THE EFFECT OF CORPORATE SUSTAINABILITY, CORPORATE GOVERNANCE AND CAPITAL STRUCTURE TOWARDS FIRM VALUE WITH CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AS INTERVENING VARIABLE ON MANUFACTURING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE PERIOD 2015-2019

Yuwendhy
Magister Akuntansi Universitas Batam,Batam-Indonesia

ABSTRACT

Firm value is investor's perception of the company's success which is often associated to its financial performance. Companies do not merely pursue profit maximization, but must also pay attention to non-financial factors to maintain long-term growth. Corporate sustainability emerged as a critical issue in the business world, along with corporate governance and capital structure. This study aims to analyse direct effect corporate sustainability, corporate governance, capital structure towards firm value and analyse indirect effect corporate sustainability, corporate governance, capital structure throuh corporate social responsibility disclosure towards firm value. Samples were selected from manufacturing companies on IDX period 2015-2019 that participated in PROPER program from Ministry of Forestry and Environment. The results showed that corporate governance and corporate social responsibility disclosure had positive and significant impact on firm value. Corporate sustainability and corporate governance positively and significantly impact corporate social responsibility. The company incorporates a sustainability agenda to meet stakeholder expectations, and in the long run to achieve success through effective and environmentally conscious organizational management. Corporate social responsibility mediates the effect of corporate sustainability towards firm value.

KEYWORDS : ***Corporate Performance, Sustainability, Debt to Equity Ratio, Firm Value Framework of Corporate Monitoring System, Social Responsibility,***

INTRODUCTION

Decisions regarding capital structure involve a determination process to find the right composition of debt and equity that will be used to fund investments made by companies. The right capital structure decision will be able to generate an optimal capital structure, namely the capital structure that will minimize the cost of capital and maximize firm value. Despite financial performance, non-financial performance has begun to attract attention of professional investors. They realize that profitability aspect is not sufficient for companies to maintain long-term growth. Companies need to maintain sustainability performance as this will increase awareness of investors in the Indonesian capital market. Investors will analyse company’s stock price and use that data in order to make investment decision in that company. This is because the value of the company reflects amount of trust other people have towards that company. The higher company value reflects effcient management and perceived of future prospects. To achieve high value, companies cannot only focus on maximising profits, but companies also needs to pay attention to internal and external interests of stakeholders. The mechanism of good corporate governance and disclosure of corporate social responsibility are important factors that can increase company value by taking into account balance between internal and external interests of the company.

LITERATUR REVIEW AND HYPHOTHESIS

Worokinasih, Zaini and Zuhdi (2020:89) reveal that firm value can be interpreted as shareholder expectations of their investment value. Firm value reflects management's ability to determine the right capital structure, management's ability to use its assets effectively and efficiently, and operational management's ability to streamline production and distribution processes.

Corporate sustainability emerges from triple bottom line concept, namely economic, social and environmental responsibility. In this definition, companies not only paying attention to physical environment problem and natural resource management but also in business activities of economic and social context that involve a business system model, dynamic behavior is needed in creating long-term corporate value (Shalihin, Suharman dan Hasyir, 2020:102).

Corporate governance is a process influenced by a set of legislation, regulations, legality, market mechanisms, standard listings, best practices, and the efforts of all corporate bodies including directors, employees, auditors, legal and financial advisors, which form a system of checks and balances, aims to create and develop shareholder value and also protect interests of stakeholders (Kamaliah, 2020:342).

Irawati & Komariyah (2019:210) state theory that explains capital structure is the pecking order theory. Asymetrics information is a factor that management has more information about the company's prospects than investors. This asymetrics information affects the choice between internal funding sources or external funds (debt) as well as additional equity participation from internal funds or issuance of new shares. Pecking order theory states the order of funding that management can decide. First, companies prefer internal funding. Second, companies will try to adjust dividend payout ratio with investment opportunities. This is an attempt not to make any substantial changes in dividend payments. Third, dividend payments tend to be constant in volatile conditions result in overuse of internal funds or underinvested. If funding for operations is less than investment needs, the company will reduce its cash balance or sell its securities. Fourth, if external funding is needed, the company will issue debt or securities.

Corporate social responsibility is a mechanism for organization to voluntarily integrate environmental and social issues into its operations and interactions with stakeholders, which goes beyond legal and organizational responsibilities. The World Business Council for Sustainable Development defines corporate social responsibility as a business commitment to contribute for sustainable economic development, through collaboration with employees and their representatives, their families, local communities and communities to improve quality of life that benefits business and development (Purbawangsa et al. , 2019:5).

Sub-headings of literature review and hypotheses

No	Name	Title	Results
1	Worokinasih, Zaini dan Zuhdi (2020)	The Mediating Role of Corporate Social Responsibility (CSR) Disclosure on Good Corporate Governance (GCG) and Firm Value. A Technical Note	Corporate governance has positive and significant effect on Firm Value. Corporate governance has positive and significant effect on CSR Disclosure. CSR Disclosure has no significant effect on firm value
2	Shalihin, Suharman dan Hasyir (2020)	Impact of Corporate Sustainability on Firm Value: Indonesian Context	Corporate sustainability has a positive effect on Firm Value
3	Kamaliah (2020)	Disclosure of corporate social responsibility (CSR) and its implications on company value as a result of the impact of corporate governance and profitability	Corporate governance has no effect on CSR Disclosure. Profitability has effect on CSR Disclosure. CSR Disclosure affects firm value
4	Irawati dan Komariah (2019)	The Role of Capital Structure on The Effect of Dividend Policy and Business Risk on Firm Value (Evidence from Indonesian Manufacturing Company)	Dividend policy and business risk affect the capital structure. Capital structure has effect on firm value. Capital structure mediates the relationship between dividend policy and business risk on firm value
5	Purbawangsa Solimun, Fernandes dan Rahayu (2019)	Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016)	Corporate governance and corporate profitability have positive and significant impact on CSR disclosure. CSR disclosure and corporate profitability has significant and positive effect on corporate value. Corporate governance affects firm value mediated by CSR Disclosure

Research Hyphotesis

1. *Corporate sustainability has direct effect towards Firm Value*
2. *Corporate governance has direct effect towards Firm Value*
3. *Capital structure has direct effect towards Firm Value*

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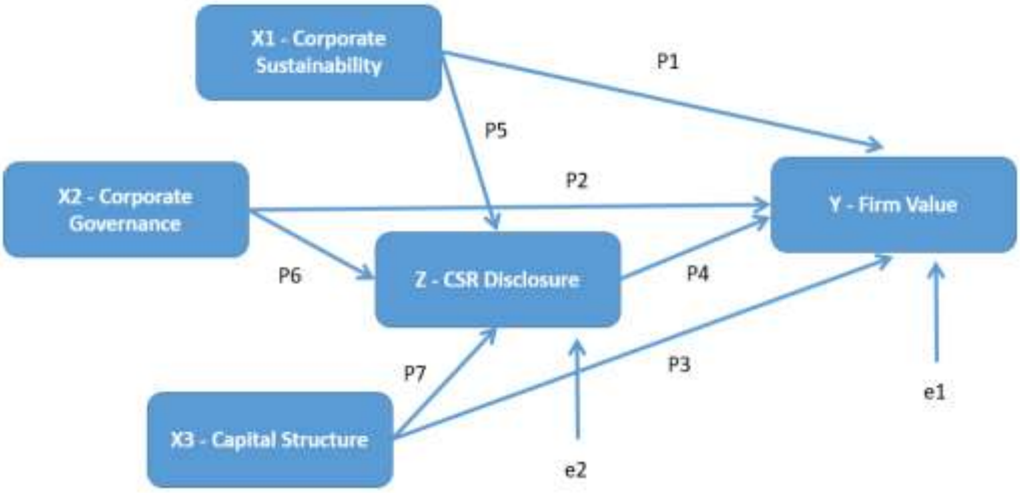
4. *CSR disclosure has direct effect towards Firm Value*
5. *Corporate sustainability has direct effect towards CSR disclosure*
6. *Corporate governance has direct effect towards CSR disclosure*
7. *Capital structure has direct effect towards CSR Disclosure*

Figure 1. Structural Equation Model



RESEARCH METHODOLOGY

This type of research is explanatory research with a quantitative approach. The Ministry of Environment publishes PROPER report (Rating Performance Program for Companies in Environmental Management), to give awards in sustainability for companies in Indonesia. An effort to encourage companies in managing environment through information instruments by actively involving community.

Table 1
Details of the Population and Sample of Manufacturing Companies on the IDX

No	Keterangan	Jumlah
1.	Number of manufacturing companies listed on the Indonesia Stock Exchange during 2015-2019	184
2.	Companies not listed in the PROPER report	(139)
3.	Listed in PROPER report but not consecutive	(8)
		37

Not all companies were given a PROPER rating on the Indonesia Stock Exchange, the sample for this study was taken based on the purposive method with followings criteria: 1) manufacturing sector; 2) listed in PROPER rating for 5 consecutive years 2015-2019; 3) include information regarding with disclosure of social responsibility. Based on these criteria, 37 companies were selected as samples. The source of annual report data is taken from TICMI (The Indonesian Capital Market Institute). There are five latent variables in this study, namely: (1) Corporate Sustainability (2) Corporate Governance; (3) Corporate Social Responsibility Disclosure; (4) Capital Structure (5) Firm Value. To test data analysis requirements, this study uses the classical assumption test, which consists of normality test, multicollinearity test, heteroscedasticity test and autocorrelation test using SPSS (Statistics Program for Social Science) software. And for hypothesis testing, this study uses structural equation model of Partial Least Square (SEM-PLS) software, which consists of R-Square, f-square, direct effect, indirect effect and total effect. Corporate sustainability is measured using PROPER rating by Ministry of Forestry and Environment, corporate governance with 5 (five) indicators, namely institutional ownership, board of commissioners, audit committee, board of directors and managerial ownership, capital structure with debt to equity ratio, corporate social responsibility disclosure with 6 (six) indicators taken from the Global Reporting Initiative (GRI), namely economic performance, environmental performance, employment, human rights, community & product responsibility and firm value with Tobin's Q ratio.

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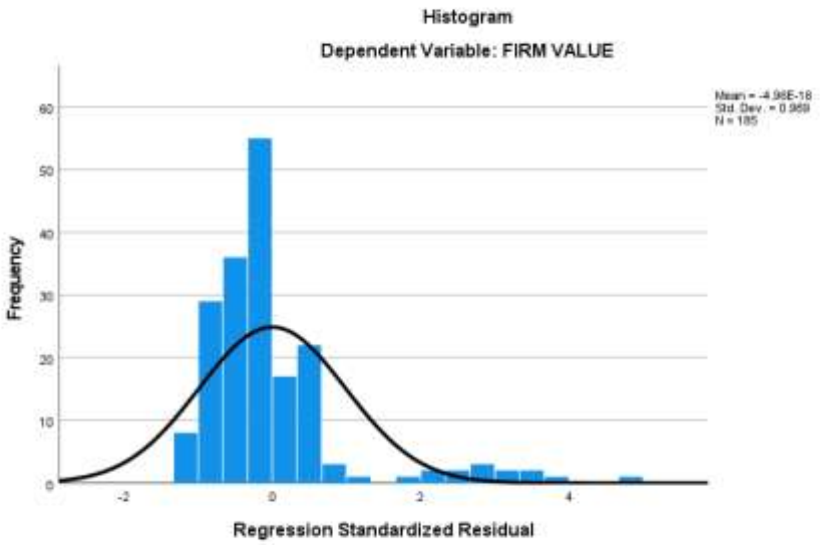
RESULTS AND DISCUSSION

Normality Test

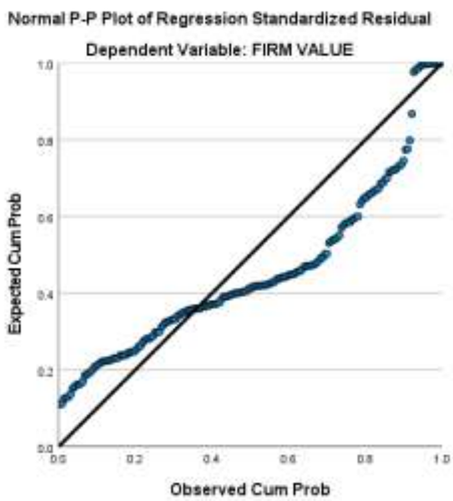
Normality test using histogram, normal P-P plot and Kolmogorov-Smirnov test from SPSS shows results as follows:

Figure 2. Histogram Normality Test



The graph shows that data distribution is not skewed to left or right (located on the curve), so it can be concluded that data is normally distributed.

Figure 3. Normal PP Plot



In figure above, scatter plot shows points follows data along diagonal line, so it can be concluded that data is normally distributed.

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Table 2. Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			185
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		3.35679393
Most Extreme Differences	Absolute		.200
	Positive		.200
	Negative		-.118
Test Statistic			.200
Asymp. Sig. (2-tailed)[c]			<.001
Monte Carlo Sig. (2-tailed)[d]	Sig.		.000
	99% Confidence Interval	Lower Bound	.000
		Upper Bound	.000

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Results of Kolmogorov-Smirnov Test above yielded a significant value of 0.200, which is > 0.05, so it can be concluded that data is normally distributed.

Multicollinearity Test

This test was conducted to determine whether a regression model have a strong correlation between independent variables.

i. If there is a strong correlation between independent variables, there is a violation of multicollinearity assumption

ii. If there is no strong correlation between independent variables, then there is no violation of multicollinearity assumption.

Table 3. Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-4.360	1.914		-2.278	.024		
	CORPORATE SUSTAINABILITY	.746	.610	.093	1.222	.223	.831	1.204
	CORPORATE GOVERNANCE	.260	.104	.182	2.488	.014	.892	1.120
	CAPITAL STRUCTURE	.114	.123	.065	.929	.354	.983	1.017
	CSR DISCLOSURE	3.776	1.323	.226	2.853	.005	.763	1.310

a. Dependent Variable: FIRM VALUE

i. Variable X1 corporate sustainability, tolerance value 0.831 > 0.1 and VIF value 1.204 < 10, can be concluded that there is no multicollinearity

ii. Variable X2 corporate governance, tolerance value 0.892 > 0.1 and VIF value 1.120 < 10, can be concluded that there is no multicollinearity

iii. Variable X3 capital structure, tolerance value 0.983 > 0.1 and VIF value 1.017 < 10, can be concluded that there is no multicollinearity

iv. Variable Z corporate social responsibility disclosure, tolerance value 0.763 > 0.1 and VIF value 1.310 < 10, can be concluded that there is no multicollinearity

Heteroscedasticity Test

Homoscedasticity is to test whether a group has same variance among members of group. If variances are same, and this is what should happen, there is homoscedasticity. Meanwhile, if variance is not the same, it is said that heteroscedasticity occurs. Heteroscedasticity test is carried out using Glejser test.

Table 4. Glejser Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.240	.283		.846	.398
	CORPORATE SUSTAINABILITY	.120	.090	.107	1.328	.186
	CORPORATE GOVERNANCE	.019	.015	.096	1.238	.217
	CAPITAL STRUCTURE	-.030	.018	-.121	-1.638	.103
	CSR DISCLOSURE	-.099	.196	-.042	-.503	.615

a. Dependent Variable: ABS_Res2

Through the first Glejser test, researcher found symptoms of heteroscedasticity, due to that researcher took action to do data correction to overcome the symptoms by using natural logarithm data transformation. Variables are transformed into form of one per natural logarithm. Results of variable transformation were regressed with absolute residual value-2, analysis of glejser test are as follows:

i. Variable X1 corporate sustainability sig value 0.186, value is > 0.05, it can be concluded that there is no heteroscedasticity
ii. Variable X2 corporate governance sig value 0.217, value is > 0.05, it can be concluded that there is no heteroscedasticity
iii. Variable X3 capital structure sig value 0.103, value is > 0.05, it can be concluded that there is no heteroscedasticity
iv. Variable Z corporate social responsibility disclosure sig value 0.615, value is > 0.05, it can be concluded that there is no heteroscedasticity

Autocorrelation Test

Autocorrelation test if there is any correlation in a linear regression between confounding error in period t and error in period t-1 (previous year). If there is correlation, it is called autocorrelation problem. A good regression model is free from autocorrelation.

The initial Durbin-Watson test result shows a positive autocorrelation. Due to this, researcher carried out data improvement method using Durbin's Two Step Method of Durbin Watson D, by transforming initial model into a difference model.

Table 5. R-Square Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.196[a]	.038	.017	.62856	2.000

a. Predictors: (Constant), LAG_LN_Z, LAG_LN_X3, LAG_LN_X1, LAG_LN_X2

b. Dependent Variable: LAG_LN_Y

Value of d=2, with n-1=184 and k=4, using Durbin-Watson table, obtained value dL=1.7146 and dU=1.8033, d > dU or 2.00 > 1.8033, can be concluded that there is no positive autocorrelation and (4 - d) > dU, (4 - 2.00) > 1.8033, or 2.00 > 1.8033, can be concluded that there is no negative autocorrelation.

R-Square

Analysis coefficient determination is carried out by looking at R-Square value of dependent variable, so it can be seen to what extent independent variables can be explained by dependent variable. Higher R-Square value, indicates a better prediction research model.

Table 6. R-Square Test

	R Square	Adjusted R Square
(Z) CSR Disclosure	0,235	0,223
(Y) Firm Value	0,141	0,121

R-Square corporate social responsibility disclosure is 0.235. This shows influence (X1) corporate sustainability, (X2) corporate governance and (X3) capital structure in explaining corporate social responsibility disclosure is 23.5%. While remaining 76.5% is explained by other factors outside this research model.

R-Square firm value is 0.141. This shows influence (X1) corporate sustainability, (X2) corporate governance, (X3) capital structure and (Z) corporate social responsibility disclosure in explaining firm value is 14.1%, while remaining 85.9% is explained by other factors outside this research model.

f-Square

A measurement to assess relativity impact of an influencing variable (exogenous) to affected variable (endogenous). Effect size measures contribution between variables to formation of f square. Value of ($f2$) determines magnitude of influence for each variable.

Table 7. f-Square

	(X1) Corporate Sustainability	(X2) Corporate Governance	(X3) Capital Structure	(Z) CSR Disclosure	(Y) Firm Value
(X1) Corporate Sustainability				**0,167**	**0,008**
(X2) Corporate Governance				0,078	0,034
(X3) Capital Structure				**0,007**	**0,005**
(Z) CSR Disclosure					0,046

i. (X1) Corporate Sustainability → (Y) Firm Value = 0.008, close to 0.02, indicates weak impact
ii. (X2) Corporate Governance → (Y) Firm Value = 0.034, close to 0.02, indicates weak impact
iii. (X3) Capital Structure → (Y) Firm Value = 0.005, close to 0.02, indicates weak impact
iv. (Z) CSR Disclosure → (Y) Firm Value = 0.046, close to 0.02, indicates weak impact
v. (X1) Corporate Sustainability → (Z) CSR Disclosure = 0.167, close to 0.15, indicates moderate impact
vi. (X2) Corporate Governance → (Z) CSR Disclosure = 0.078, close to 0.02, indicates weak impact
vii. (X3) Capital Structure → (Z) CSR Disclosure = 0.007, close to 0.02, indicates weak impact

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Direct Effect

Table 8. Direct Effect

	Original Sample (O)	Sample Mean (M)	Stad. Dev. (STDEV)	T Statistics	P Values
Corporate Sustainability -> Firm Value	0,092	0,097	0,104	0,885	**0,376**
Corporate Governance -> Firm Value	0,182	0,174	0,070	2,580	**0,010**
Capital Structure -> Firm Value	0,064	0,073	0,058	1,104	**0,270**
CSR Disclosure -> Firm Value	0,228	0,220	0,097	2,337	**0,019**
Corporate Sustainability -> CSR Disclosure	0,363	0,364	0,056	6,443	**0,000**
Corporate Governance -> CSR Disclosure	0,249	0,246	0,061	4,078	**0,000**
Capital Structure -> CSR Disclosure	-0,072	-0,067	0,046	1,543	**0,123**

1. Analysis direct effect corporate sustainability towards firm value resulted positive coefficient 0.092, t-statistic 0.885 and p-value 0.376. t-statistic < 1.96 and p-value > 0.05, can be concluded that corporate sustainability has no significant effect towards firm value
2. Analysis direct effect corporate governance towards firm value resulted positive coefficient 0.182, t-statistic 2.580 and p-values 0.010. t-statistic > 1.96 and p-value <0.05, can be concluded that corporate governance has significant effect towards firm value
3. Analysis direct effect capital structure towards firm value resulted positive coefficient 0.064, t-statistic 1.104 and p-values 0.270. t-statistic value < 1.96 and p-value > 0.05, can be concluded that capital structure has no significant effect towards firm value
4. Analysis direct effect corporate social responsibility disclosure towards firm value resulted positive coefficient 0.228, t-statistic 2.337 and p-values 0.019. t-statistic > 1.96 and p-value < 0.05, can be concluded that corporate social responsibility disclosure has significant effect towards firm value
5. Analysis direct effect corporate sustainability towards corporate social responsibility disclosure resulted positive coefficient 0.363, t-statistic 6.443 and p-value 0.000. t-statistic > 1.96 and p-value < 0.05, can be concluded corporate sustainability has significant impact towards corporate social responsibility disclosure
6. Analysis direct effect corporate governance towards corporate social responsibility disclosure resulted positive coefficient 0.249, t-statistic 4.078 and p-value 0.000. t-statistic > 1.96 and p-value < 0.05, can be concluded that corporate governance has significant effect towards corporate social responsibility disclosure
7. Analysis direct effect capital structure towards corporate social responsibility disclosure resulted negative coefficient -0.072, t-statistic 1.543 and p-value 0.123. t-statistic < 1.96 and p-value > 0.05, can be concluded that capital structure has no significant effect towards corporate social responsibility disclosure

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Indirect Effect

Table 9. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Std. Dev. (STDEV)	T Statistics	P Values
Corporate Sustainability -> CSR Disclosure -> Firm Value	0.083	0.080	0.038	2.166	**0.030**
Corporate Governance -> CSR Disclosure -> Firm Value	0.057	0.056	0.030	1.868	**0.062**
Capital Structure -> CSR Disclosure -> Firm Value	-0.016	-0.014	0.012	1.357	**0.175**

1. Analysis indirect effect corporate sustainability through corporate social responsibility disclosure towards firm value resulted p-value 0.030, which is <0.05, can be concluded that corporate sustainability through corporate social responsibility disclosure has significant effect towards firm value. Corporate social responsibility disclosure mediates the effect of corporate sustainability towards firm value
2. Analysis indirect effect corporate governance through corporate social responsibility disclosure towards firm value resulted p-value of 0.062, which is > 0.05, can be concluded that corporate governance through corporate social responsibility disclosure has no significant effect towards firm value
3. Analysis indirect effect capital structure through corporate social responsibility disclosure towards firm value resulted p-values 0.175, which is > 0.05, can be concluded that capital structure through corporate social responsibility disclosure has no significant effect towards firm value.

Total Effect

Table 10. Total Effect

Variable	Path Coefficient	Variable	Path Coefficient
X1 *Corporate Sustainability* → Z *CSR Disclosure*	0,363		
Z *CSR Disclosure* → Y *Firm Value*	0,228		
Total Effect	0,591	X1 *Corporate Sustainability* → Y *Firm Value*	0,175
X2 *Corporate Governance* → Z *CSR Disclosure*	0,249		
Z *CSR Disclosure* → Y *Firm Value*	0,228		
Total Effect	0,477	X2 *Corporate Sustainability* → Y *Firm Value*	0,238
X3 *Capital Structure* → Z *CSR Disclosure*	-0,072		
Z *CSR Disclosure* → Y *Firm Value*	0,228		
Total Effect	0,156	X3 *Capital Structure* → Y *Firm Value*	0,048

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1. Total effect corporate sustainability and corporate social responsibility disclosure has coefficient value 0.591 or 59.1% contributing to increase in firm value
2. Total effect corporate governance and corporate social responsibility disclosure has coefficient value 0.477 or 47.7% contributing to increase in firm value
3. Total effect capital structure and corporate social responsibility disclosure has coefficient value 0.156 or 15.6%, contributing to increase in firm value.

DISCUSSION

Corporate Sustainability Towards Firm Value

Based on hypothesis testing results, corporate sustainability has positive and not significant effect on firm value. Positive coefficient indicates higher company's achievement in sustainability program, resulted a higher company value. The company's sustainability agenda is a relatively new issue, investors still have minimal understanding and knowledge on this topic, thus causing low participation of companies in the sustainability agenda, especially in PROPER program from the Ministry of Environment. Samples data shows that there were 37 samples selected from 184 populations (20.11%) in Manufacturing sector. This indicates companies has lower sensitivity to environmental issues, this has affects to lower value. Results of this study are in line with previous research by Ramadhani (2016) on high profile public listed companies for the period 2009-2012, stated that corporate sustainability had no significant effect on firm value and research by Gunawan (2015) on public companies in Indonesia Stock Exchange for the period 2011-2013 which states that sustainability reporting has no significant effect on firm value.

Corporate Governance Towards Firm Value

Based on hypothesis testing results, corporate governance has positive and significant effect on firm value. Positive coefficient indicates the higher implementation of corporate governance, resulted a higher company value. Corporate governance is a control and supervision system that aims to achieve maximum performance without harming stakeholders. The implementation of good corporate governance is expected to become an obstacle to agent fraudulent behavior, so that the company's performance becomes accountable, transparent, responsible, equal and fair so as to increase the value of the company. This is in line with the research by Worokinasih, Zaini and Zuhdi (2020) on IDX mining companies period 2014-2017 which stated that Good Corporate Governance had a positive and significant effect on firm value and research by Martini Putu et al (2014) on public listed manufacturing companies period 2009-2011 which states that corporate governance has a significant effect on firm value.

Capital Structure Terhadap Firm Value

Based on hypothesis testing results, capital structure has positive and not significant effect on firm value. Positive coefficient indicates a higher debt to equity ratio, resulted a higher company value. The first modern capital structure theory from Modigliani and Miller (Brigham & Ehrhardt, 2011: 610), states value of a debt company is the same as value of a non-debt company. The implication of this proposition implies that capital structure of a company is irrelevant, changes in capital structure do not affect company value and company's weighted average cost of capital (WACC) will remain the same regardless of how company combines debt and capital to finance the company. The theory put forward several assumptions to build their theory, namely:

a) there is no brokerage fee
b) no tax
c) no bankruptcy costs
d) investors can borrow at an interest rate with the company
e) investors have the same information about the company's prospects in the future
f) earning before interest and taxes (EBIT) is not affected by the use of debt

This is in line with previous research, Syaifulhaq, Herwany & Layyinaturrobaniyah (2020) on oil and gas companies going public period 2013-2017 period which stated that capital structure had negative and not significant effect on firm value, and research by Mukti & Winarso (2020) in manufacturing company sub-sector plastic & packaging on the Indonesia Stock Exchange period 2014-2018 which stated that capital structure had no effect on company value.

Corporate Social Responsibility Disclosure towards Firm Value

Based on hypothesis testing results, corporate social responsibility disclosure has positive and significant effect on firm value. Positive coefficient indicates the higher disclosure of social and environmental responsibility, will resulted higher company value. Managers are expected to be responsible in generating profits for business owners but also responsible for maintaining social and environmental conditions in area where company runs its business activities. The company's commitment to social and environmental responsibility has significant effect on increasing company value. This is in line with research from Kurnia and Tandiontong (2015) on IDX public companies period 2006 – 2013 which concluded that CSR Disclosure had significant effect on firm value, and Kamaliah (2020) who conducted research on IDX public companies period 2013-2014 which concluded that corporate social responsibility has significant effect on firm value.

Corporate Sustainability Towards Corporate Social Responsibility Disclosure

Based on hypothesis testing results, corporate sustainability has positive and significant effect on corporate social responsibility disclosure. Positive coefficient indicates higher achievement of sustainability agenda, higher company committment to its social responsibility. Companies incorporates sustainable agenda to meet the needs and expectations of customers and other stakeholders in a long-term and balanced manner. The success of company's sustainability agenda plays a significant role in increasing the company's contribution to social and environmental responsibility.

Corporate Governance Terhadap Corporate Social Responsibility Disclosure

Based on hypothesis testing results, corporate governance has positive and significant effect on corporate social responsibility disclosure. Corporate governance plays a role in increasing corporate social responsibility disclosure. Positive coefficient indicates the better implementation of corporate governance, the better company's work program committed to social and environmental responsibility. One of the principles in corporate governance is social responsibility, every action taken by the company's directors is binding to stakeholders, employees, customers, suppliers, community. This includes maintaining good relations with stakeholders, which is also the key to company's success. Implementation of Good Corporate Governance will support the achievement of CSR activities carried out by company, as well as creating added value in goods and services for shareholders and company stakeholders. Empathetic corporate governance will prioritize social responsibility. This is in line with research by Purbawangsa et al (2019) on public companies in Indonesia, China and India which states that corporate governance has positive and significant effect on CSR Disclosure. Another research reference by Stuebs & Sun, (2015) on companies with a Corporate Governance Index which states that there is positive relationship between corporate governance and CSR disclosure.

Direct Effect Capital Structure Towards Corporate Social Responsibility Disclosure

Based on hypothesis testing results, capital structure has negative and not significant effect on corporate social responsibility disclosure. Negative coefficient indicates the higher debt and equity ratio, the lower company's corporate social responsibility disclosure. Companies that mostly rely on external funding focus on settling external funding obligations so that they do not play a role in increasing corporate social responsibility disclosure or company's commitment to community development, resulted to lower social and environmental responsibility. The company's capital structure is a permanent financing consisting of long-term debt, preferred stock and shareholder's capital so that capital structure of a company is only part of its financial structure, and does not affect its social and environmental responsibility activities.

Indirect Effect Corporate Sustainability Through Corporate Social Responsibility Disclosure Towards Firm Value

Based on indirect testing results, corporate sustainability through corporate social responsibility disclosure has significant effect towards firm value. Corporate social responsibility disclosure mediates the relationship between corporate sustainability towards firm value. Direct effect of corporate sustainability towards firm value shows not significant results, while indirect effect through corporate social responsibility disclosure produces significant effect, corporate social responsibility disclosure provides full mediating effect on the effect of corporate sustainability towards firm value. The company's sustainability agenda that is oriented towards corporate social and environmental responsibility programs plays a role in increasing company value.

Indirect Effect Corporate Governance Through Corporate Social Responsibility Disclosure Towards Firm Value

Based on indirect testing results, corporate governance through corporate social responsibility disclosure has no significant effect towards firm value. Corporate social responsibility disclosure does not mediate the effect of corporate governance towards firm value. Implementation of corporate governance that is committed to social, environmental and community development does not play a role in increasing company value.

Indirect Effect Capital Structure Through Corporate Social Responsibility Disclosure Towards Firm Value

Based on indirect testing results, capital structure through corporate social responsibility disclosure does not have significant effect on firm value. Corporate social responsibility disclosure does not mediate the effect of capital structure towards firm value. Strengthening of the company's funding structure oriented towards allocation of funds to social and environmental responsibility programs does not play a role in increasing company value.

CONCLUSION, LIMITATION AND SUGGESTION

Conclusion

This study aims to analyze direct effect of corporate sustainability, corporate governance, capital structure towards firm value and indirect effect through corporate social responsibility disclosure towards firm value. This study uses secondary data based on sustainability reports (PROPER) and annual reports of manufacturing companies listed on the Indonesia Stock Exchange for the period of 2015-2019. Corporate governance and corporate social responsibility disclosure have positive and significant effect towards firm value, corporate sustainability and corporate governance have positive and significant effect towards corporate social responsibility disclosure and corporate social responsibility disclosure mediates the relationship between corporate sustainability and firm value. Company value is the ultimate purpose of company establishment, namely to maximize wealth for all parties involved. This is the expected future profit of the company at present. Accountability, transparency, responsibility, equality and fairness in corporate governance that are committed to social responsibility, environment and community development increase company value. Contribution of non-financial social performance to the community is made to ensure sustainable performance with environmental performance as a support.

Limitation

This study is limited to manufacturing companies listed on the Indonesia Stock Exchange for the period 2015 – 2019 with 37 companies selected as samples and is also limited to variables studied, independent variable consist of firm value and dependent variable consist of corporate sustainability, corporate governance and capital structure and interverning variable, namely corporate social responsibility disclosure.

Suggestion for Next Research

The researcher found that there were limited samples, variables and periods. Researchers suggest for further research to perform study in other industries, such as banking, financial services and property. And recommended to add variables such as Return on Assets, Return on Equity, Net Profit Margin, and Dividend Payout Ratio. Future research can use a longer period so that the results are more comprehensive and holistic.

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