The Effect of Dividend Policy, Independent Board of Commissioners, Corporate Social Responsibility on Company Value with Audit Quality as A Moderation Variable

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Abstract:
This study aims to determine the effect of dividend policy, independent board of commissioners, and corporate social responsibility on company value, as well as how this influence is moderated by audit quality in manufacturing companies listed on the Indonesia Stock Exchange (IDX). The research period used is 5 years, namely the period 2018-2022. The study population includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. The sampling technique used is purposive sampling, with criteria that produce 30 companies as samples. The data used in this study is secondary data obtained from the Indonesia Stock Exchange (IDX) website. The analysis method used is panel data regression analysis, which is supported by using the Eviews 12 application. The results showed that dividend policy, independent board of commissioners and corporate social responsibility have no influence on company value. However, the effect of dividend policy and independent board of commissioners on company value is moderated by audit quality. Meanwhile, the influence of corporate social responsibility is not moderated by audit quality.

Keywords: Corporate Value, Dividend Policy, Independent Board of Commissioners, Corporate Social Responsibility, Audit Quality.

Introduction
In today's age of globalization, the growth of the business industry is growing rapidly. The number of companies that appear in the era of globalization causes competition between companies to be tighter, especially in the manufacturing sector. The Industrial Revolution 4.0 affects all aspects of life, including business. Organizations must be able to adapt, compete, and keep up with changes in order to stay afloat in the business world and add value to their business. Every business has short-term and long-term goals. To maintain the value of its business, a business must implement short-term goals to generate profits, while its long-term goals are to maximize the value of the company.

Company value is the user's understanding of management in managing the resources contained in the company in the form of investor and company user confidence, through a process of several years from the beginning of the company's establishment to the present (Juliana & Wijaya, 2022). The main goal of a company is to have a high
corporate value. Increasing the value of the company aims to maximize the wealth of stakeholders. Company values are very important and necessary and have an impact on the well-being of the company's employees. The market price of shares circulating in the market reflects the value of the company (Samad, 2013). The higher the stock price, the higher the company's value (Warno & Fahmi, 2020). Increased corporate value can be achieved through the implementation of effective management functions. Management can take various steps to add value to the company, one of which is to reduce the tax burden that must be borne by the company. The value of the company not only reflects the current value, but also reflects the prospects and potential of the company to increase the value of assets in the future. Globalization has created a business environment that creates the need to audit a management system used by companies to survive and companies are always looking for added value of the company (Maryam, 2014).

For this reason, the company must be able to manage its operating business by producing products that are positively oriented towards society and the environment. The amount of CSR disclosure, the greater the value of investors, because investors are interested in investing in companies that have a high level of social responsibility disclosure. The results obtained by companies that carry out CSR activities are products favored by consumers and companies are increasingly in demand by investors and the company's image will be better and consumer loyalty will be higher, thus affecting the company's sales that are increasing. There are several indicators to measure the quality of good corporate governance, one of which is audit quality. According to (Prashant Bhushan, 2012) explained that audit quality refers to the possibility of auditors finding violations or errors in the audit of clients' financial statements and reporting them in financial audit reports. The importance of carrying out a quality audit cannot be ignored in producing quality and relevant financial information for users of financial statements. However, to achieve a quality audit process, a truly competent and independent auditor is needed. Audit quality evaluation often uses the size of public accounting firms that can affect investors' perceptions in investing. Thus, audit quality can also improve investors' ability to estimate future profits.

**Literature Review**

**A. Agency Theory**

According to research conducted (Duwu et al., 2018), agency theory describes the interaction between company owners or shareholders with managers. In this interaction, the principal gives authority and trust to the manager to carry out the company's operations in accordance with the agreed contract, for the benefit of the principal. Research conducted by (Juliana & Wijaya, 2022) explains agency theory explicitly discusses efficient contractual arrangements between principals and agents. One of the factors that causes agency problems is the difference in interests between the agent and principal as stated in the contract. In this case, managers (agents) need to be incentivized to achieve quantitative goals in the short term, which may ignore long-term growth in favor of maximizing profits for principals. Agents can sacrifice long-term investment returns for short-term gains, including receiving generous bonuses.

**B. Signalling Theory**

(Sumarno et al., 2020) explained that signal theory encourages companies to convey information, both financial and non-financial information. According to Signalling Theory, every decision taken by the company can affect investors' perception of the company. The signal in question is information conveyed to users of financial statements. Signal theory discusses how the success or failure of the management of an organization, both companies and local governments, can be conveyed to stakeholders or shareholders (Managerial, 2020). The positive value conveyed by the company is able to lure investors to invest, but before investors invest, generally they must first analyze the truth of the information submitted by the company. If the investment announcement is a positive value, then the company is able to experience an increase in share volume, high profitability to add to the company's value. (Saputra & Setiawan, 2018) explained that signal theory discusses the encouragement for companies to inform external parties. Therefore, transparency of company information is very important. The ability of a manager in making decisions to make good use of investment opportunities can provide positive signals or information about the company's future growth (Fajriana & Priantinah, 2016).

**C. Financial Statements**

Financial statements are a means of communication and accountability between a company and its owners, as well as other parties. Financial statements are generated through an accounting system implemented by the company.
Based on research (Suteja, 2018) financial statements are documents that explain the company's financial position based on accounting processes during a certain period, and are used as a communication tool for parties who have interests. Financial statements are basically a summary of all company activities and are generally presented in the form of balance sheet statements and income statements for a certain period. Financial statements are also used as a source of information in decision making for users of financial statements according to their needs.

D. Audit

Understanding Audit according to A Statement of Basic Auditing Concepts or abbreviated as ASOBAC states, Audit is a process carried out systematically and objectively to obtain and evaluate evidence about economic events, policies, and economic activities in order to determine the level of conformity between statements with predetermined criteria, and provide the results to interested parties. The purpose of the audit is to provide greater confidence as to the relationship between assertions or statements and actual facts, using established criteria.

E. Annual Report

In Law No. 40 of 2007 concerning Limited Liability Companies, it is required that companies are required to issue an Annual Report. For companies that go public, they must submit an annual report to the public in accordance with the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency No. KEP-134 / BL / 2006 concerning the Submission of Annual Reports of Issuers or Public Companies. This regulation was later updated by the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency No. KEP-431 / BL / 2012 Submission of Capital Markets and Institutions for Submission of Annual Reports of Issuers for Public Companies, then updated again using the Financial Services Authority Regulation No. 29 / POJK.04 / 2016 concerning Annual Reports of Issuers or Public Companies. Annual reports are an important source of information for investors or shareholders and become the basis for consideration in making investment decisions and a means of supervision of the company. Along with the development of the capital market and the increasing need for investors or shareholders for information disclosure, the board of directors and board of commissioners are required to improve the quality of information disclosure through the company's Annual Report. Annual Report that is prepared regularly and informative can make it easier for investors or shareholders to obtain the information needed. For companies listed on the Indonesia Stock Exchange, the Annual Report is submitted no later than the fourth month after the financial year ends.

F. Company Value

Company value reflects the price of a company which is reflected in its share price and provides comprehensive information about the condition and potential of the company (Aulia Hendra &; NR, 2020). To illustrate how promising a company is, investors must look at and analyze the financial statements of a company. The accuracy of the information presented and the level of profit for investors become important factors. One example of measuring company value is through stock prices (Riswandi &; Yunarti, 2020). Company value plays an important role for parties who have interests, such as the company itself, investors, creditors, and managers. For companies, corporate value is important to obtain additional sources, which can improve business and have an impact on increasing company profits. For investors and creditors, the value of the company is important because they will become more selective in investing or providing credit to the company. Investors see a company's value as an indicator of potential profits and a guarantee of long-term business prospects.

G. Dividend Policy

According to (Muninghar, 2021) Dividends are part of the income desired by shareholders. The size or size of the dividends paid has a significant influence on achieving the goal of maximizing shareholder welfare. Dividend policy can determine how much profit is received by shareholders. If the company retains most of the profits, then the amount of dividends paid will be small, and vice versa (Palupi &; Hendiarto, 2018). In this study, dividend policy is measured using the Dividend Payout Ratio (DPR). The Dividend Payout Ratio is calculated by comparing dividends distributed with net income in percentage terms. The DPR indicates the percentage of profit earned by the company that will be distributed to shareholders in the form of tuna.
H. Independent Board of Commissioners

The Board of Commissioners is the apex of the company's internal control system and has a role as a supervisor of the company's internal activities. An adequate number of independent commissioners is required to ensure that the oversight mechanism is effective and in accordance with laws and regulations. Independent commissioners are an optimal position to carry out supervisory functions to create good governance (Alfinur, 2016). The existence of an independent commissioner is also regulated in the provisions of the Jakarta Stock Exchange (JSX) Listing Regulation Number I-A concerning General Provisions for Listing of Equity Securities on the Exchange which is effective since July 1, 2000. Companies listed on the IDX are required to have an independent commissioner with at least 30% of the total members of the board of commissioners. Members of the board of commissioners who come from outside the company assist in planning the company's long-term strategy and regularly evaluate the implementation of the strategy. Thus, this provides significant benefits for the company.

I. Corporate Social Responsibility (CSR) Disclosure

Companies involved in CSR activities are generally able to maintain quality relationships with investors, so companies try not to do profit management. According to (Gras-Gil et al., 2016), the emphasis on transparency can encourage management to present reports that reflect the actual condition of the company to stakeholders. Corporate Social Responsibility (CSR) is a voluntary form carried out by organizations or companies to pay attention to the environment, society and stakeholders, as explained by (C. Susanto &; Ardini, 2016). According to (Faqih &; Mauludy, 2019), Corporate Social Responsibility (CSR) is also considered as an innovative instrument that helps companies to become sensitive and adaptive to the environment and social life of the community.

J. Audit Quality

Based on (Aswuri Indri, 2017), audit quality can be defined as the auditor's ability to detect and report material errors. According to (Khairunisa et al., 2017), auditor industry specialization can produce more convincing audit reports. KAP (Public Accounting Firm) which is considered to have the best audit quality because of its work experience is the big four KAP. The quality of auditing from the Islamic perspective is explained by the following verse which means: "O believers, If a wicked person arrives with you with information, then examine it carefully so that you do not inflict a calamity on a people without knowing the circumstances that cause you to regret your actions" (Q.S Al-Hujurat Verse 6). Based on the verse above, it is explained that everyone in conveying something should examine it first so that no one else suffers losses. The relationship with audit is that in terms of reporting the audit of the audited financial statements, the auditor should be expected to first examine the results of the audit, so that the results of the examination do not harm the company and interested stakeholders related to the consequences of the examination.

Method

A. Research Approach

This study was conducted to determine the effect of the relationship between independent variables, namely Dividend Policy, Independent Board of Commissioners, and Corporate Social Responsibility on the dependent variable, namely Company Value with moderation variables, namely Audit Quality. The object used in this study uses manufacturing companies listed on the Indonesia Stock Exchange (IDX) with this research data using the period in 2018-2022.

B. Place and Time of Research

This research uses data on the Indonesia Stock Exchange (IDX) which is located at Jl. Jend. Sudirman Kav. 52-53, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta. The reason for choosing the Indonesia Stock Exchange as a place of research is because it provides complete and easily accessible financial statement information on the official website in www.idx.co.id. The object of this research can be carried out on manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period. For the time of the study, the study was conducted from April to October 2023 until the completion of the study.

C. Operational Definition and Measurement of Variables

In this study there are three types of variables that can be measured, namely dependent variables, independent variables and moderation variables. The dependent variable is Company Value, the independent variable is Dividend
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D. Population and Sample
1. Population
   Based on research related to the title, the researcher determines the target population in the study. Population means a generalized area consisting of objects / subjects, which have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2017). So the population is not only people, but also other objects and objects of nature. Population is also not just the number that exists in the object or subject studied, but includes all the characteristics or characteristics possessed by the subject or object. The population in this study is Manufacturing Companies in Indonesia for the period 2018-2022.

2. Samples
   The sampling method is a sampling technique to determine the sample to be used in research. Sample means part of the number and characteristics possessed by the population (Sugiyono, 2017). The sampling was carried out considering the limitations of time, energy, and funds. From the entire population, several samples will be selected that will be used as objects in this study. Because this sample is a partial number that represents the population, it must be truly representative (representative).

E. Sampling Technique
   Sampling is carried out by purposive sampling method. Purposive sampling is a sampling technique method sourced from data with certain considerations (Sugiyono, 2017). The reason for using purposive sampling techniques is because not all samples have criteria that match the phenomenon studied. Therefore, researchers choose purposive sampling that sets certain considerations or criteria that must be met by the samples used in this study.

F. Data Collection Methods
   The type of data used in this study is secondary data. Secondary data is a data source that does not directly provide data to data collectors (Sugiyono, 2017). This secondary data is data that supports the needs of primary data such as books, literature, and readings related to reporting. The data collection technique in this study was for five years, namely from 2018-2022. The secondary data used in this study is taken from the annual report of manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2018-2022. Secondary data in this study was obtained through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id.

G. Data Analysis Methods
   The data analysis used in this study is descriptive statistical analysis, panel data estimation model test, hypothesis test, and panel data regression test. To test the data in this study using Eviews Software version 12.0

H. Selection of Panel Data Estimation Model Techniques
   To determine the appropriate panel data regression model to use in regression analysis panel data includes the Chow Test, Hausman Test and Lagrange Multiplier Test.

I. Classical Assumption Test
   According to (Eksandy Arry, 2018) the classical assumption test is a statistical requirement that must be met in regression analysis that uses the Ordinary Least Squared (OLS) approach in its estimation technique. Thus, whether or not classical assumption testing is necessary depends on the results of the selection of regression estimates. In panel data regression based on Ordinary Least Squared (OLS) is the Common Effect Model (CEM) or Fixed Effect Model (FEM), thus it is necessary to test classical assumptions if the regression model used is in the form of Common Effect Model (CEM) or Fixed Effect Model (FEM). Conversely, if the regression equation is more suitable using the Random Effect Model (REM), then there is no need to test classical assumptions, because the Random Effect Model (REM) uses the General Least Squared (GLS) approach in its estimation technique.

J. Panel Data Regression Model Analysis
   According to (Eksandy Arry, 2018) panel data regression analysis is a combination of cross section data and time series data, where the same cross section unit is measured at different times. So in other words, panel data is data of several individuals (samples) observed in a certain period of time.
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K. Moderation Regression Analysis

This study uses moderation variables, so this study uses the regression equation MRA (Moderated Regression Analysis) model. MRA is a special application of panel data regression where the regression equation contains elements of interaction (multiplication of two or more independent variables). The purpose of MRA is to see the influence between Dividend Policy variables, Independent Board of Commissioners, and Corporate Social Responsibility on Company Value with Audit Quality as a moderation variable.

L. Coefficient of Determination (R2)

The coefficient of determination describes how far the regression model's ability to explain the variation of the independent variable affects the related variable. The R-squared value is able to show how much X can affect Y. The greater the R-squared result the better.

M. Test the hypothesis

According to (Eksandy Arry, 2018) the F test is used to explain whether all independent variables entered into the model together have an influence on related variables, or in other words the model is fit or not. If the F test has no effect, then the study is not worth continuing because the research model is unable to explain the relationship between independent and dependent variables. It could also happen because of the relationship between independent variables (Multicollinearity) that causes this research model to be unfit.

Results and Discussion

A. The Effect of Dividend Policy on Company Value

The results showed that the variable dividend policy had no effect on the value of the company. The t-statistic value for dividend policy is 0.227440, with t Table with α = 5%, df (n-k) = 145 obtained table t value of 1.65543 and Prob value. 0.8204 > 0.05. Therefore, H1 is rejected. This shows that a high dividend policy does not mean that the company's value will be higher. The value of the company is more determined by the company's ability to generate profits and its investment policy. This is because the dividend payout ratio is only a breakdown and does not affect the welfare of shareholders. An increase in the value of dividends is not always followed by an increase in the value of the company. Because the value of a company is determined only by the company's ability to generate profits from the company's assets or its investment policies.

Some shareholders have shifted the orientation from getting dividends to the orientation to obtain capital gains. Because to get capital gains requires a relatively short time than waiting for the distribution of company dividends. This shows that the DPR has increased but the value of the company has actually decreased.

B. The Influence of the Independent Board of Commissioners on Company Value

The results showed that the variable of the independent board of commissioners had no effect on the value of the company. The t-statistic value is 0.683935, with t Table with α = 5%, df (n-k) = 145 obtained the table t value of 1.65543 and the value of Prob. 0.4951 > 0.05. Therefore, H2 is rejected. This shows that a larger number of independent boards of commissioners does not effectively increase the value of the company. This is likely due to the role of the independent board of commissioners which is only a formality to comply with regulations and does not carry out its monitoring function properly.

The results of this study show that the role of the independent board of commissioners is less effective so that it can be concluded that the independent board of commissioners is unable to increase the value of the company. The number of independent board of commissioners cannot be used as a guarantee to increase the value of the company. This is likely because the existence of an independent board of commissioners is only a formality to comply with regulations from the Financial Services Authority so that the independent board of commissioners does not carry out its monitoring function properly.

Research data shows that the average institutional ownership is not too large, thus showing that the ability of institutional ownership in the monitoring process and in encouraging management performance has not been effective. The proportion of independent board of commissioners owned by manufacturing companies is not too large, so there is a possibility for management to take opportunistic actions that can cause agency conflicts.

C. The Effect of CSR on Company Value

The results showed that CSR variables had no effect on company value. The t-statistic value is 0.267536, with t Table with α = 5%, df (n-k) = 145 obtained the table t value of 1.65543 and the Prob value of 0.7894 > 0.05.
Therefore, $H_3$ is rejected. This shows that investors do not respond positively to the company's efforts in social, economic, and environmental concerns. CSR disclosure has not been a significant factor in influencing a company's value.

Based on the results of the analysis above, it shows that Corporate Social Responsibility does not affect the value of the company, it is because investors do not respond to what the company has done in the form of concern for social, economic and environmental. Therefore, CSR has no influence on the value of the company. The company has not been able to communicate properly so that investors have not been captured as an aspect that needs attention.

**D. The effect of dividend policy on company value is moderated by audit quality**

The results showed that dividend policy variables were moderated by audit quality on company value. The $t$-statistic value is $2.260367$, with $t$ Table with $\alpha = 5\%$, df $(n-k) = 145$ obtained the table $t$ value of $1.65543$ and the value of Prob. $0.0253 < 0.05$. Therefore, $H_4$ is accepted. This shows that audit quality can strengthen the influence of dividend policy on company value. Based on the results of the study, it shows that there is sufficient evidence that audit quality can strengthen the effect of dividend policy on company value. In accordance with signal theory, the positive dividend payout ratio due to high dividends can explain that the company sees many prospects for the company, because the company funds internally through sustainable earnings, so the dividend policy may be effective as a signal.

**E. The influence of the Independent Board of Commissioners on the value of the company is moderated by the quality of the audit**

The results showed that the variables of the independent board of commissioners were moderated by audit quality on audit quality. The $t$-statistic value is $9.389635$, with $t$ Table with $\alpha = 5\%$, df $(n-k) = 145$ obtained the table $t$ value of $1.65543$ and the Prob value. $0.0000 < 0.05$. Therefore, $H_5$ is accepted. This shows that a higher proportion of independent commissioners can encourage a more effective supervisory function of auditors and company financial statements. It is that an independent board of commissioners is a member of the board of commissioners who is not affiliated with the board of directors, other members of the board of commissioners who may affect its ability to act independently or act solely in the interests of the company. The results of this study explain that a higher proportion of independent commissioners is expected to encourage a more effective supervisory function of auditors so that financial statements become reliable based on the principles of good corporate governance that can be properly enforced.

**F. The Effect of CSR on Company Value Moderated by Quality Audit**

The results showed that CSR variables moderated by audit quality had no effect on company value. The $t$-statistic value is $-0.855592$, with $t$ Table with $\alpha = 5\%$, df $(n-k) = 145$ obtained the table $t$ value of $1.65543$ and the value of Prob. $0.33937 > 0.05$. Therefore, $H_6$ is rejected. This shows that audit quality does not affect the relationship between CSR and company value. Auditors focus more on examining the financial condition than the company's CSR condition. The results of this study do not support agency theory which explains that auditors are parties who are considered capable of being a bridge between agents and principals in resolving a conflict of interest. This happens that CSR is not the main concern of auditors in conducting financial statement audits, the existence of auditors in conducting financial statement audits focuses more on examining financial conditions and not on the company's CSR conditions.

**Conclusion**

Conclusions should be written briefly. Conclusions must include three elements, namely important research findings, contributions to science, and explanations of research limitations. Do not repeat abstracts or simply list research results. Give scientific consideration to your work and state possible applications and developments. You should suggest further research based on the results of your research.

**A. Conclusion**

Based on the results of data analysis that has been carried out on the Effect of Dividend Policy, Independent Board of Commissioners and Corporate Social Responsibility (CSR) on Company Value with Audit Quality as a Moderation Variable, it can be concluded as follows:

1. Dividend policy has no effect on the value of the company. This is indicated by a $t$-statistic of $(0.227440)$, $<t$-table of $(1.65543)$ and a significance value of $(0.8204)>(0.05)$. This means that increasing dividend policy does not always have an impact on increasing company value.
2. The independent board of commissioners does not affect the value of the company. This is indicated by t-statistics of (0.683935) <t-table of (1.65543) and significance values of (0.4951)>(0.05). This shows that the supervision carried out by the independent board of commissioners has not contributed effectively to increasing the company's value.

3. CSR does not affect the value of the company. This is indicated by a t-statistic of (0.267536) <t-table of (1.65543) and a significance value of (0.7894) >(0.05). This means that companies have not managed to effectively communicate their CSR efforts to investors as an important factor affecting the value of the company.

4. Quality audits reinforce the effect of dividend policy on company value. This is indicated by t-statistics of (2.260367) >t-table of (1.65543) and significance values of (0.0253)<(0.05). This means that audit quality can improve the relationship between dividend policy and company value, which suggests that a high dividend policy can be an indicator of positive prospects for the company.

5. Audit quality strengthens the influence of the independent board of commissioners on the value of the company. This is indicated by t-statistics of (9.389635) >t-table of (1.65543) and significance values of (0.0000)<(0.05). This means that a higher proportion of independent boards of commissioners is expected to improve the supervisory function of auditors so that the company's financial statements become more reliable.

6. Audit quality weakens the influence of CSR on company value. This is indicated by a t-statistic of (-0.855592) <t-table of (1.65543) and a significance value of (0.33937) >(0.05). This means that auditors tend to focus on auditing financial statements rather than CSR aspects, so the quality of auditors has no effect on the extent to which companies pay attention to compliance in CSR disclosures.

Acknowledgement
Here are some recommendations that the author can give related to this research, so that this research can be useful as a reference in future research and increase knowledge in the field of accounting, namely:

1. For Companies
   Large companies should be more careful in managing their business, because company value is very important in attracting investors to invest. Companies need to pay attention to factors that affect company value, such as dividend policy, independent board of commissioners, corporate social responsibility and audit quality, to increase company value.

2. For Next Writers and Researchers
   This research can be used as a reference source to broaden horizons and increase knowledge about financial accounting. Researchers can then add other research variables that affect company value such as dividend policy, independent board of commissioners, corporate social responsibility and audit quality. Further research is needed to gain a more comprehensive understanding of the relationship between these factors and company value. Add a longer research period so that the research results can generalize and be better. Expanding the object of research by using a larger sample of other companies.

References


Law Number 40 of 2007 concerning Limited Liability Companies. (n.d.).

