

Company Value In Jakarta Islamic Index Throught Profitability, Environmental Performance And Islamic Corporate Social Responsibility

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Article Info	Abstract
Received Jan 14, 2024 Revised Jan 25, 2024 Published Feb 10, 2024	<i>This research aims to examine the influence of profitability, environmental performance and Islamic corporate social responsibility on the company value of the Jakarta Islamic Index. The population in this research are companies listed on the Jakarta Islamic Index (JII) 30 in the vulnerable years 2021-2022, totaling 30 companies. The sample collection technique used was purposive sampling. So the total sample for this research is 48 financial report data and sustainability reports from 24 companies who are listed in the Jakarta Islamic Index (JII) 30 in the vulnerable years 2021-2022. The data uses time series analysis and is analyzed through multiple linear regression analysis. The research results show that profitability has a significant effect on company value; environmental performance has no significant effect on company value and Islamic Corporate Social Responsibility has no significant effect on company value.</i>
Keywords : <i>Profitability, Environmental Performance, Islamic Corporate Social Responsibility, Company Value.</i>	

INTRODUCTION

The development of the Islamic economy in Indonesia also has an impact on various financial instrument facilities in both the banking and non-banking sectors. One of them is the sharia capital market which provides various investment instruments for investors or economic actors who want to invest in shares using sharia principles.

Shares traded in the sharia index are issuers whose business activities do not conflict with sharia, such as businesses that involve usury transactions or businesses that trade in haram drinks or food. On the Indonesian Stock Exchange (BEI) there are composite indexes that record sharia shares, namely the Indonesian Sharia Stock Index (ISSI), Jakarta Islamic Index (JII), Jakarta Islamic Index 70 (JII70), IDX-MES BUMN 17, and IDX Sharia Growth.

The Jakarta Islamic Index (JII) is one of the first sharia stock indices launched on the Indonesian capital market on July 3, 2000. JII's constituents only consist of the 30 most liquid sharia stocks listed on the IDX which have been selected twice a year according to certain criteria, such as the company must carry out activities in accordance with Islamic law and have the highest share value among other sharia companies. JII's market capitalization growth in the last five years has experienced fluctuations, this can be seen in the following table:

Table 1. Jakarta Islamic Index (JII) Market Capitalization Growth Rate

Year	Market Capitalization (Trillion IDR)	Growth (%)
2018	2,240	-2.12
2019	2,319	3.53
2020	2,059	-11.2
2021	2,015	-2.12
2022	2,155	6.96

Source : <https://dataindonesia.id/bursa-keuangan> (processed, 2023)

Looking at the growth in market capitalization, JII recorded an increase of 6.96% to IDR 2,155.45 trillion in 2022 from the 2021 position of IDR 2,015.19 trillion. The development of sharia stock indices, especially the Jakarta Islamic Index (JII), which grows from year to year, shows that the sharia capital market can create better company value.

Company value is related to share prices, the higher the share price, the higher the company value. The high value of the company reflects an increase in investor profits. Share prices in the capital market are formed due to an agreement on investor demand and supply, therefore the share price is a fair price which is used as a proxy for company value.

Company value is also often related to investors' perceptions of the company's success. This can be shown through the share price of a company

because the share price can show the value of the company. The higher the share price, the higher the company value, which shows the company's prospects in the future.

A good company must be able to control financial and non-financial potential in increasing company value for the company's long-term existence (Munawaroh, 2014). High company value can be achieved with synergy and reciprocal relationships between the company and the community, investors and employees of course. Therefore, several factors studied in this research can influence company value, namely profitability, environmental performance and Islamic Social Responsibility.

Profitability is used to measure the overall effectiveness of management as indicated by the size of the level of profit obtained in relation to sellers and investments. In this research, the profitability ratio is measured by return on assets (ROA). If the company earns large profits, its ability to pay dividends becomes greater. Thus, the size of the dividend can affect the value of the company. According to previous research conducted by Nurwani (2019) states that profitability has a significant effect on company value. Different from research conducted by Hiyun Puspita Sari et al., (2023) states that profitability has no effect on company value.

Efforts to increase company value by making maximum use of resources are often not balanced with good environmental management activities. Therefore, environmental performance as a mechanism for companies to voluntarily integrate environmental concerns into their operations and interactions with stakeholders, which exceeds the organization's legal responsibilities.

The Ministry of Environment (KLH) and Bank Indonesia were signed in 2005, which was a follow-up to Bank Indonesia Regulation Number 7/2/PBI/2005 concerning determining asset quality ratings for commercial banks. PROPER was held in order to control environmental impacts to increase the company's role in environmental conservation programs because the company's concern for environmental responsibility will improve the company's image in the eyes of the public and investors. According to previous research conducted by Hafidz & Deviyanti (2022) state that environmental performance has a significant and positive effect on company value.

The practice of disclosing social responsibility also plays an important role

in increasing company value because companies live in a community environment and their activities will have a social impact. The concept of Corporate Social Responsibility (CSR), which is currently not only developing in the conventional economy, but also developing in the Islamic economy, is closely related to companies that carry out business activities in accordance with the sharia concept. For companies included in the Jakarta Islamic Index (JII), disclosure of Islamic corporate social responsibility (ICSR) should have become an obligation as a form of social responsibility in accordance with Islamic law contained in the Qur'an and Hadith.

By fulfilling Islamic corporate social responsibility (ICSR), companies included in the Jakarta Islamic Index (JII) have demonstrated their identity as an entity that operates based on sharia principles and shows that the company operates not only for the interests of its owners, but all related stakeholders. So it is hoped that Islamic corporate social responsibility (ICSR) will be able to provide welfare for all stakeholders which will later have an influence on increasing company value (Nabila & Salsa, 2022). According to previous research conducted by Sulfati (2022) states that ICSR has a positive effect on company value. Different from research conducted by Utami & Yusniar (2020) states that ICSR has an insignificant negative effect on Company Value.

Based on the phenomena and results of previous research, the aim of this research is to examine the influence of Profitability on Jakarta Islamic Index Company Value; to test the influence of Environmental Performance on the Jakarta Islamic Index Company Value and to test the influence of Islamic Corporate Social Responsibility, and the Jakarta Islamic Index Company Value.

METHODS

The approach used in this research is a quantitative approach. The population in this research are companies listed on the Jakarta Islamic Index (JII) 30 in the vulnerable years 2021-2022, totaling 30 companies. The sample collection technique used was purposive sampling, namely by selecting samples through criteria. The criteria for sampling this research are:

- a. Companies that are consecutively listed on the Jakarta Islamic Index (JII) for the 2021-2022 period.

- b. Companies that publish annual financial reports and sustainability reports for the 2021-2022 period.

Based on the criteria above, the sampling in this research will be seen in the following table:

Table 2. Sampling

No.	Information	Number of Companies
1	Population	30
2	Manufacturing companies that do not publish annual financial reports and sustainability reports for the 2021-2022 period.	(6)
Number of sample companies		24
Number of Observations (24 × 2)		48

Source: Data processed

Data were analyzed using multiple linear regression analysis.

RESULTS AND DISCUSSION

To see this influence can be seen through the value of the regression equation used in the following table:

Table 3. Summary of Hypothesis Testing

Variables	Coefficient	t count	Sig.	Information
Profitability	,193	2,662	.011	Hypothesis 1 is accepted
Environmental Performance	,514	,559	,579	Hypothesis 2 is rejected
Islamic Corporate Responsibility	6,068	1,257	,215	Hypothesis 3 is rejected
Constant	-339.49			
R Square	,170			
Adj. R Square	.114			

The results of multiple linear regression calculations obtained the following equation:

$$Y = -229.49 + 0.193X_1 + 0.514X_2 + 6.068X_3 + e$$

Based on the results of testing the first hypothesis, it shows that the profitability has a positive and significant effect on firm value or it can be said that profitability has a direct effect on firm value. This means that the first hypothesis is accepted; that environmental performance has a positive and no

significant effect on firm value or it can be said that environmental performance has a no direct effect on firm value. This means that the first hypothesis is rejected; that Islamic Corporate Responsibility has a positive and no significant effect on firm value or it can be said that Islamic Corporate Responsibility has a no direct effect on firm value. This means that the first hypothesis is rejected.

Based on table 3 above, it can be seen that the Adjusted R Square value is 0.114. This means that 11.4% of the firm value variable can be explained by profitability, environmental performance and Islamic Corporate Responsibility. While the remaining 88.6% (100% - 11.4%) is explained by other variables not included or observed in this study.

CONCLUSION

Based on the results of research carried out by analyzing and discussing data, it can be concluded that. The research results show that profitability has a significant effect on company value; environmental performance has no significant effect on company value and Islamic Corporate Social Responsibility has no significant effect on company value.

The results of this research can provide information for company management in making decisions and policies to increase company value. Companies need to improve environmental performance and Islamic Corporate Social Responsibility. To create a positive signal for investors to invest capital in the company, high demand for shares will increase share prices so that the value of the company also increases. This research also only uses companies listed on the Jakarta Islamic Index 30 on the IDX as research samples, so that future researchers are expected to be able to increase the number of samples or use other sectors on the Indonesia Stock Exchange (BEI) so that more specific results can be obtained. and more in depth.

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