



ISSN: 0976-3031

Available Online at <http://www.recentscientific.com>

CODEN: IJRSFP (USA)

International Journal of Recent Scientific Research
Vol. 9, Issue, 9(D), pp. 28883-28886, September, 2018

**International Journal of
Recent Scientific
Research**

DOI: 10.24327/IJRSR

Case Report

INTELLECTUAL CAPITAL AND CORPORATE SOCIAL RESPONSIBILITY TO CORPORATE VALUES SURVEY AT CORPORATE GOVERNANCE PERCEPTION INDEX (CGPI) RATING CORPORATE IN INDONESIA

Dedi Kusmayadi

Accounting Department, Economics Faculty, Siliwangi University,
Tasikmalaya, West Java, Indonesia

DOI: <http://dx.doi.org/10.24327/ijrsr.2018.0909.2753>

ARTICLE INFO

Article History:

Received 13th June, 2018
Received in revised form 11th July, 2018
Accepted 8th August, 2018
Published online 28th September, 2018

Key Words:

Intellectual capital, corporate social responsibility, corporate value, and Indonesia

ABSTRACT

The purpose of this research is to find out and analyze: (1). Partial influence of intellectual capital and corporate social responsibility on the value of the corporate in Corporate Governance Perception Index (CGPI) rating companies in Indonesia, (2). Simultaneous influence of intellectual capital and corporate social responsibility on the corporate value in Corporate Governance Perception Index (CGPI) rating companies in Indonesia. The research method used in this study is a descriptive analysis method with a survey approach. The research population of the Corporate Governance Perception Index rating corporate in 2012 to 2016 was 30 companies. Sampling technique uses purposive sampling, obtained as many as 9 research samples. Data analysis tools use classical assumption and panel data regression. The results of the study show: (1) partially, intellectual capital has a negative effect not significant, and corporate social responsibility has a significant positive effect on the value of the corporate; (2). simultaneously intellectual capital and corporate social responsibility have a significant effect on firm value.

Copyright © Dedi Kusmayadi, 2018, this is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

In the midst of an increasingly developing business world, every corporate tries to always dynamically follow market demands and external demands. Increasing competition makes companies compete for corporate value and good perceptions of each stakeholder. The value of a corporate is a value to measure the level of quality of the corporate and a value that describes how much the level of importance of a corporate in the eyes of its customers [1]. Corporate Value can reflect the value of assets owned by a corporate such as securities. Stocks are one of the securities issued by the corporate, the high and low stock prices are influenced by the condition of the issuer. The higher the stock price, the higher the value of the corporate. In addition to increasing the value of the corporate, each corporate must make every effort to achieve other goals, but in that achievement often face a problem. One of the main problems faced by the leader or owner of the corporate is to provide the capital needed to support the corporate's activities so that the corporate can compete.

Competitive ability lies not only in the ownership of tangible assets but more in the intellectual capital such as innovation,

information systems, organizational management, and human resources. The field of intellectual capital (Intellectual Capital) initially appeared in the popular press in the early 1990s. But in Indonesia, the phenomenon of Intellectual Capital developed after the emergence of PSAK No. 19 concerning intangible assets [2]. Intellectual Capital (intellectual capital) is a new paradigm which previously emphasized physical capital (physical capital), but along with the rapid development of information technology and science, has triggered the growing interest in Intellectual Capital [3]. Today the application of conventional accounting based on capitalism is not right. Conventional accounting only aims at profit maximization, where the orientation of the corporate is more in favor of the owners of capital so that the corporate exploits natural resources and society uncontrollably. This illustrates that the rapid development of the corporate is not balanced with humanity's value and protection of the environment which is also evidenced by the rampant cases of environmental pollution, social inequality and worker accidents that occur in the business world.

Therefore, the corporate is now required to pay attention to the role of stakeholders, so that companies must be able to align

*Corresponding author: **Dedi Kusmayadi**

Accounting Department, Economics Faculty, Siliwangi University, Tasikmalaya, West Java, Indonesia

between companies and stakeholders by developing a Corporate Social Responsibility program (CSR). CSR is carried out because of the existence of a corporate in the middle of an environment that has a direct or indirect influence on sustainable economic development. The disclosure of intellectual capital can provide benefits, one of which is to ensure the achievement of the corporate's objectives, namely to increase the value of the corporate. One of the advantages of implementing CSR is increasing reputation, goodwill, and Corporate Value [4]. Thus theoretically the development of intellectual capital and CSR can increase the value of the corporate. Some research results show that intellectual capital and CSR have a significant effect on firm value [5, 6]. However, there are several other inconsistent studies which show that intellectual capital and corporate social responsibility have no significant effect on firm value [7, 8].

Research Purposes

1. To determine and analyze the influence of intellectual capital and corporate social responsibility, partially on the value of the corporate in the CGPI rating corporate in Indonesia
2. To find out and analyze the influence of intellectual capital and corporate social responsibility, simultaneously on the value of the corporate in the CGPI rating corporate in Indonesia

Literature Review

Intellectual Capital

Intellectual capital is intellectual material, knowledge, information, intellectual rights and experience that can be used to create wealth [3, 9]. Intellectual capital is an intangible asset which if managed properly will provide a competitive advantage of the corporate [9]. Intellectual capital can be measured by Value Added Intellectual Coefficient (VAIC) to monitor and evaluate the efficiency of a corporate's added value. The formula for measuring intellectual capital is:

$$VAIC = VACE + VAHC + STVA \dots\dots\dots(1)$$

Intellectual capital consists of three components that have roles together, namely capital employed (VACE), human capital (VAHC), and structural capital (STVA). Structural capital does not mean that without a qualified human being operating it [10], qualified human resources are also able to maintain the corporate's relationship with its business partners. So that if the three components are managed maximally, the corporate's performance will increase. The higher the corporate's performance, the higher the value of the corporate. The results show that IC has a positive influence on firm value [5, 8].

Corporate Social Responsibility

Corporate social responsibility is the corporate's commitment to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on the balance between attention to economic, social and environmental aspects, [11]. CSR can be measured using CSRD instruments, namely: environment, energy, health, and workforce safety, others labor, products, community involvement, and general which consists of 78 items of disclosure. The form used to calculate CSR values as follows:

$$CSRIJ : XIJnj \dots\dots\dots(2)$$

CSRIJ : CSR index corporate year i
 XIJ : Number of items disclosed by corporate j for year i
 Nj : Number of items for corporate j, $n_j \leq 78$

The implementation of CSR will increase the positive appreciation of stakeholders and can also improve reputation, goodwill, and Corporate Value [4]. The implementation of corporate CSR will not benefit, but the benefits of the corporate's value, [11], some research results show that CSR disclosures can affect the value of the corporate, [7, 12-16].

Corporate Value

The value of the corporate as a corporate performance is reflected by the stock price formed by capital market demand and supply which reflects the public's assessment of the corporate's performance in real terms [17]. There are several ratios to measure the value of a corporate, one of which is Tobin's Q. This ratio was developed by James Tobin (1967), which shows current financial market estimates of the value of returns on each dollar of incremental investment. This ratio is also considered to be able to provide the best information because it includes all the elements of debt and share capital of the corporate, not just ordinary shares and not only the corporate's equity is included but all corporate assets. Entering all corporate assets means that the corporate does not only focus on one type of investor, that is, investors in the form of shares, but also to creditors because the corporate's operational financing sources are not only from its equity but also from loans provided by creditors. The Tobin's Q Formula is as follows:

$$Tobin's Q = ((ME + Debt) / TA) \dots\dots\dots(3)$$

ME : The number of shares outstanding multiplied by the closing price of the shares
 Debt : (Total Debt + Inventory - Current Assets)
 TA : Book value of total assets

Hypothesis

1. Partially Intellectual Capital and Corporate social responsibility are thought to have an influence on the value of the corporate in the CGPI rating corporate;
2. Intellectual Capital and Corporate Social simultaneously affect the value of the corporate in the CGPI rating corporate.

RESEARCH METHODS

The research method that I use is descriptive analysis method with a survey approach. The research population is the Corporate Governance Perception Index (CGPI) rating corporate, from 2012 to 2016, namely 30 companies from The Indonesia Institute for Corporate Governance (IICG). The sampling technique uses nonprobability sampling with the type of purposive sampling, obtained as many as 9 research samples of CGPI ranking companies. The types and sources of data used are secondary data in the form of corporate annual reports from 2012-2016. Research variables consist of: 1) Intellectual Capital (X1), with indicator $VAIC = VACE + VAHC + STVA$; 2) corporate social responsibility (X2), with indicators $CSRIJ = CSR \text{ index corporate year } i$; 3) Corporate Value (Y) with

Tobin's Q indicator. Analysis tools use classical assumption test and panel data regression analysis with the help of software eviews 10.

RESULT AND DISCUSSION

From the data obtained regarding Intellectual Capital (IC), Corporate Social Responsibility (CSR) and Corporate Values in CGPI rating companies, recapitulation can be generated in table 1.

Table 1 Intellectual Capital, Corporate Social Responsibility, and Corporate Value

No	Nama Perusahaan	Intellectual Capital	Corporate Social Responsibility	Nilai Perusahaan
1	Aneka Tambang Tbk	5,412755251	0,565666667	2,030467973
2	bakrie and Brothers Tbk	-11,15260735	0,495166667	1,152903241
3	Bank MandiriTbk	4,834457074	0,481166667	0,134582552
4	Bank Negara Indonesia Tbk	4,454105539	0,442666667	0,10957949
5	Bank OCBC NISP	4,266361241	0,504	0,036935766
6	Bank Rakyat Indonesia Tbk	4,782753069	0,497166667	0,208263924
7	Bank Tabungan Negara Tbk	4,478062392	0,429833333	0,064863864
8	Bukit AsamTbk	5,013816049	0,620333333	2,070495561
9	TimahTbk	5,231690459	0,664833333	1,329274148

(publication: IIG, BEI, and emiten financial statement: 2012, 2013, 2014, 2015, 2016; data reprocessed); BEI: 2018

Intellectual Capital is part of knowledge that can benefit the corporate. The high intellectual capital level will illustrate that the creation of Corporate Value is getting better. Table 1, shows that the Business Performance Indicator VAIC average value from 2011-2016, it is known that there are 8 companies that are included in the top performer's category (VAIC values that are more than 3.00). This shows that the corporate is able to optimally manage the intellectual capital it has. While one corporate is included in the bad performer's category because the value is less than 1.5, this condition is suspected that the corporate has not been good in developing intellectual capital effectively and efficiently both in terms of human capital, structural capital, and capital employed.

Corporate social responsibility is a process of delivering social and environmental impacts on the corporate's economic activities to the surrounding community so that long-term economic stability and prosperity are achieved. Table 1, shows that the overall average value of CSR disclosures from 2011-2016 is 0.52. There are three or 33.3%, companies whose value of CSR disclosure is above average, companies that have above average values explain the CSR program in detail and reveal the points in the CSR index in their annual reports. While six or 66.7% are below average. Judging from the value of the corporate (table.1), there are four companies or 44% of companies that have Tobin's Q value above 1 this indicates that the prospects and performance of the corporate are in a good category. While as many as five companies or 55.6% have Tobin's Q value below 1. This shows the corporate's prospects are not good, so investors are worried that they are less interested in investing.

Classic Assumption Test

The normality test used in the study is a jarque test with ansignificancevalue test criteria (p)> 0.05 then the distribution is normally distributed. Based on the results of this research

test, the residual data is normally distributed because the sign value (p) is 0.316727> $\alpha = 0.05$. This multicollinearity test looks at the value of partial correlation between independent variables. if the correlation matrix does not have a value> 0.80, there will not be multicollinearity [18]. Based on the partial correlation between independent variables there is no value that shows more than 0.80. So it can be concluded that this study does not have multicollinearity. This heterogeneity test was tested using the white test using the program eviews.10. The test results showed the probability value of each independent variable was more than 0.05, so it can be concluded that the model has no symptoms of heteroscedasticity. Autocorrelation test using Durbin Watson-Test. Based on the results of autocorrelation testing obtained a value of 1,817127. With the DW value between dU and 4-dU (dU = 1.6800, 4-dU = 2.3200), there is no autocorrelation problem.

As for the results of panel data analysis, the common effect model is the best model compared to random effects and fixed effects.

Table 2 Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.603192	0.797886	-3.262612	0.0020
X1	-0.022352	0.020517	-1.089437	0.2811
X2	6.632182	1.518772	4.366806	0.0001
R-squared	0.273551	Mean dependent var	0.793041	
Adjusted R-squared	0.245063	S.D. dependent var	1.192821	
S.E. of regression	1.036407	Akaike info criterion	2.963351	
Sum squared resid	54.78116	Schwarz criterion	3.073850	
Log likelihood	-77.01046	Hannan-Quinn criter.	3.005966	
F-statistic	9.602270	Durbin-Watson stat	1.817127	
Prob(F-statistic)	0.000289			

The results of the analysis of the influence of intellectual capital on the value of the corporate (table.2), shows a significance value of 0.2811 which is greater than the critical value (alpha) set at 0.05 (not significant), meaning that the hypothesis proposed by intellectual capital partially affects the value of the corporate the CGPI rating corporate tested. Judging from the regression coefficient shows a negative value of -0.022352, meaning that with a fixed CSR assumption, every intellectual capital increase of 1% will decrease the value of the corporate by 0.022352. This is presumably because of the results of the study there is a value of less value added intellectual capital (VAIC), the corporate does not optimally manage and develop intellectual capital and management more views of physical investment than intellectual capital investments that are abstract because management does not dare to risk, for example issuing high employee salaries but not balanced with support for developing competencies, knowledge and innovation will reduce employee productivity so that employees cannot create value added for the corporate. The results of this study are not consistent with research [5, 16].

The results of the analysis of the influence of intellectual capital on the value of the corporate (table.2), shows a significance value of 0.0001 more than the critical value (alpha) which is set at 0.05 (significant), meaning that the hypothesis proposed partially suspected corporate social responsibility affects the value of the corporate the CGPI rating corporate tested. Judging from the regression coefficient shows a positive value of 6.6321820, meaning that assuming intellectual capital is constant, any intellectual capital increase of 1% will increase the value of the corporate by 6.6321820.

High disclosure of corporate social responsibility, shows that the contribution given by the corporate to stakeholders is also high, this will provide a positive image for the corporate and lead to high customer loyalty which will have an impact on increasing sales and maintaining the financial stability of the corporate. Good financial stability is something that is of concern to investors because it is considered to provide beneficial reciprocity so that it will increase the demand for shares followed by an increase in the value of the corporate. The results of this study are also in line with the theory of legitimacy and stakeholder theory that companies cannot break away from the surrounding social environment. Thus the results of this study indicate that corporate social responsibility partially has a significant positive effect on the value of the corporate in CGPI rating companies in Indonesia. support previous research [8, 12, 16].

From the test results simultaneously (table.2), the calculated F value is equal to 9.602270 with a probability value (significance) of 0.000289 smaller than the level of critical value (alpha) 0.05, indicating a significant influence. Thus the hypothesis proposed that Intellectual Capital and Corporate Social simultaneously affect the value of the corporate in the CGPI rating corporate in Indonesia is accepted or tested. Positive values indicate that if Intellectual Capital and Corporate Social are getting better, it will impact the higher value of the corporate. The results of the study are in line with the research of Putri and Rokhmi [19] who found that intellectual capital and corporate social responsibility have a significant effect on firm value. While the coefficient of determination (R²) can be seen from the value of the R-squared test (R²). R² value shows the amount of intellectual capital and corporate social responsibility influence on the Corporate Value of 27.55%, meaning that the variation of variable intellectual capital and corporate social responsibility contributes 27.35% to the corporate's value. While the remaining 72.65% is influenced by other variables outside the study including Debt-Equity Ratio, Return on Assets, Current Ratio, and other factors both technical and fundamental factors.

CONCLUSION

1. Intellectual capital partially has a negative effect not significant on firm value, partially corporate social responsibility has a significant positive effect on the value of CGPI rating companies in Indonesia
2. Simultaneous testing shows that intellectual capital and corporate social responsibility have a significant effect on the value of CGPI rating companies in Indonesia.

References

1. Rahayu, S., Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility dan Good Corporate Governance Sebagai Variabel Pemoderasi. Universitas Diponegoro, Semarang, 2010.
2. Indonesia, I.A., Standar Akuntansi Keuangan. 2015, Jakarta.

3. Ulum, I., Intellectual Capital: Konsep dan Kajian Empiris. 2013, Yogyakarta: UMM. Press.
4. Lako, A., Dekonstruksi CSR dan Reformasi Paradigma Bisnis & Akuntansi. 2012, Jakarta: Erlangga.
5. Bambang, B.S.M., A. Hakiki, and R. Ferdianti, Intellectual Capital, Firm Value, and Ownership Structure as Moderating Variable. Asian Social Science, 2015. 11(16).
6. Ficici, A. and C.B. Aybar, Corporate Governance and Firm Value in Emerging Markets an Empirical Analysis of a Issuing Emerging Market Firms. Emerging Markets Journal, 2012. 2.
7. Wibowo, S., Yokhebed, and L.D.R. Tampubolon, Pengaruh CSR Disclosure dan GCG terhadap Nilai Perusahaan dengan Kinerja Keuangan sebagai Variabel Intervening. UNIS, 2016.
8. Fauzia, N. and L. Amanah, Pengaruh Intellectual Capital, Karakteristik Perusahaan, dan Corporate Social Responsibility terhadap Nilai Perusahaan. Jurnal Ilmuan Riset Akuntansi, 2016. 5(4).
9. Stewart, T., Intellectual Capital: The New Wealth of Organizations. 1997, New York.: Doubleday/Currency.
10. Ancok, J., Psikologi Kepemimpinan dan Inovasi. 2012, Jakarta: Erlangga.
11. Untung, H.B., Corporate Social Responsibility. 2014, Yogyakarta: Andi.
12. Ayu, G., G. Juliarsa, and Maria, Pengaruh Pengungkapan CSR terhadap Nilai Perusahaan dengan Profitabilitas sebagai Variabel Pemoderasi. E-Jurnal Akuntansi, 2013. 5(3).
13. Luo, X.C. and B. Bhattacharya, Corporate Social Responsibility, Customer Satisfaction and Market Value. Journal of Marketing, 2006. 70(4).
14. Jie, C.T. and M.A. Hasan, The Influence of Corporate Social Responsibility Practice on Job Satisfaction and Corporate reputation based on Employees Perspective. Global Media Jurnal, 2015. 5(2).
15. Julie, B., The influence of CSR Disclosure on Corporate Governance and Corporate Performance. Swiss Management Center, 2008.
16. Rosafitri, C., Interaksi Good Corporate Governance, Corporate Social Responsibility dan Intelektual Capital pengaruhnya terhadap Kinerja Keuangan Perusahaan. Jurnal Of Accountancy Science, 2017. 1(1).
17. Sawarjuwono, T. and P.A. Kadir, Intellectual capital: Perlakuan, pengukuran, dan pelaporan. Jurnal Akuntansi dan Keuangan, 2005. 5(1): p. 35-57.
18. Ghazali, I., Aplikasi Analisis Multivariate dengan Program IBM SPSS 23. 2016, Semarang: BPFE.
19. Putri, C. and S. Rokhmi, Pengaruh CSR dan GCG terhadap Nilai Perusahaan: Profitabilitas sebagai Variabel Intervening. Jurnal Ilmu & Riset Manajemen, 2016. 5.
