CORPORATE SOCIAL RESPONSIBILITY, GOOD CORPORATE GOVERNANCE AND THE INTELLECTUAL PROPERTY: AN EXTERNAL STRATEGY OF THE MANAGEMENT TO INCREASE THE COMPANY'S VALUE

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Abstract

This research investigates in three folds, the relationships among corporate governance, corporate social responsibility and firm performance, then intellectual property and firm performance. Findings, this research shows that independent board of directors is related to CSR. CSR and institutional ownership is also related to firm performance. In addition, intellectual property is strongly related to firm performance. This means that intellectual property owned by public limited companies in Indonesia increases firm performance.

Keywords: corporate social responsibility,` good corporate governance, intellectual property, firm performance

1. Introduction

1.1. Background of the Problem

The strategy of the company, such as corporate social responsibility (CSR), can be done to give a good image of the company to the external parties. The company can maximize the shareholders equities, the prosperity of the interest's owners, the reputation of the company, and long-term viability of the company by doing corporate social responsibility (CSR). In the Indonesian Republic Law, No. 40, 2007, article 74, it is stated that the company which operates its activities in the sector of or in relation to the natural resources must conduct a social responsibility. According to Becchetti, Ciciretti, and Hasan (2007) who state that the investment in the capital market is called socially responsible investment portfolios if it has responsibility to the society.

The controversy is still going on whether the company should or should not be engaged in CSR. According to shareholder theory, the supporters of CSR (Jones, 1995; Donaldson and Preston, 1995) say that CSR is a mechanism to achieve a better financial condition, as well as maximizing the property of the shareholders (Swanson, 1999; Whetten, Rands and Godfrey, 2001 in Mackey, Mackey and Barney, 2007). This corresponds with the activities of CSR which include the economic activity of the company, the prosperity of the stakeholders, and the preservation of the environment. Freeman (1984) states that the company which has what it takes can continue its viability because it has support from the stakeholders to obtain valuable resources. On the contrary, some parties refuse CSR, such as Friedman (1962) who states that the company should maximize the property of the stakeholders; in Mackey, Mackey and Barney (2007), maximize the present value of the future cash flow of the company (Copeland, Murrin and Koller, 1994).

Mackey, Mackey and Barney, 2007 state that CSR is an action of the company to improve the condition of the society and its environment. CSR is positively related to the financial way of work (Pava and Krausz, 1996; Preston and O'Bannon, 1997); sales growth and return (Ruf et.al., 2001). CSR is positively related to returns (Fombrun and Shanley, 1990; Soloman and Hansen, 1995); is negatively related to the returns (Aupperle, Carroll and Hatfield, 1985; McGuire, Sundgren and Scheeweis, 1988). This shows that the research finding between the relationship of CSR and financial way of work is still not consistent.

CSR and GCG (good corporate governance) show a trend of the displacement of the traditional concept (the shareholders' theory) to a broader concept (stakeholder theory), in accordance with the CSR concept, i.e. the shareholders' theory (Friedman, 1962) to the stakeholders' theory (Freeman, 1984). The manager should pay attention to the interest of the shareholders, and interest of other stakeholders such as employees, customers, suppliers, and the surrounding society (Tirole, 2001 in Sato, 2004).

The shareholders expect that CSR can improve the market value and the company's way of work. The CSR activities include the intellectual property of the company, copyright, patent right, house mark, commercial secret, and industrial design. The aim of this research is to examine whether there is a relationship among CSR, GCG and intellectual property towards improving the value of the company.

2. Theoretical Review and Hypothesis Development

2.1. Definitions of Corporate Social Responsibility (CSR)

CSR is a voluntary action of the company to improve the condition of the society and environment (Mackey, Mackey and Barney, 2007). The activities of CSR are related to the obligation towards the society and stakeholders (Brown, Dacin, 1997; Sen and Bhattacharya, 2001; Varadarajan and Menon, 1988; Luo and Bhattacharya, 2006). Bowen (1953) in Falck et al (2007) states that CSR is related to the obligation of the entrepreneurs to continue their politic according to the purposes and values of the society.

World Bank (Doane, 2005) states that CSR is an obligation of the company to give responsibility to all stakeholders in cases of operation and company's activities. The company justifies its effects to the society and environment when making a decision which impacts the stakeholders. The company should balance the needs of stakeholders and their needs in achieving the profit. European Union states that CSR is a business action upon the needs according to the accepted rules.

Friedman (1962) in Falck et al (2007) do not support CSR and the commitment of the company to the society. In Friedman's point of view, the managers have the obligation to increase the values of shareholders, because their principal duty is to maximize the values of the company. According to Friedman (1962), the commitment towards the needs and interests of the society does not give the profit, and therefore the commitment should not always be done. If the managers want to give goodies to the society, they should use their own money, they should not act as agent from principals (Friedman, 1970).

Different from Friedman (1962), Freeman (1984) in Falck et al, (2007) and Kolk et al (2005) support CSR. Freeman (1984) states that people who influence the purposes of the business and who are influenced by the company are the stakeholders (suppliers, customers, owners, employees, company's competitor, environment expert, media, etc). The management can enhance CSR to satisfy stakeholders (the owners of interests) and shareholders. The shareholders' approach (Freeman's approach, 1984) states that

stakeholders are a group or individual which can influence or be influenced for the purposes of the organization. In the view of stakeholders' approach, the company should pay attention to the interests of stakeholders and shareholders (Jones, 1995; Donaldson and Preston, 1995; Hill and Jones, 1992).

2.2. Purposes of CSR

Freeman (1984) states that CSR is an optimal choice to minimize the expense of transaction and potential conflict with the stakeholders. CSR is an effective tool to improve the reputation of the company and reduce the risk of the politic at interest and law action. Another purpose of CSR is as a means to improve the competition benefit for the company, so as to protect the values of stakeholders (Husted, 2003).. The implementation strategy of CSR activities should be in line with the mission and vision of the company and the expense of CSR can be minimized to get a higher ROI (Husted, 2003).

In a competitive business environment, where the available resources are limited, the top management is forced to carefully act in making the investment decision. The top management challenge requests to give its responsibility to the society. The top management should make the decision to do CSR activities, not only for the social benefit (the society), but also for the sake of the economical benefit of the company.

The approach of stakeholders-agency (Hill and Jones, 1992) can reduce the agency expense such as the profit management, because a manager as an agent is monitored by different stakeholders. CSR can reduce the agency expense because stakeholders also monitor the manager, so the manager should do the CSR activities to satisfy the interests of different stakeholders. The stakeholders' theory has a deep root in CSR (Carroll, 1979; Freeman, 1984) where, CSR is used to satisfy the stakeholders for the sake of the long-term viability and the success of the company (Freeman, 1984; Waddock and Graves, 1997). Stakeholders who have relevant resources are willing to offer the resources they have to the company, so, the company can improve its financial way of work (Jones, 1995; Hilman and Klein, 2001).

2.3. CSR and GCG

CSR and GCG can be done all together in a company. The trend of GCG has been changed from the traditional concept upon maximizing the property of the shareholders to the broader concept, i.e. paying attention to the needs of stakeholders. The

managerial decisions influence the investors and other stakeholders such as employees, customers, society where the company is located, etc (Tirole, 2003). Barnea and Rubin (2005) state that CSR is a source of conflict among different capital owners. The insiders, which consist of the corporate managers and blockholders who affiliates with the company, have interests in improving the expenditure of CSR to a higher level compared with maximizing the values of the company. They do those things because they want to obtain the benefit of CSR. Good rating of CSR can improve the company's reputation, so that it can satisfy the employees, community, environment, and care about the society. This is in accordance with Smith (2007); Castka et al, (2004) that the company can control those three things, namely environment, society, and economical aspects of the company.

The Institutional Investor is a sophisticated investor, who can improve the values of the company, which is measured by Tobin's Q (McConell and Servaes, 1990, 1995 in Barnea and Rubin, 2005), improve the way of work for the executives (Hartzell and Starks, 2000 in Barnea and Rubin, 2005), and reduce the agency expense among shareholders and bondholders (Bhojraj and Segupta, 2003 in Barnea and Rubin, 2005). Furthermore, Chaganti and Damanpour (1991) find that the institutional ownership is positively related to the way of work of the company. Baysinger et al (1991) find that the institutional ownership is positively related to the expense of R & D. the Institutional Investor is related to CSR, because the sophisticated investor can improve the values of the company and influence the implementation of CSR. Barnea and Rubin (2005) indicate that the Institutional ownership does not influence the rating of CSR. From the above description, the hypothesis of the research could be generated as follows:

H1: Institutional Ownership has a positive influence towards CSR rating.

The empirical evidence of the action of CSR and the company's way of work is not consistent yet. CSR is an activity and the status of the company which is related to the perception of the society and obligation towards stakeholders (Brown and Dacin, 1997; Send and Bhattacharya, 2001; Varadarajan and Menon, 1988, Luo and Bhattacharya, 2006). The result of relationship between CSR and the company's way of work is still inconsistent, for example, the return towards CSR is found to be positively related in some researches (Fombrun and Shanley, 1990; Solomon and Hansen, 1985;

Luo and Bhattacharya, 2006). On the contrary, return towards the CSR is found to be negatively related in the researches of Aupperle, Carroll, and Hatfield, 1985; McGuire, Sundgren and Scheeweis, 1988; Luo and Bhattarcharya, 2006. It can be concluded that the relationship between CSR and financial way of work is not consistent yet.

Luo and Bhattacharya (2006); Rust, Lemon, and Zeithalm (2004) state that some researches about the relationship between CSR and return on investment (looking backward at the profitability of the company) have been done, but does not look forward to the market values of the company. Theoretically, the market value is different from on investment because the accountancy measurement is retrospective and examines the historical way of work. On the contrary, the market value of the company depends on the growth prospect and sustainability profits or way of work expected in the future. The relationship CSR and the way of work of the company are to expand the company's strategies and way of work, and omit the existence of contingency conditions (Send and Bhattacharya, 2001). From the above discussion, the following hypothesis can be stated:

H2: Market Capitalization has a positive influence towards the CSR Rating.

According to Barnea and Rubin (2005), CSR is related to GCG. This relationship is because of the perception that the high CSR expenditure and GCG mechanism, those two are found in the company which has ethics and moral. GCG always keep pace with CSR, because those two are related to the ethical behavior part of the company. GCG is marked by the existence of the proportion of independent board of commissioners, and audit committee. The proportion of independent board of commissioners, the audit committee, and the audit quality will improve the rating CSR. Therefore, the independent board of commissioners, the audit committee, and the audit quality can improve the CSR Rating. This argument is based on the good management of the company that can improve the CSR rating.

H3: The independent board of commissioners, the audit committee, and the audit quality of KAP the Big 4 have a positive influence towards the CSR Rating.

H4: The CSR rating, the institutional ownership, commissioner, the audit committee, the audit KAP the big 4 have a positive influence towards the way of works of the company.

2.4. Intellectual Property

The intellectual capital is from the process of knowledge and intangible activities as additional value of a company (Bueno et al, 2007). In the intellectual capital, there are intellectual properties which include the income from the patent right, the amount of the patents, and the registered design, the value of copyright, the expenditure of R & D, house mark, and brand survey. The company which does the R & D, improves its information technology, introduces a plan, house mark, and creates a new thing to be patented, will obviously improve its way of work, and have the contribution to the shareholders, the owners of interests, employees, business partners, and the society. Therefore, it is expected that the company which has the intellectual property can improve the way of work of the company.

CSR is not part of the R & D expenditure such as the researches of waste banishment, the environment preservation, the quality improvement of the products, and the technology improvement to maintain the relationship with the stakeholders. The benefits of CSR include the improvement of economic performance, society, and environment (Hill and Jones, 1992), in that the employees can demand the wages, the customers can demand the quality products and low prices, the suppliers can demand stable supply pattern. Furthermore, the society can demand low level of pollution and the improvement quality of live. To reduce the agency problems, the managers are required to do R & D, to encourage the growth and improve the values of the company.

3. RESEARCH METHODOLOGY

3.1. The Selection of the Sample and the Collection of the Data

The selection of the samples was based on the purposive sampling from all companies registered in BEJ, to obtain representative samples which was used to test H1, H2, and H3, with the following criteria: 1) The samples are companies registered in BEJ in 2004 and 2005, 2) The samples must have audited financial statements in 2004 and 2005, 3) At the time the research was conducted, CSR rating (the rating from the ministry of environment) since 2006 CSR rating was not existed yet, this research used 2004 and 2005 CSR rating. To test H5, samples used were as follows: 1) companies registered in BEJ in 2004 until 2006; 2) The samples must have the audited financial statements in between 2004 and 2006; 3) The samples' selection process of intellectual property were the companies which pay the expenses for the patent right, trade mark, information technology, and brand.

3.2. The Research Design

3.2.1. The Testing of Hypothesis 1 – 3

Hypothesis 1 – 3 of this research were tested by using logit:

$CSR_{it} = \alpha_0 + \beta_1 INST_{it} + \beta_2 KP_{it} + \beta_3 DKInd_{it} + \beta_4 Kualaud_{it} + \beta_6 HTG_{it} + \beta_7 PPenj_{it} + \varepsilon_{it}$…….. ……..1

In this case:

CSR = CSR rating of Ministry of Environment, 1 for gold, green, and blue rating (the category of compliant companies), and 0 for red and black rating (for non compliant companies).

INST = The ownership proportion of Institutional investors.

KP = Logarithm of market capitalization/ market values.

Market values = closing price of the stock x the amount of outstanding shares

DKInd = The proportion of independent commissioner board.

KOMAUD = 1 if the company has the audit committee, and 0 if it does not have.

Kualaud = 1 if the company is audited by KAP Big 4, and 0 if it does not. The Big 4 includes Ernst and Young (EY), Klynveld Peat Marvick Goerdeler (KPMG), Deloitte Touche Tohmatsu, and Price Water House Coopers (PWC).

HTG = The ratio of total debt to total assets.

PPenj = The sales growth, calculated as follows:

$\Delta PPenj = ((Sales_t – Sales_{t-1})/ Sales_{t-1}) \times 100$

Control variables consisted of HTG (the ratio of total debt to total assets), and the sales growth which also influenced the relationship towards the rating of CSR.

Hypothesis 4 Testing with Double Regression, with the following formula:

Tobin's $Q_{it} = \alpha_0 + \beta_1 CSR_{it} + \beta_2 INST_{it} + \beta_3 DKInd_{it} + \beta_4 KOMAUD_{it} + \beta_5 Kualaud_{it} + \varepsilon_{it}$…….2

Tobin's Q = based on the formula of Chung and Pruit (1994) in Damarwati et al. (2004), with the formula: Tobin's Q = (MVE + DEBT)/ TA

In this case:

MVE = closing price of the stock in the end of year book x the amount of outstanding shares.

DEBT = (current liabilities – circulating assets) + supply book value + long term debt.

TA = book value of total assets.

Tobin's Q was used to measure the variable of ways of work of the company's market because it has comprehensive measurement, i.e. by enclosing the market price of the stock, debt, and book value of total assets.

3.2.2. The Testing of Hypothesis 5

The research design used to test hypothesis 5 was as follows:

$$\text{Tobin's } Q_{it} = \alpha_0 + \beta_1 \text{IntelProperty}_{it} + \beta_2 \text{KompAkt}_{it} + \beta_3 \text{SIZE}_{it} + \varepsilon_{it} \quad \ldots\ldots 3$$

$$\text{ROE}_{it} = \alpha_0 + \beta_1 \text{IntelProperty}_{it} + \beta_2 \text{KompAkt}_{it} + \beta_3 \text{SIZE}_{it} + \varepsilon_{it} \quad \ldots\ldots 4$$

In this case:

Tobin's Q = calculated by using the formula:

Tobin's Q = (MVE + DEBT)/ TA

MVE = closing price of the stock in the end of year book x the amount of outstanding shares.

DEBT = (current liabilities – circulating assets) + supply book value + long term debt.

TA = book value of total assets.

ROE = used as the measurement of the operational ways of work of the company (Klapper and Love, 2002 in Darmawati et al., 2004) which was calculated by using the formula: ROE = net profit/ total equity

ROE was used to calculate the rate of return which gave return to the capital owners. High ratio indicated better ways of work of the company.

IntelProperty = involved the values of the patent, trademarks, and copyrights (table 2).

Assets composition = was control variable, because circulating assets and intangible assets are easier to be deflected than tangible fixed assets (Darmawati et al., 2004). The assets composition was measured by using ratio between fixed assets and sales (Klapper and Love, 2002 in Darmawati et al., 2004).

SIZE = sales log, was a control variable, because big companies developed more soft capital, such as developing the information technology, researches and development, than small companies.

4. RESEARCH FINDINGS AND DISCUSSIONS

4.1. The Results of Hypotheses 1 – 3 Testing

The CSR rating used was based on the assessment of ministry of environment. The given levels are gold, green, blue, red, and black. The research findings indicated that the company which had independent board of commissioners obtained the level of

gold, green, or blue, which was categorized as a compliant company. Whereas the other categories such as institutional ownership, market capitalization, audit committee, debt, and sales did not have relationship with the CSR rating. The institutional ownership did not have relationship with the CSR rating, this result was consistent with the research of Barnea and Rubin (2005), that the institutional ownership did not monitor the CSR rating.

In table 5, the value of -2Log likelihood was 26.025 and descended to 23.350, indicating that the addition of independent variables into the model can improve the model fit. The value of cox and snell R square was 0.223. The value of negelkerke R square of 0.376 meant that the variability of dependent variables could be explained by the variability of independent variables of 36.7%. If the values of Hosmer and Lemeshow indicated goodness of fit. The values of Hosmer and Lemeshow of 23.350 and significant at $p<0.1$, then it could be said that the model is fit and acceptable. From that classification, it could be known that the averages of non compliant companies (code 0) was 6 companies, and compliant companies (code 1) was 30 companies. In total, the classification accuracy was 83.3%.

Furthermore, the variable of the independent board of commissioners of 7.751 at $p<0.01$, indicated that the company which had the independent board of commissioners, obtained the CSR rating as a company which was compliant to the environmental law and paid attention the prosperity of the owners interests. The audit quality variable was negatively related to the ways of work of the company at -0.422 with the significance level of $p<0.002$. This indicated that although the company was audited by The Big 4, the fundamental of company's work was not good yet.

4.2. The Results of Hypotheses 4

This testing aimed at finding the empirical evidence of influences of CSR, the institutional ownership, and governance towards the market work of the company (Tobin's Q). The used observations were 36 companies, consisting of 18 companies per year for 2 years, i.e. 2004 – 2005. The result, revealed that the CSR rating variable (β = 0.297, $p<0.1$) and the institutional ownership variable (β = 0.008, $p<0.05$) were positively related to the company's work. From table 6, it could be seen that F-test of 2.501 with significance level of 0.052, meant that the model could be used for hypothesis testing.

4.3. The Results of Hypotheses 5 (Tobin's Q)

The company's work was measured by Tobin's Q. Before doing double regression test, the classical assumption test was done. The result fulfilled the requirements. The result of F-test was 31.328, $p<0.01$, so the model could be used to predict the values of the company (Tobin's Q). Since, hypothesis 5 was supported it could be concluded that the intellectual property and the company's size were positively related to Tobin's Q. It can also be said that the intellectual property possessed by the public companies in Indonesia could improve the values of the companies. It also could be said that the investors considered the intellectual property important.

4.3.1. The Result of ROE (Hypothesis 5 Testing)

This test was aimed at finding empirical evidences of the influences of intellectual property towards the operational work of the company measured by ROE. The number of observations used were 66 companies, consisting of 22 companies per year for 3 years, i.e. 2004 – 2006. Before doing double regression test, the classical assumption test was done. The result fulfilled the requirements. The result of F-test was 28.176, $p<0.01$, so the model could be used to predict the company's work (ROE). The intellectual property was positively and significantly related to ROE $p<0.01$. Therefore, the intellectual property could improve the operational work of the company. These findings indicated that the intellectual property also contributed value creation to the company's income, that could improve the net profit of the company.

5. CONCLUSION AND LIMITATION

5.1. Conclusion

The result of H1 – H3 indicated that the independent board of commissioners board proportion had a positive relationship to CSR rating. This indicated that the company which had the independent board of commissioners had good CSR rating. Whereas, other variables such as the institutional ownership, market value, audit committee, and audit quality did not relate to the rating of CSR. The result of H4 test indicated that CSR rating and the institutional ownership were positively related to the company's work represented by Tobin's Q and ROE. This revealed that the intellectual property had important role towards the values of the company. The intellectual property could improve the values of the company and investors considered the variable of intellectual property as an important thing.

5.2. Limitation

The limitation of this research was the data for CSR rating was very limited, and not all public companies in Indonesia followed the CSR rating. Besides, the corporate governance just consisted of the institutional ownership, propotional boar of commissioners, and audit committee, and audit quality by KAP The Big 4. The next researchers should try to include more variables and use a large sample size.

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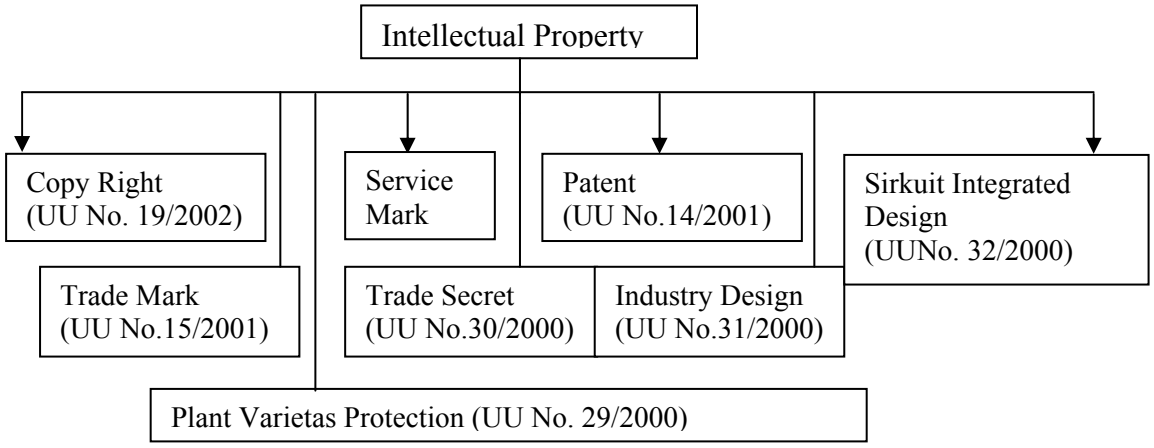
Chart 1: Intellectual Property



Source: From Several Sources

Table 1: The Selection of CSR Rating

Information	The Firms Total
Public Firms until the year of 2004	339
Bank and other Financial body	(66)
The Firm are not allowed in the CSR Rating	(255)
CSR Rating Firms (Samples)	18

Tabel 2: *Intellectual Property Selection*

Information	The FirmsTotal
Public Firms until the year of 2006	339
Bank and other Financial body	(66)

Firms have not the *intellectual properties*	(251)
Firms have the *intellectual property (Sample)*	22

Table 3: *Corporate Social Responsibility Rating*

Firm	2004	2005
PT London Sumatra Tbk	Blue	Blue
PT International Nickel Ind Tbk	Red	Red
PT Medco Energi International Tbk	Blue	Blue
PT Tambang Batubara Bukitasam Tbk	Blue	Blue
PT Timah Tbk	Red	Red
PT Tunas Baru Lampung Tbk	Blue	Blue
PT Argo Pantes Tbk	Blue	Blue
PTCentury Textile Industry Tbk	Blue	Blue
PT Indah Kiat Pulp & Paper Tbk	Blue	Blue
PT Suparma Tbk	Red	Red
PT Budi Acid Jaya Tbk	Blue	Blue
PT Unggul Indah Cahaya Tbk	Blue	Blue
PT Asahimas Flat Glass Tbk	Blue	Blue
PT Holcim Indonesia Tbk	Green	Green
PT Indocement Tunggal Prakasa Tbk	Green	Green
PT Kimia Farma (Persero) Tbk	Blue	Blue
PT Kalbe Farma Tbk	Blue	Blue
PT Unilever Indonesia Tbk	Green	Green

Source: The Ministry of Environment and Natural Resources

HYPOTHESIS 1 UNTIL 3 TEST

TABLE 4: CSR RATING TEST

Dependent Variable: CSR

Method: ML - Binary Logit
Date: 01/23/08 Time: 08:58
Sample: 1 32
Included observations: 32
Convergence achieved after 1 iterations
Covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	2.743373	4.888101	0.561235	0.5746
INST	-0.025312	0.065358	-0.387285	0.6985
KP	-7.86E-14	2.75E-13	-0.285201	0.7755
DK	8.980730	3.848783	2.333395	0.0196
KOMAUD	-2.874965	2.600506	-1.105541	0.2689
KUALAUD	0.968717	1.910969	0.506925	0.6122
HTG	-2.337982	3.696196	-0.632537	0.5270
PPENJ	-1.957271	3.012781	-0.649656	0.5159

Mean dependent var	0.812500	S.D. dependent var	0.396558
S.E. of regression	0.207527	Akaike info criterion	0.807733
Sum squared resid	1.033621	Schwarz criterion	1.174167

Log likelihood	-4.923731	Hannan-Quinn criter.	0.929196
Restr. log likelihood	-15.44248	Avg. log likelihood	-0.153867
LR statistic (7 df)	21.03750	McFadden R-squared	0.681157
Probability(LR stat)	0.003715		
Obs with Dep=0	6	Total obs	32
Obs with Dep=1	26		

TABLE 5
CSR RATING TEST

$CSR_{it} = \alpha_0 + \beta_1 INST_{it} + \beta_2 KP_{it} + \beta_3\ DKInd_{it} + \beta_4\ KOMAUD_{it} + \beta_5 Kualaud_{it} + \beta_6\ HTG_{it} + \beta_7\ PPenj_{it} + \varepsilon_{it}$

-2 Log Likelihood	Cox & Snell square	Negelkerke R square	Hosmer & Lemeshow	DKInd	Classification Percentage
26.025	0.223	0.376	7.813	7.751	0=6 (66.7%)
23.611			(0.099)***	(0.008)*	1=30 (86.7%)
23.356					Classification
23.350					Precision
23.350					83.3%
23.350					

* significant level p<0.01
**significant at level p<0.05
*** significant at level p<0.1

HYPOTHESIS 4 TEST
Table 6: The Association of CSR, GCG and Firm Performance

$TQ = \alpha_0 + \beta_1 CSR_{it} + \beta_2 INST_{it} + \beta_3 DKInd_{it} + \beta_4 KOMAUD_{it} + \beta_5 Kualaud_{it} + +\varepsilon_{it}$

α_0	β_1	β_2	β_3	β_4	β_5	F-Value	AdjR^2
-.487	.297	.008	-.127	-.323	-.422	2.501	.177
(-1.665)	(1.926)	(2.118)	(-.405)	(-1.268)	(-3.373)	(.052)**	
(.106)	(.064)***	(.043)**	(.688)	(.214)	(.002)**		

* significant at level p<0.01
**significant at level p<0.05
*** significant at level p<0.1

HYPOTHESIS 5 TEST
Table 7: The Association of Intellectual Property and Tobins' Q

$Tobin'sQ_{it} = \alpha_0 + \beta_1 IntelProperty_{it} + \beta_2 KompAkt_{it} + \beta_3 SIZE_{it} + \varepsilon_{it}$

α_0	β_1	β_2	β_3	F-Value	AdjR^2
4.262	4.56E-11	-.007	-.072	31.328	.583

(3.057)	(9.077)	(-.326)	(-2.684)	(.000)*
(.003)**	(.000)*	(.744)	(.009)*	

* significant at level p<0.01
**significant at level p<0.05
*** significant at level p<0.1

Table 8: The Association of Intellectual Property and ROE Test

$ROE = \alpha_0 + \beta_1 IntelProperty_{it} + \beta_2 KompAkt_{it} + \beta_3 SIZE_{it} + \varepsilon_{it}$

α_0	β_1	β_2	β_3	F-Value	AdjR^2
-39.878	2.82E-10	-.255	7.958	28.176	.556
(-2.585)	(5.082)	(-.103)	(2.897)	(.000)*	
(.012)*	(.000)*	(.917)	(.005)*		

* significant at level p<0.01
**significant at level p<0.05
*** significant at level p<0.1

Table 9: Classic Asumption Test

$Tobin'sQ_{it} = \alpha_0 + \beta_1 IntelProperty_{it} + \beta_2 KompAkt_{it} + \beta_3 SIZE_{it} + \varepsilon_{it}$
$ROE = \alpha_0 + \beta_1 IntelProperty_{it} + \beta_2 KompAkt_{it} + \beta_3 SIZE_{it} + \varepsilon_{it}$
$TQ = \alpha_0 + \beta_1 CSR_{it} + \beta_2 INST_{it} + \beta_3 DKInd_{it} + \beta_4 KOMAUD_{it} + \beta_5 Kualaud_{it} + +\varepsilon_{it}$

	K-Z Z	*DW*	*Tole rance*	*VIF*	*Uji Park*	*Uji White*	*Uji Ramsay Reset Test*
ResidualTQ	.842	1.837		F:1.600		F:1.621	
	(.478)*				(.198)*		(.206)*
Kompakt			.880	1.136			
Size			.564	1.772			
Intproperty			.623	1.604			
Residual ROE	.580	2.035				F:1.081	F:1.000
	(.889)*					(.384)*	(.373)*
Kompakt			.880	1.136		R Obs	
Size			.582	1.717		Squared	
Intproperty			.644	1.552		6.538	
						(0.365)*	
TQ	.819	1.726					
	(.513)*						
CSR			.641	1.560		F: .782	F: .319

Inst	.623	1.604	(.570)*	(.728)*
DKInd	.677	1.476		
Komaud	.620	1.613		
KAPBig4	.567	1.763		

*Not significant at level p<0.05

Table 10: Homoskedastisitas Test Assumption

Tobin'sQ$_{it}$ = α_0+ β_1IntelProperty$_{it}$ + β_2KompAkt$_{it}$ + β_3SIZE$_{it}$ + ε_{it}
ROE = α_0+ β_1IntelProperty$_{it}$ + β_2KompAkt$_{it}$ + β_3SIZE$_{it}$ + ε_{it}
TQ = α_0+ β_1CSR$_{it}$ + β_2INST$_{it}$ + β_3DKInd$_{it}$ + β_4KOMAUD$_{it}$ + β_5Kualaud $_{it}$ + +ε_{it}

	Uji Park	*Sig.*	*Uji White*	*Sig*
ResidualTQ	F:1.600 0.198*		F:1.621 0.206*	
Kompakt		0.571*		
Size		0.311*		
Intproperty		0.051*		
Residual ROE			F:1.081 0.384*	
Kompakt				0.129*
Size				0.510*
Intproperty				0.297*
TQ			F:0.782 0.570*	
CSR				0.106*
Inst				0.253*
DKInd				0.317*
Komaud				0.901*
KAPBig4				0.119*

*not significant at level p<0.05

Table 11: Hausman Test

CSR$_{it}$ = α_0+ β_1INST$_{it}$ + β_2KP$_{it}$ + β_3 DKInd$_{it}$ + β_4 KOMAUD$_{it}$ + β_5Kualaud$_{it}$ + β_6 HTG$_{it}$ + β_7 PPenj$_{it}$ + ε_{it}
TQ = α_0+ β_1CSR$_{it}$ + β_2INST$_{it}$ + β_3DKInd$_{it}$ + β_4KOMAUD$_{it}$ + β_5Kualaud $_{it}$ + ε_{it}

	t	Sig.	t	Sig.
TQ			1.471	0.152*
CSR	1.417	0.152*		
Inst	1.417	0.057*	-1.458	0.156*
DKInd	-0.097	0.924*	2.940	0.007
Komaud	-1.492	0.147*	0.505	0.617*
KAPBig4	-3.399	0.002	2.165	0.039
HTG	0.919	0.366*	1.510	0.142*
PPenj	-0.250	0.805*	0.033	0.974*

*Not Significant at level p<0.05