) can be used. The DW test is used for level one autocorrelation and requires an intercept (constant) in the regression model and there is no lag variable between independent variables. The Durbin Watson test is formulated as follows:

Information :

D = Durbin Watson grades

$\sum e_i^2$ = sum of squares remaining

The Durbin Watson value is compared with the d-table value and will produce conclusions as shown in the table below:

Table 2. Classification of Durbin-Watson values

Ho	Decision	If
There is no positive autocorrelation	reject	$0 < d < d_l$
There is no negative autocorrelation	<i>No decision</i>	$d_l \leq d \leq d_u$
No negative correlation	reject	$4 - d_l < d < 4$
No negative correlation	<i>No decision</i>	$4 - d_u \leq d \leq 4 - d_l$
There is no positive or negative autocorrelation	Not rejected	$d_u < d < 4 - d_u$

Explanation of the classification of DW values:

- If the Durbin-Watson value (d) is smaller than the lower limit (d_l) and greater than 0 (zero) then the hypothesis (H_0) which states that there is no positive autocorrelation is rejected. This means that the regression model has a positive autocorrelation problem.
- If the Durbin-Watson value (d) is less than or equal to the upper limit (d_u) and greater than or equal to the lower limit (d_l), then the hypothesis (H_0) which states that there is no negative autocorrelation cannot be made. This means that the regression model testing is not convincing or there is no definite conclusion.
- If the Durbin-Watson (d) value is less than 4 and greater than 4 – the lower limit ($4 - d_l$) then the hypothesis (H_0) which states there is no negative correlation is rejected. This means that the regression model has a negative correlation problem.
- If the Durbin-Watson (d) value is less than or equal to 4 – the lower limit ($4 - d_l$) and greater than or equal to 4 – the upper limit ($4 - d_u$) then the hypothesis (H_0) which states that there is no negative correlation cannot be decision is taken. This means that the regression model testing is not convincing or there is no definite conclusion.
- If the Durbin-Watson value (d) is less than 4 – the upper limit ($4 - d_u$) and greater than the upper limit (d_u) then the hypothesis (H_0) which states that there is no positive or negative autocorrelation is accepted. This means that the regression model does not have a positive or negative autocorrelation problem.

Regression Analysis

The data that has been collected was analyzed using statistical analysis tools, namely: Multiple linear regression analysis (multiple regression analysis).

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Hypothesis test

Hypothesis testing is a procedure that allows decisions to be made, namely the decision to reject or accept the hypothesis.

1. Test F

The f statistic test basically shows whether all independent or independent variables included in the model have a joint effect on the dependent/related variable.

2. Test T

The t-statistical test basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable. This test is carried out to see the extent to which corporate social responsibility and company value in explaining the welfare of people's lives.

3. Coefficient of Determination (R2)

The coefficient of determination (R2) essentially measures how far the ability of the model used to explain the welfare of people's lives is.

Results

The analysis and discussion states the results of data analysis whose observations are in the independent variables used in the Linear Regression Analysis (RLA) model to get the results of Corporate Social Responsibility and the value of the company having a positive significance on the welfare of people's lives. Paired Sample T-Test different test analysis to find out whether there is a difference in the extent of disclosure of Corporate Social Responsibility and the value of the company on the welfare of people's lives. As for the method used in sampling that is by using purposive sampling so as to ge 17 companies used for research for 3 years, namely 51 samples.

Descriptive statistics

Table 3. Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Community Welfare	51	.048	.476	.31746	.121467
Corporate social responsibility	51	.115	.500	.27728	.115810
Corporate Values	51	0.67	2.772	.79293	.4899961
Valid N (listwise)	51				

Source: Processed secondary data

From the descriptive statistical analysis presented in the table above, it is known that the mean of community welfare by sample companies is 0.31746 with a standard deviation of 0.121467, which means that the data variation is very large (more than 30% of the mean). The welfare of the community ranges from the lowest value of 0.48, namely Duta Pertiwi Tbk. For the period 2018 and 2019 up to the highest value of 0.476, the company Bakrieland Development Tbk. The average value of the welfare of the community is 0.31746, indicating that the area of disclosure of the welfare of the community by the sample company is 0.31746.

The analysis shows that the average value of Corporate Social Responsibility disclosure by the sample companies is 0.27728 with a standard deviation of 0.115810, which means that the data variation is very large (more than 30% of the mean). Corporate social responsibility ranges from the lowest value of 0.115 found in Duta Pertiwi Tbk for the 2018 period to the highest value of 0.500, namely Bumi Serpong Peace Tbk. Means Corporate social responsibility with a number of 0.27728 shows that the area of economic disclosure by the sample companies is 0.27728.

The t-test shown in the table above states that the value of the company is calculated by Tobins Q. This ratio is part of a meaningful indicator in the sense of estimating the current money market that the value of the reduction of each dollar of incremental investment. From descriptive

statistical analysis, it is known that the average value of Tobins Q is 0.79293 with a standard deviation of 0.489961, which means that the data is too large (more than 30% of the mean). Tobins Q ranges from the lowest value with a total of 0.067 found in MNC Land Tbk. up to the highest value with a total of 2,772 found at Lippo Cikarang Tbk. Means Tobins Q of 0.79293 states the extent of disclosure of firm value by the sample company is 0.79293.

Classic Assumption Test Results

Classical assumption testing is carried out to obtain the data conditions needed in the study.

1. Normality test

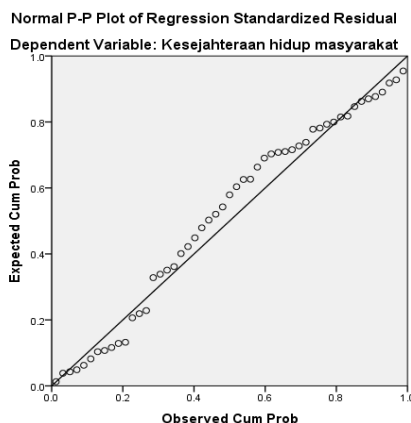


Figure 1. Normality test results with P-P plot

Source: Processed secondary data

Analysis of the data above which describes the Normal P-Plot diagram, the points are scattered around the diagonal line and follow the direction of the diagonal line. This indicates if the equation meets the assumption of normality. And ensure that the data obtained are normal, then the examiner performs a normality test again using the Kolmogorov-Smirnov test.

Table 4. Kolmogorov-Smirnov test results

		Unstandardized Residual
N		51
Normal Parameters ^{a,b}	Mean	0E - 7
	Std.	.09869034
Deviation		.106
Most Extreme differences	Absolute	.088
	Positive	-.106
	Negative	.756
Kolmogorov-Smirnov Z		616
Asymp.Sig.(2-tailed)		

Source: Processed secondary data

Analysis of the data is known if the value of Kolmogorov Smirnov with a value of 0.756 and significance with a value of 0.616. This test can be assessed that the data used has been distributed normally, and the value is greater than ($\alpha = 0.05$) which is $0.616 > 0.05$. The calculation obtained by Kolmogorov-Semirnov is consistent with the previous test using the Normal P-Plot graph. Therefore, the data on Corporate social responsibility, company value and social welfare are normally distributed.

2. Heteroscedasticity Test

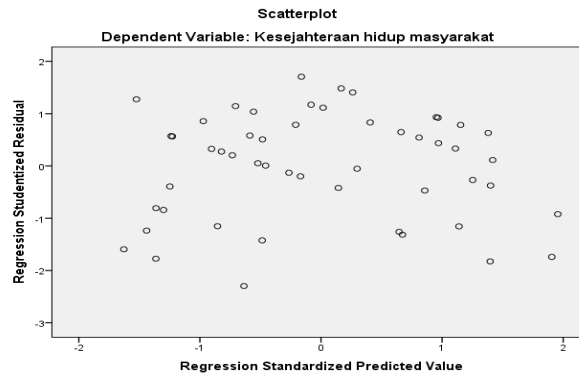


Figure 2. Heteroscedasticity test results

Source: Processed secondary data

With the image above, if there is no s-shaped pattern, and the points spread above and below 0 on the Y axis, it can be concluded that there is no heteroscedasticity in this equation model.

3. Multicollinearity Test

Table 5. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.117	.043		2.701	.010		
	Corporate social responsibility	.558	.123	.532	4.535	.000	1.000	1.000
	Corporate values	.058	.029	.233	1.987	.053	1.000	1.000

Source: Processed secondary data

From the test above, there is a value of variance inflation factor (VIF) for both variables, namely Corporate social responsibility and the value of the company is 1,000 less than 5, it is estimated that between the variables of Corporate Social Responsibility and company value there is no problem of multicollinearity on the welfare of people's lives.

4. Autocorrelation Test

Table 6. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.583 ^a	.340	.312	.100725	.946

Source: Processed secondary data

From the test above, the DW value obtained from the statistical style is 0.946. And from the DW table if the significance is 0.05 and the amount of data (n) = 51, seta k = 2 (k is the value of the independent variable) the dL value is 1.4564 and dU is 1.6257. It means that the DW value of 0.946 is below the dL region, then the null hypothesis is rejected, and it means that there is an autocorrelation.

Simultaneous Testing (F Test)

Table 7. F test results

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	.251	2	.125	12.356	.000 ^b
	Residual	.487	48	.010		
	Total	.738	50			

Source: Processed secondary data

Based on the test results above, it is explained that the main equation is obtained by an F-count value of 12.356 with a probability of 0.000. F table is obtained with $df = 48$, $sig\ 5\% = 3.19$. Because $F\ table < F\ count$ with $(3.19 < 12.356)$ a significance of 0.000 whose significance value is smaller than the significance level $(\alpha) = 5\%$ or 0.05 or it turns out that the p-value is $0.000 < 0.05$. Thus, it can be concluded that the style used to assess corporate social responsibility and company value is a fit style.

Coefficient of Determination

Table 8. Results of the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.583 ^a	.340	.312	.100725	.946

Source: Processed secondary data

Seen in the table above states that if the main equation is known that the value of Adjusted R² is 0.312, then 31.2% of the variables of the welfare of the community can be concluded that Corporate social responsibility and company value, and the remaining 68.8% is generated by other variables. other than the variables used.

Regression Analysis

Table 9. Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.117	.043		2.701	.010
	Corporate social responsibility	.558	.123	.532	4.535	.000
	Corporate values	.058	.029	.233	1.987	.053

Source: Processed secondary data

Based on the table above, the statistical equations can be generated as follows:

$$Y = 0,117 + 0,558 X1 + 0,058 X2 + e$$

The regression equation above can be explained as follows:

- A constant with a number of 0.117 means that Corporate social responsibility means that the value of the company's value is 0, then the welfare of the community's life is 0.117
- The coefficient on the equation of the Corporate social responsibility variable with a total of 0.558 states that if the other independent variables have a fixed value and Corporate social responsibility has an increase of 1%, so that the welfare of people's lives will increase by Rp. 0.558.
- The coefficient of the equation of the variable value of the company with a total of 0.058 means that if the other independent variables have a fixed value and the value of the company increases by 1%, from that the welfare of people's lives increases by 0.058.

Conclusion

Social responsibility in the industrial world is a factor that affects people's lives and welfare. The increasing share equaled by corporate social responsibility, the better the quality of disclosure, and the life of the community will be more prosperous. The implementation of the corporate social responsibility plan involves various main activities, such as education, health,

community, religion, infrastructure, and the environment. This can be implemented through community welfare programs and participating in nature conservation activities.

The value of the company has no effect on the welfare of people's lives. This means that the high and low value of the company is not a factor that affects the welfare of people's lives but becomes a measure for welfare on a smaller scale, namely investors and the company itself.

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