THE INFLUENCE OF LIQUIDITY AND PROFITABILITY ON FIRM VALUE WITH CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A MEDIATION VARIABLE

Nuril Firdausi Hidayah
Department of Management,
Faculty of Economics,
UIN Maulana Malik Ibrahim Malang
Jl. Gajayana No.50, Dinoyo,
Kec. Lowokwaru, Kota Malang, Jawa Timur,
Indonesia
18510016@student.uin-malang.ac.id

Umrotul Khasanah
Department of Management,
Faculty of Economics,
UIN Maulana Malik Ibrahim Malang
Jl. Gajayana No.50, Dinoyo,
Kec. Lowokwaru, Kota Malang, Jawa Timur,
Indonesia
umrotul_kh@yahoo.com

ABSTRACT
This study aims to determine the effect of liquidity and profitability on firm value through CSR. Liquidity is measured using the current ratio, profitability with return on assets, firm value with the price to book value, and CSR with GRI-G4 standards. This research was conducted on manufacturing companies listed on the Stock Exchange with a population of 163 companies using the purposive sampling technique to produce 66 companies. These studies turned into performed the use of the Smart-PLS software. Based on the evaluation and speculation trying out results, it is able to be concluded that liquidity has a terrible and insignificant impact on company cost. Liquidity has a terrible and insignificant impact on company costs. Profitability has an advantageous and extensive impact on company costs. Profitability has an advantageous and extensive impact on company costs. Profitability has an advantageous and extensive effect on CSR. CSR has advantages however now no longer extensive impact on company costs. CSR can not mediate the connection between liquidity to company cost and profitability to company cost.

Keywords: Liquidity, Profitability, Corporate Social Responsibility, Firm Value.

INTRODUCTION
Along with the increasingly developing technology in Indonesia, business in Indonesia is also developing where technology greatly facilitates available human resources to follow existing business trends. With more and more business developments, it causes uncertainty in the development of a company. Several factors affect the value of the company, including the value of liquidity and profitability. In addition to liquidity and profitability, there is also CSR which is expected to support the image of the company.

The economic uncertainty that occurs will affect the Indonesian economy. Indonesia's economic growth can be seen through the annual economic growth rate wherein 2018 economic growth was 5.17%...
and decreased in 2019 to 5.02%. Meanwhile, in 2020, the Indonesian economy experienced a decline of up to -2.07% (Central Bureau of Statistics, 2021). One sector that plays a role in Indonesia's economic growth is the manufacturing industry. It can be seen that the growth rate of the manufacturing industry in 2018 was 4.27%. In 2019 the growth was 3.8%, and in 2020 the growth rate decreased to -2.93% (Central Bureau of Statistics, 2021). The COVID-19 pandemic has hit the growth of the manufacturing sector which has caused the workforce in the manufacturing industry to also decline to 1.43 million people compared to 2019 (Liputan6.com, 2021).

In this economic uncertainty, companies must continue to fulfill their obligations by showing the social responsibility of the company. Corporate social responsibility is an important part to create balance and provide benefits to run the company's economy together with stakeholders. Decisions from stakeholders greatly affect corporate social responsibility where stakeholders will also regulate how much funds are allocated and who is entitled to receive them (Handayati, 2011).

Research on the effect of liquidity and profitability on firm value through CSR has been carried out by many previous researchers. However, previous researchers presented different results. A study by Iman et al. (2021) It states that liquidity affects corporate value. On the other hand, according to a study by Ambarwati (2021), liquidity variables do not affect goodwill. A study by Surmadewi and Saputra (2019) found that profitability has a significant positive impact on corporate value. Meanwhile, a study by Thaib and Dewantoro (2017) states that profitability has a significant negative impact on corporate value. Also, research conducted by Endiana (2019) stated that CSR had a positive and significant effect on firm value, while according to Pristianingrum (2017) CSR did not affect firm value.

With the background and previous research described above, this study aims to determine whether there is an influence between liquidity and profitability on firm value through CSR as a mediation. To focus more on research, in this study liquidity is proxied by the current ratio, profitability is proxied by return on assets, firm value is proxied by price to book value, and the company's CSR is adjusted to the GRI-G4 standard.

**Formulation of The Problem**

From the description of the background above, the problem can be formulated as follows:

1. Does liquidity significantly affect firm value in manufacturing companies listed on the IDX in 2018-2020?
2. Does liquidity significantly affect CSR in manufacturing companies listed on the IDX in 2018-2020?
3. Does profitability significantly affect firm value in manufacturing companies listed on the IDX in 2018-2020?

4. Does profitability significantly affect CSR in manufacturing companies listed on the IDX in 2018-2020?

5. Does CSR significantly affect company value in manufacturing companies listed on the IDX in 2018-2020?

6. Does liquidity indirectly affect firm value through CSR as a mediating variable in manufacturing companies listed on the IDX in 2018-2020?

7. Does profitability indirectly affect firm value through CSR as a mediating variable in manufacturing companies listed on the IDX in 2018-2020?

Writing Purpose

Based on the formulation of the problem that has been written above, the objectives of this study are as follows:

1. Test and analyze the influence of the liquidity variable on firm value in manufacturing companies listed on the Indonesia Stock Exchange in 2018-2020.


6. Test and analyze whether there is an effect between the liquidity variable on firm value and CSR as a mediating variable in manufacturing companies listed on the Indonesia Stock Exchange in 2018-2020.

7. Test and analyze whether there is an influence between profitability variables on firm value and CSR as a mediating variable in manufacturing companies listed on the Indonesia Stock Exchange in 2018-2020.
LITERATURE REVIEW

Signaling Theory

The signal theory emphasizes the importance of company information for investment decisions for parties outside the company. The information provided will signal company investors to make decisions in investing (Abdillah and Jogiyanto, 2015). This theory provides space for making decisions related to the company's value. If the liquidity, profitability, and csr ratios provide inconsistent values, this will affect investors' assessment of the firm's value.

Liquidity

The liquidity ratio shows the ease of an asset to be converted into cash with or without a decrease in the value of the amount of cash obtained. Cash is an asset that is relatively more liquid than other assets. Liquidity or not an asset can be determined by how quickly the asset is converted into cash. For example, securities whose conversion is faster, compared to buildings, land, machinery, and others due to the non-fixed selling price of fixed assets (Tampubolon, 2005).

Profitability

Profitability is a ratio to measure the company's ability to earn profits through several sources, including assets, capital, and sales. A business must never forget Allah and be beneficial and agreed upon by both parties so that one and the other do not feel disadvantaged. As explained in Qs. An-Nur: 37, which means "people who are not neglected by commerce and buying and selling from remembering Allah, praying, and paying zakat. They fear the day when hearts and eyes will be shaken (the Day of Resurrection).

The Value of The Company

Company value is usually related to the company's stock price, which can be measured by looking at the stock price on the stock exchange. If the stock price increases, then the company's value is considered to increase (Indriani, 2019). The company's value reflects the company's performance, with the share price formed from the demand and supply of the capital market to foster an external performance appraisal of the company. The value of this company plays a vital role in a company because the company's value shapes performance to boost confidence in the community. A good company is reflected in the company's value (Harmono, 2014).

Corporate Social Responsibility

Corporate Social Responsibility in Indonesia is an essential issue because it relates to the impact of a company on the environment in sustainable development (Poerwanto, 2010). CSR is a form of
corporate responsibility towards the physical and psychological environment. This can be done by investing in the environmental sector, helping to maintain balance, recycling waste, and increasing social costs to help support ecological balance (Hadi, 2011).

Hypothesis

Liquidity affects the value of the company

Liquidity is a measurement of a company's ability to meet its financial obligations. A better level of liquidity indicates that the company's performance is also getting better (Satria, 2017). A study conducted by Iman et al. (2021) showed that liquidity had a significant positive effect on firm value.

Liquidity affects CSR

Liquidity describes the company's ability to overcome short-term debt and provide funds to company operations. Companies that can fulfill everything on time can be said that the company is in a liquid condition (Sekarwigati, 2019). Research conducted by Arita and Mukhtar (2019) shows that liquidity has a significant effect on csr.

Profitability affects firm value

To carry out the company's operations, the company must be in a profit condition. Because when it is in a profit condition, the company is considered good, so it is easy to get capital from external companies (Rahayu & Sari, 2018). The research conducted by Sutopo et al. (2018) shows that profitability affects firm value.

Profitability affects CSR

Profitability is one of the factors used by management to disclose social responsibility to shareholders, which can benefit management and external parties (Anggraeni and Sayidah, 2017). Based on research from Wulandari (2017), profitability affects CSR.

CSR affects the value of the company

CSR is an idea focusing on social responsibility towards external parties such as economic, social, and environmental. The high and low of CSR are considered to affect the company to build its reputation (Wijaya et al., 2021). Research conducted by Anjani (2018) shows that CSR affects firm value.

CSR mediates the relationship between liquidity and firm value

Liquidity is how the company's ability to meet its obligations. The existence of CSR is expected to give a positive signal about the company's prospects in the future. The results of previous research conducted by Arita (2019) showed that liquidity influences CSR. In a study conducted by Endiana(2019),
CSR influences firm value. It is expected that CSR can mediate the relationship between liquidity and firm value.

**CSR mediates the relationship between profitability and firm value**

The greater the profitability, the company is considered to provide maximum profit. With maximum profits and good CSR disclosure, the company can gain investors' trust. The research results conducted by Ayu and Suarjaya (2017) show that CSR can mediate the relationship between profitability and firm value.

In Figure 1.1 it can be seen that this study has 7 hypotheses including (a) Liquidity influences firm value (b) Liquidity influences CSR (c) Profitability has an influence on firm value (d) Profitability influences CSR (e) CSR owning a company on firm value (f) There is an indirect effect between liquidity on firm value through CSR (g) There is an indirect effect between profitability on firm value through CSR.

**RESEARCH METHODS**

**Research Design**

This study uses quantitative research methods. The quantitative research method is a way to solve a problem carefully with data in a series of numbers (Nasehudin & Gozali, 2012). Quantitative research looks at causal or causal relationships to the object under study so that there are dependent and
independent variables (Sugiyono, 2013). In this study, the locations and objects used are manufacturing companies listed on the Indonesian stock exchange in 2018-2020 by retrieving data at http://www.idx.co.id and the company's website. In this study, the population used was 163 companies with purposive sampling techniques to obtain 66 research samples.

**Research Limits**

This study uses many sources so in conducting research there are research limitations. In this study, there are several research limitations including:

1. Independent variables used are liquidity and profitability
2. The independent variable used is the firm value
3. The mediating variable used is CSR
4. The object of research is a manufacturing company listed on the Indonesia Stock Exchange for the period 2018-2020

**Variable Identification**

In this study, several variables were used, including:

1. Independent variable (X) is liquidity and profitability
2. Dependent variable (Y) is a firm value
3. Intervening Variable (Z) Corporate Social Responsibility

**Operational Definition and Measurement of Variables**

**Liquidity**

The liquidity ratio is the company's ability to meet its short-term obligations in this study, measured by the current ratio. The current ratio or current ratio compares existing assets and current liabilities to determine the company's ability to meet its short-term debt obligations. The calculation formula is as follows:

\[
\text{current ratio} = \frac{\text{current asset}}{\text{current liability}} \] (Hanafi dan Halim, 2016).

**Profitability**

Profitability is a ratio that measures the company's ability to generate profits by using the company's resources. Profitability in this study is measured using Return on Assets (ROA), which measures the company's ability to generate profits by using the total assets owned by the company after adjusting costs. The calculation formula is as follows:
The Value of the Company

The company's value reflects the company's performance with the stock price in the capital market, which forms the assessment of the company's external parties. This study measures firm value by Price to Book Value (PBV). The calculation formula is as follows:

\[ \text{PBV} = \frac{\text{Share price per share}}{\text{Book value of equity per share}} \] (Murhadi, 2013)

Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) is a form of internal responsibility of the company to the external or the surrounding environment. The index of responsible disclosure measured CSR in this study by the Global Reporting Initiatives (GRI) G4. The revelation of specific standards in the GRI-G4 guidelines is divided into three categories, namely economic, environmental, and social.

Population, Sample, and Data Collection Techniques

Research Population

The population is the whole of the unit understudy in the form of a group of people, events, or everything with specific characteristics that are the chosen subjects to be studied and concluded (Kurniawan & Puspitaningtyas, 2016). The population taken in this study are companies in the manufacturing sector listed on the Indonesia Stock Exchange for 2018-2020. The population in this study amounted to 163 companies.

Research Sample

The sample is part of the population under study. Therefore, the sample is considered a presupposition of the population, not the population itself (Samsu, 2017). From the population described, a sample of 66 companies in the manufacturing sector was found.

Sampling Technique

The sampling technique used in this research is purposive sampling. Purposive sampling is a technique with certain considerations (Sugiyono, 2013). The sampling criteria in this study are as follows:

2. Manufacturing companies that were not delisted in 2018-2020.
5. Manufacturing companies that provide CSR information in financial statements.

Data and Data Type

In this study, the data used is secondary data. Secondary data is data obtained from various sources such as statistical centers, books, reports, journals, and others. The data used in this study is quantitative, namely data in the form of numbers or figures. Quantitative data is processed and analyzed using mathematical or statistical calculation techniques (Rinaldi & Mujianto, 2017). Secondary data in this study is the Current Ratio (CR), Return on Assets (ROA), Price to Book Value (PBV), and Global Reporting Initiatives GRI-G4, where the data comes from the financial statements of companies listed on the IDX in 2018-2020, JCI, also www.globalreporting.org.

Data Collection Technique

The data in this study were obtained through the documentation method, namely the collection of data obtained from documents such as notes, transcripts, financial reports, and others. The data used are obtained from articles, journals, and the official website of the IDX, which are by the problem being studied.

Data Analysis Technique

In this study, a model uses more than one variable, so the researcher uses the Structural Equation Modeling technique or abbreviated as SEM. And the analytical tool used is Partial Least Square (PLS) with SmartPLS 3.0 software starting from the measurement model (outer model), structural model (inner model), and hypothesis testing. Partial Least Square analysis is a multivariate statistical technique that compares several variables with various independent variables. PLS is a variance-based SEM statistical method and is designed to solve multiple regressions when a particular problem exists in the data, such as small study sample sizes, missing data, and multicollinearity. Researchers use this technique because this study uses one of the variables that make up the mediating effect.

RESULTS

The analysis was carried out using the smart-pls software based on the sample described above. Researchers conducted a convergent validity test by looking at the value of the loading factor, where the loading factor was declared valid if it had a value of more than 0.7 (Abdillah and jogiyanto, 2015).
Table 1. The Value of The Loading Factor

<table>
<thead>
<tr>
<th>Outer Loadings (Mean, STDEVmT-Values)</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics</th>
<th>O/STDEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR &lt;- CSR</td>
<td>1.000</td>
<td>1.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio &lt;- Liquidity</td>
<td>1.000</td>
<td>1.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBV &lt;- Firm Value</td>
<td>1.000</td>
<td>1.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROA &lt;- Profitability</td>
<td>1.000</td>
<td>1.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

The value of each loading factor generated shows a value greater than 0.7 then each indicator used can be said to be valid. Furthermore, good convergent validity can be seen through the AVE value where the AVE value, must be more than 0.5.

Table 2. Averange Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Konstrak</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>1.000</td>
</tr>
<tr>
<td>Liquidity</td>
<td>1.000</td>
</tr>
<tr>
<td>Firm Value</td>
<td>1.000</td>
</tr>
<tr>
<td>Profitability</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

The AVE value generated from each of the variables used is more significant than 0.5, so it can be concluded that all variables have good convergent validity. Next, the researcher evaluates discriminant validity. Evaluation of discriminant validity is divided into two stages: cross-loading by comparing the value of the square of the correlation construct with the root of AVE. In cross-loadings, the indicator that becomes the gauge must have a higher correlation than the other variables. The variable has good discriminant validity if the cross-loadings value is more than 0.7.
Table 3. Cross Loading

<table>
<thead>
<tr>
<th>Cross Loading</th>
<th>CSR</th>
<th>Likuiditas</th>
<th>Nilai Perusahaan</th>
<th>Profitabilitas</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>1.000</td>
<td>-0.044</td>
<td>0.036</td>
<td>0.134</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>-0.044</td>
<td>1.000</td>
<td>-0.065</td>
<td>-0.052</td>
</tr>
<tr>
<td>PBV</td>
<td>0.036</td>
<td>-0.065</td>
<td>1.000</td>
<td>0.190</td>
</tr>
<tr>
<td>ROA</td>
<td>0.134</td>
<td>-0.052</td>
<td>0.190</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

Based on the table above, where the correlation of each variable is higher than the other variables with a value of more than 0.7, it can be concluded that these variables have good discriminant validity. Next, compare the correlation between variables with the AVE root.

Table 3. Discriminant Validity

<table>
<thead>
<tr>
<th>AVE Root</th>
<th>CSR</th>
<th>Liquidity</th>
<th>Firm Value</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity</td>
<td>1.000</td>
<td>-0.044</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Firm Value</td>
<td>1.000</td>
<td>0.036</td>
<td>-0.065</td>
<td>1.000</td>
</tr>
<tr>
<td>Profitability</td>
<td>1.000</td>
<td>0.134</td>
<td>-0.052</td>
<td>0.190</td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

Based on the table above, the correlation of indicators with each variable is higher than other variables. So it can be concluded that the variable has good discriminant validity. Furthermore, the researchers conducted a reliability test.
Table 4. Reliability Test

<table>
<thead>
<tr>
<th>Konstrak</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Liquidity</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Firm Value</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Profitability</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

From the output of testing the variables above, the Cronbach's and composite reliability values are above 0.7 which means that the variables meet composite reliability and internal consistency reliability, which means the variables used are valid and reliable. After doing some of the tests above, the researcher then evaluates the structural model using bootstrapping.

Table 5. Coefficient of Determination ($R^2$)

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>0.019</td>
<td>0.009</td>
</tr>
<tr>
<td>Firm Value</td>
<td>0.039</td>
<td>0.024</td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

The table above explains that the CSR variable can be explained by liquidity and profitability of 1.9% from 100% and firm value can be explained by liquidity and profitability of 3.9% from 100%. At the same time, the remaining numbers are defined by other variables that are not used in this study.
Hypothesis Testing Results

Table 6. Hypothesis Testing

<table>
<thead>
<tr>
<th>Total Effect</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likuiditas -&gt; Firm Value</td>
<td>-0.055</td>
<td>-0.054</td>
<td>0.042</td>
<td>1.319</td>
<td>0.188</td>
</tr>
<tr>
<td>Liquidity -&gt; CSR</td>
<td>-0.037</td>
<td>-0.035</td>
<td>0.042</td>
<td>0.891</td>
<td>0.373</td>
</tr>
<tr>
<td>Profitability -&gt; Firm Value</td>
<td>0.186</td>
<td>0.190</td>
<td>0.090</td>
<td>2.068</td>
<td>0.039</td>
</tr>
<tr>
<td>Profitability -&gt; CSR</td>
<td>0.132</td>
<td>0.132</td>
<td>0.063</td>
<td>2.111</td>
<td>0.035</td>
</tr>
<tr>
<td>CSR -&gt; Firm Value</td>
<td>0.008</td>
<td>0.014</td>
<td>0.069</td>
<td>0.122</td>
<td>0.903</td>
</tr>
<tr>
<td>Liquidity -&gt; CSR -&gt; Firm Value</td>
<td>0.000</td>
<td>0.000</td>
<td>0.004</td>
<td>0.082</td>
<td>0.934</td>
</tr>
<tr>
<td>Profitability -&gt; CSR -&gt; Firm Value</td>
<td>0.001</td>
<td>0.002</td>
<td>0.011</td>
<td>0.106</td>
<td>0.916</td>
</tr>
</tbody>
</table>

Source: SmartPLS Output Results

Judging from the results of testing the hypothesis above, it can be concluded as follows (a) Original sample -0.055 with T-Statistic 1.319 < 1.96 and P-Value 0.188 > 0.05 which means that liquidity has a negative and insignificant effect on firm value. (b) The original sample is -0.037 with a T-Statistic of 0.891 < 1.96 and a P-Value of 0.373 > 0.05, which means that liquidity has a negative and insignificant effect on firm value. (c) Original sample 0.186 with T-Statistic 2.068 > 1.96 and P-Value 0.039 < 0.05, which means that profitability has a positive and significant effect on firm value. (d) Original sample
0.132 with T-Statistic 2.111 > 1.96 and P-Value 0.035 < 0.05, which means that profitability has a positive and significant effect on CSR. (e) The original sample was 0.008 with a T-Statistic of 0.122 < 1.96 and a P-Value of 0.903 > 0.05, which means that liquidity has a positive and insignificant effect. (f) Original sample 0.000 with T-Statistic 0.082 < 1.96 and P-Value 0.934 > 0.05, which means that CSR cannot mediate the relationship between liquidity and firm value because it has a positive but not significant effect. (g) The original sample is -0.001 with a T-Statistic of 0.106 < 1.96 and a P-Value of 0.916 > 0.05, which means that CSR cannot mediate the relationship between liquidity and firm value because it has a positive but not significant effect.

DISCUSSION

Effect of Liquidity on Firm Value

Based on hypothesis testing that liquidity has a negative and insignificant effect on firm value. It is concluded that if the company experiences an increase in liquidity, it will have an impact on decreasing the value of the company. However, the insignificant results indicate that the value of the company will not increase and decrease even though liquidity has increased and decreased. The results of this study are in line with research conducted by Sudiani and Darmayanti (2016) which shows that liquidity has a negative and significant effect on firm value.

Effect of Liquidity on CSR

From the results of the tests carried out, liquidity has a negative and insignificant effect on firm value. So if liquidity increases or decreases, CSR will not be affected because the results of hypothesis testing show that it is not significant. The results of this study are in line with research conducted by Yurika and Viriany (2019) which shows that liquidity has no effect on CSR.

The Effect of Profitability on Firm Value

Based on the hypothesis testing conducted, it is known that profitability has a positive and significant effect on firm value. So it can be concluded that if profitability increases, the value of the company also increases. Based on research conducted by Iman, Sari, and Pujiyanti (2021) where profitability has a positive and significant effect on firm value.

The Effect of Profitability on CSR

The results of hypothesis testing indicate that profitability has a positive and significant effect on CSR. So it can be concluded that if profitability increases then CSR will increase. This is in line with the research conducted by Putri (2017) which shows the results that profitability has a positive and significant effect on CSR.
The Influence of CSR on Firm Value

Based on the hypothesis that was carried out, the results were positive and not significant. It can be concluded. If CSR increases, then the value of the company will also increase. However, due to the non-significance obtained, it means that the value of the company is not affected by CSR. This is in line with research conducted by Pristianingrum (2017) which, explains that CSR does not affect firm value.

The Indirect Influence of Liquidity on Firm Value Through CSR

Based on the tests that have been carried out, it can be concluded that CSR does not mediate the relationship between liquidity and firm value because the results show that it is not significant. Before adding the CSR variable as mediation, the relationship between liquidity and firm value showed negative results. And after adding the CSR variable, the relationship between liquidity and firm value becomes positive. However, csr was considered unable to mediate because the results showed insignificant results.

The Indirect Influence of Profitability on Firm Value Through CSR

Based on the results of hypothesis testing, it can be concluded that CSR is not able to mediate the relationship between profitability and firm value. Prior to the existence of CSR, the relationship between profitability and firm value showed a positive and significant effect. However, after the CSR variable as a mediating variable, profitability has a positive but not significant effect on firm value. This is in line with research conducted by Sutopo, Rahmawati, and Andreas (2018) which shows that CSR is not able to mediate profitability on firm value.

CONCLUSION

Based on the results of hypothesis testing, it can be concluded that liquidity has a negative and insignificant effect on firm value. Liquidity has a negative and insignificant effect on CSR. Profitability has a positive and significant effect on firm value. Profitability has a positive and significant effect on CSR. CSR has a positive and insignificant effect on firm value. CSR is not able to mediate the influence between liquidity and firm value. CSR is not able to mediate the effect between profitability and firm value.

SUGGESTION

Based on the description of the discussion and research conclusions, the researchers provide the following suggestions:

1. Further researchers are advised to proxy liquidity, profitability, firm value, and CSR with other proxies. Because this study only uses the Current Ratio, Return on Assets, Price to Book Value, and the GRI-G4 standard in its measurement.
2. Further researchers can add a longer period compared to the research that has been done.
3. In this study, profitability has a positive and significant effect. So that the company is expected to maximize asset management so that it can generate optimal profits and can assist companies in maximizing payments and distribution of company liquidity.

REFERENCES


