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Corporate Social Responsibility and Managerial Ownership: Their Impact on Firm Value in the Indonesian Mining Sector through Profitability's Mediating Role

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Abstract
The mining industry sector contributes significantly to a country's revenue, with numerous mining companies operating in the sector. However, the large number of mining companies poses a risk to the surrounding natural environment. Companies that prioritize environmental responsibility can improve their public image, which ultimately affects the company's value. This study aims to analyze the role of profitability in mediating the relationship between corporate social responsibility and managerial ownership on firm value. The study sample includes 10 mining companies listed on the IDX for a period of 5 years (2015-2019), with a total of 50 financial statements. Using purposive sampling and path analysis, this study concludes that corporate social responsibility has a positive and insignificant effect on profitability; managerial ownership has a significant positive effect on profitability; corporate social responsibility has a significant positive effect on firm value; managerial ownership has a positive but insignificant effect on firm value; profitability has a significant positive effect on firm value; corporate social responsibility mediated the relationship between profitability and firm value, with a significant positive effect; and managerial ownership mediated the relationship between profitability and firm value, with a positive but insignificant effect.

Keywords: Corporate Social Responsibility, Firm Value, Managerial Ownership, Profitability

1. Introduction

The development of the mining industry has been marked by distinctive phenomena such as concentration of processing countries, ownership dilemmas, concentration of companies, concentration of technology, concentration of capital, and its development is highly dependent on commodity stock prices in the international market. Additionally, the national mining industry in Indonesia faces these challenges, particularly in the implementation of Law No. 4 of 2009, which mandates mining companies to establish domestic processing and refining facilities (smelters). Unfortunately, many mining companies have experienced heavy losses, as evidenced by the fact that there were no mining companies in Indonesia with a market capitalization level exceeding four billion US dollars in 2015, which is the lowest minimum required to enter the top 40 largest mining companies by market capitalization.

A successful company is one that is able to improve its financial and non-financial conditions in order to increase its long-term value. This requires good cooperation between the company's management and the parties involved, including shareholders and stakeholders. Harmono (2018) explains that a company's value is reflected by its stock price, which is determined by the demand and supply of the capital market and reflects the public's assessment of the company's performance.

High levels of corporate value can be reflected in the prices of stocks in the market. The fluctuations of stock prices in the capital market are an intriguing phenomenon that can be discussed in relation to the issue of fluctuations in the value of the company itself (Putra and Lestari, 2016). This study utilizes Tobin's Q as an indicator of firm value, as it is believed to provide the most accurate information. Tobin's Q includes all

elements of debt, share capital, and company assets, and focuses on the current value of the company relative to the cost of replacing it. Research has identified several factors that affect firm value, including non-financial factors such as Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) (Alkhairani et al., 2020). Additionally, factors such as managerial ownership and profitability have been identified as affecting firm value (Ramadhani et al., 2017). This study will focus on two factors that affect firm value: corporate social responsibility and managerial ownership..

Corporate social responsibility (CSR) is a significant determinant of company value. Hadi (2014) asserts that CSR pertains to how a company manages its business operations, ensuring that the products it produces positively impact its environment. The external environment in which a company operates also influences its current and future value. Andreas (2014) posits that companies engaging in sustainable CSR practices can enhance their value and strengthen their performance over time. By implementing CSR, a company can attain social legitimacy and optimize its financial stability in the long term. Simanjuntak et al. (2020) have found that CSR exerts a significant positive impact on firm value, attributing this to the company's obligation to conduct its business activities responsibly, particularly in protecting the environment. This responsible conduct fosters a positive image within the community, thereby elevating the company's value. However, contrary to these findings, Alkhairani et al. (2020) argue that CSR does not have a significant positive effect on firm value, suggesting that CSR disclosures alone do not necessarily enhance a company's performance.

Another critical factor influencing firm value is managerial ownership. Managerial ownership can function as a mechanism to mitigate agency issues that arise between managers and shareholders, thereby reducing the likelihood of opportunistic behavior by managers (Puspaningrum, 2017). It enables better oversight and curbs the tendency for earnings manipulation by managers, thus improving the quality of financial reporting. When managers hold ownership stakes, they align their interests with those of the shareholders, which can lead to an increase in company value and, consequently, an increase in the managers' own wealth (Sudarma and Darmayanti, 2017). According to Dewi and Abundanti (2019), managerial ownership significantly enhances firm value. Conversely, Sugosha and Artini (2020) present findings that managerial ownership has an insignificant positive effect on firm value. This discrepancy arises because, although managers, as agents, are entrusted by shareholders (principals) to manage the company with the goal of maximizing shareholder welfare, they do not always act in accordance with the principals' interests. Instead, managers may engage in opportunistic behavior, leading to conflicts of interest and potential agency problems.

In light of the inconsistencies identified in previous research, this study introduces profitability as a mediating variable. Profitability refers to a company's capacity to generate profits and serves as a measure of management effectiveness (Wiagustini, 2013). It plays a crucial role in shaping the company's future prospects (Ramadhani et al., 2017). By incorporating profitability as a mediating variable, the study aims to enhance the understanding of the relationship between corporate social responsibility (CSR) disclosures, managerial ownership, and firm value. According to Weston and Copeland (2010), profitability reflects management's effectiveness, as evidenced by the profits generated from sales or investments. An increase in profitability can positively impact the firm's value, contingent upon how investors perceive this improvement. Investor perception of profitability changes can influence stock prices and, consequently, the company's value. Ramona (2017) emphasizes that higher profitability levels correlate with greater company profits, and the stronger the profitability, the more robust the relationship between CSR disclosures and firm value.

Ramadhani et al. (2017) highlight the significance of managerial ownership in enhancing a company's profitability and, consequently, its overall value. Increased profitability sends a positive signal to investors, indicating that the company is profitable and can potentially offer high returns, thereby positively impacting the firm's value. Alkhairani et al. (2020) discovered that corporate social responsibility (CSR) positively and significantly affects firm value, with profitability acting as a mediator. Conversely, Ramadhani et al. (2017) concluded that managerial ownership has a significant positive effect on firm value, with profitability serving as a moderating variable. These findings contrast with the research by Puspaningrum (2017), which concludes that profitability does not mediate the effect of CSR and managerial ownership on firm value.

This research focuses on mining companies listed on the Indonesia Stock Exchange (IDX). Mining

companies' operations often result in environmental pollution, necessitating a heightened focus on social responsibility to maintain the environment and foster positive relationships with local communities. Mining companies were chosen for this study due to their crucial role in national economic development and energy resource provision. However, these companies also bear the responsibility of restoring environmental and ecosystem functions impacted by their activities, even though the natural resources they exploit cannot regenerate. To develop a more comprehensive understanding of the influence of CSR, managerial ownership, and profitability on firm value, this study aims to achieve the following objectives: The expected benefits of this study are as follows: The results aim to provide empirical evidence regarding the influence of CSR and managerial ownership on firm value, mediated by profitability. This evidence can offer valuable insights for mining companies, emphasizing the importance of CSR disclosures in financial statements and highlighting the need for companies to consider environmental impacts when conducting business activities. Proofs are sent to the corresponding author only.

2. Theoretical Review

Corporate Social Responsibility

CSR represents a commitment to sustainable corporate development by addressing the social, economic, and environmental impacts of the company's operations (Rosdwianti et al., 2016). According to Untung (2009), CSR involves the corporate commitment to contributing to sustainable economic development while maintaining a balance among economic, social, and environmental considerations. In this study, CSR is assessed using a checklist based on the Global Reporting Initiative (GRI) G3 guidelines. The G3 framework categorizes CSR indicators into three primary dimensions: economic, environmental, and social.

$$CSRI_j = \frac{\sum X_{ij}}{Nj} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1)$$

Description:
CSRIj= Corporate Social Responsibility Index j.
∑Xij = Total item score disclosed by the company
Nj = Number of company items by G3

Managerial Ownership

Managerial ownership within a company is considered effective in aligning management's interests with those of the shareholders, thereby motivating management to make decisions that enhance the firm's value (Puspaningrum, 2017). According to Bodie and Marcus (2014), managerial ownership aligns the interests of management and shareholders, ensuring that managers directly benefit from sound decisions and incur losses from poor decisions. In this study, managerial ownership is quantified by calculating the percentage of shares held by commissioners, directors, and managers relative to the total number of outstanding shares in the company.
This version employs an academic tone, clearly defines managerial ownership, and outlines how it is measured within the context of the studyThe formula for calculating management ownership as used by Sudarma and Darmayanti (2017) is:

$$Managerial\ Ownership = \frac{\%\ Managerial\ Share\ Ownership}{Number\ of\ Share\ Outstanding} \quad \ldots\ldots\ldots\ldots\ldots 2)$$

Bodie and Marcus (2014) explain that the total managerial shares in question is the number of percentage shares owned by management at the end of the year, and the total outstanding shares are calculated by adding up all the shares issued by the company at the end of the year.

Profitability

Kasmir (2019) defines the profitability ratio as a ratio to assess the company's ability to seek profit. Profitability ratios also provide a measure of the level of effectiveness of a company's management. Sartono

(2016) argues that profitability is the company's ability to earn profits in relation to sales, total assets, and own capital According to Fahmi (2017), in general, there are four measurements to assess company profitability, one of which is Return On Assets (ROA). ROA, calculated using the formula:

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Asset} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 3)$$

Firm Value

Firm value is defined as the market value ratio, which is a ratio that describes the conditions that occur in the market. This ratio is able to provide an understanding for the company's management regarding the conditions of implementation that will be carried out and their impact in the future (Fahmi, 2020). According to Margaretha (2011) the value of companies that have gone public is reflected in the market price of the company's shares, while companies that have not gone public are realized if the company is to be sold. Weston and Copeland (2010) classify the ratios used to measure firm value, one of which is Tobin's Q. Tobin's Q is a ratio that describes the market value of the company's stock and the book value of the company's equity.

$$Q = \frac{(EMV + D)}{(EBV + D)} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 4)$$

Description:
Q = Firm Value
EMV = Closing Price of Shares x Number of Shares Outstanding
D = Book Value Total Debt
EBV = Book Value of Equity

Based on the description above, the conceptual framework in this study is described as follows:

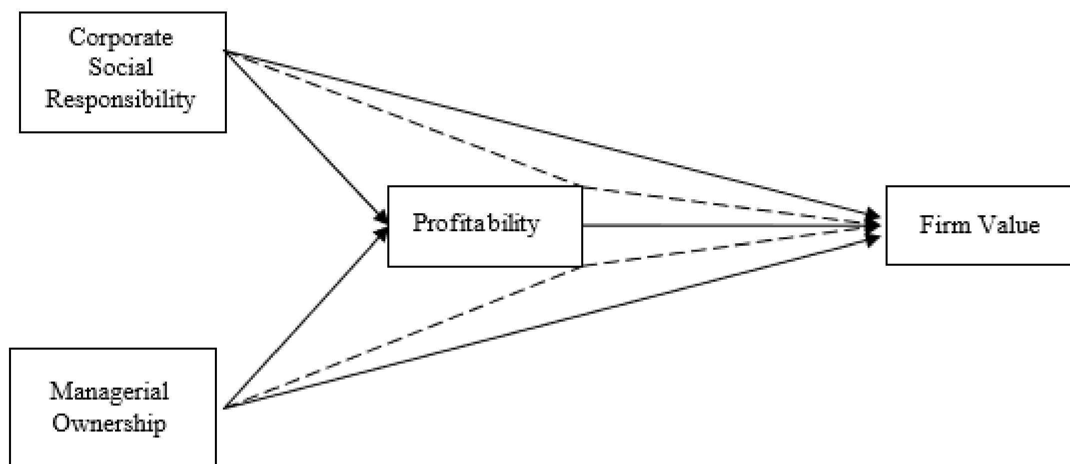


Figure 1. Conceptual Framework

The hypotheses in this study are:

Sudarma and Darmayanti (2017) explain that corporate social responsibility is a form of corporate responsibility in repairing social inequality and environmental damage that occurs due to the company's operational activities. The more forms of responsibility that the company takes to its environment, the better the company's image and the better the company's image, the higher consumer loyalty so that in the long term the company's sales will improve and it is expected that the company's profitability will also increase. Research by Hafez (2016); Tanod et al. (2019); Alkhairani et al. (2020) concluded that corporate social responsibility has a positive and significant effect on profitability. The research hypothesis is:

H1: Corporate social responsibility has a positive and significant effect on profitability
Managerial ownership is share ownership by company management as measured by the percentage of the number of shares owned by management. Nurkhin et al. (2017) argues that managerial ownership can be a harmonic so that conflicts of interest will be reduced. Management involved in share ownership will try to improve its performance so that company profits increase considering the dividends that will be distributed and the higher managerial ownership will increase profitability. Research by Candradewi and Sedana (2016) concluded that managerial ownership has a positive and significant effect on profitability. The research hypothesis is:
H2: Managerial ownership has a positive and significant effect on profitability
The value of the company will increase and be guaranteed to grow in a sustainable manner, if the company pays attention to the economic, social and environmental dimensions because sustainability is a balance between economic, environmental and community interests. These dimensions are contained in the application of corporate social responsibility by the company as a form of responsibility and concern for the environment around the company (Latupono and Andayani, 2015). The implementation

of corporate social responsibility will convince investors that the company will be able to ensure the survival of the company in the future which will at the same time increase the value of the company (Murnita and Putra, 2018). Research by Ramadhani et al. (2017); Rahmantari et al. (2019); Simanjuntak et al. (2020) concluded that corporate social responsibility has a positive and significant impact on firm value. The research hypothesis is:
H3: Corporate social responsibility has a positive and significant effect on firm value
If the proportion of managerial ownership in a company is large, management tends to be more active in increasing the value of the company for the benefit of shareholders where the shareholders are themselves, and with this motivation, managers will try their best to maximize the value of the company (Dewi and Abundanti, 2019). Ramadhani et al. (2017) explained that the greater the share ownership by management, the stronger the tendency of management to optimize the use of resources, resulting in an increase in firm value. Research by Ramadhani et al. (2017); Sudarma and Darmayanti (2017); Dewi and Abundanti (2019) concluded that managerial ownership has a positive and significant effect on firm value. The research hypothesis is:
H4: Managerial ownership has a positive and significant effect on firm value
Sulistianingsih and Yuniati (2016) revealed that the better the growth of the company's profitability, the better the prospects of the company in the future, so that the value of the company will increase. Increasing profitability will encourage investors to increase stock demand. Sudarma and Darmayanti (2017) suggest that the profitability generated by the company, whether large or small profitability can affect the value of the company. Profitability is the level of net profit that can be achieved by the company when running its operations. Research by Alkhairani et al. (2020); Simanjuntak et al. (2020): Sugosha and Artini (2020) conclude that profitability has a positive and significant effect on firm value. The research hypothesis is:
H5: Profitability has a positive and significant effect on firm value
Corporate social responsibility can be demonstrated by social disclosures that are reported in the sustainability reporting of each company and materialized from the economic, environmental and social performance of the company. The better the performance of the company, the more interested investors will be to invest their shares in the company and the value of the company will increase. The company's ethical behavior in the form of social responsibility towards the surrounding environment has a positive impact, which in the long term will be reflected in company profits and increased profitability (Hutabarat and Siswantaya, 2017). High profitability is expected to increase firm value. Research by Alkhairani et al. (2020); Simanjuntak et al. (2020) concludes that corporate social responsibility has a positive and significant effect on firm value mediated by profitability. The research hypothesis is:
H6: Corporate social responsibility mediated profitability has a positive and significant effect on firm value
Profitability is the company's ability to generate profits which are considered to be able to bridge the influence of managerial ownership on firm value. Fadli (2017) suggests that the ability of a company to generate profits is one indicator in assessing the value of the company. The company's profit is not only an indicator of a company, it is also an element in creating company value and with management ownership of company shares, managers who act as shareholders will try to carry out their duties as well as possible to increase company profitability and company value. Research by Ramadhani et al. (2017) concluded that

managerial ownership has a significant positive effect on firm value with profitability as a moderating variable. The research hypothesis is:
H7: Managerial ownership mediated profitability has a positive and significant effect on firm value

3. Method

This research uses a quantitative approach with this type of explanatory research. The research method used is non- participant observation, namely research conducted by researchers collecting, recording and reviewing secondary data in the form of company financial statements published by the Indonesia Stock Exchange (IDX) through its website. The object of this research is the mining sector companies listed on the IDX and the data is taken by accessing the website www.idx.co.id. The sample of this study is a mining company listed on the IDX with a total of 10 mining companies for 5 years of observation (2015- 2019) and from the 10 sample companies there were 50 financial statements of mining companies listed on the BEI that would be used. The research method chosen is purposive sampling with the following criteria: Mining companies listed on the IDX in 2015- 2019; Mining companies whose annual reports do not publish their corporate social responsibility activities consecutively during the 2015-2019 observation period; Mining companies suffered losses during the 2015-2019 observation period.
Sources of data used in this study are secondary data. The secondary data used in this study are financial statement data, annual financial reports, and stock price data published by mining companies during 2015-2019. Researchers in this study took data from financial statements published through the IDX which can be accessed through www.idx.co.id. The data analysis technique in this study uses path analysis.

4. Result

Table 1. Results Description of Research Variables

Variable	Min	Max	Mean	Std. Deviasi
Corporate Social Responsibility	0,13	0,63	0,3928	0,13930
Managerial Ownership	0,19	0,97	0,6644	0,25007
Profitability	0,001	0,212	0,08194	0,63881
Firm Value	0,14	1,04	0,4870	0,21675

Source: Secondary Data Processed, 2024

Based on the above, it can be explained as follows:

a. Corporate Social Responsibility variable has an average value of 0.39 or 39%. The average shows that the company has disclosed its Corporate Social Responsibility by 39% or around 31 disclosures standardized by GRI G3 for 5 years of observation.
b. Managerial Ownership variable has an average value of 0.66 or 66% of the total outstanding shares.
c. Profitability variable has an average value of 0.08 or 8%. The average proves that 8% of companies are able to generate net income from the total assets of the company.
d. The Firm Value variable has an average value of 0.48 or 48%. The average value of the firm value variable shows that the effectiveness of the company's management in utilizing its economic resources is 48%. Company value as measured by Tobin's Q has a standard deviation value below one, which is 0.21. This shows that investment in assets has not yet generated a profit that can provide a high value and this will not stimulate new investment.

Before performing statistical tests, the data to be tested must meet the assumptions of linear regression. These assumptions are:
a. Normality Test
The data normality test was carried out using the one sample Kolmogorov Smirnov Test. The data is said to be normal if the significance value is > 0.05. The results of the normality test are presented in Table 2 below.

Table 2. Normality Test Results

Variable	Significance	Explanation
Corporate Social Responsibility	0,097	Normal
Managerial Ownership	0,087	Normal
Profitability	0,405	Normal
Firm Value	0,567	Normal

Source: Secondary Data Processed, 2024

From the table above, it is known that all research variables have a significance value greater than 0.05 (sig > 0.05), so it can be concluded that the research data is normally distributed

b. Heteroscedasticity Test

Heteroscedasticity testing is done by looking at the scatter plot graph pattern between the predicted value of the dependent variable (ZPRED) and the residual SRESID. The results of the heteroscedasticity test are presented in Figure 2 below.

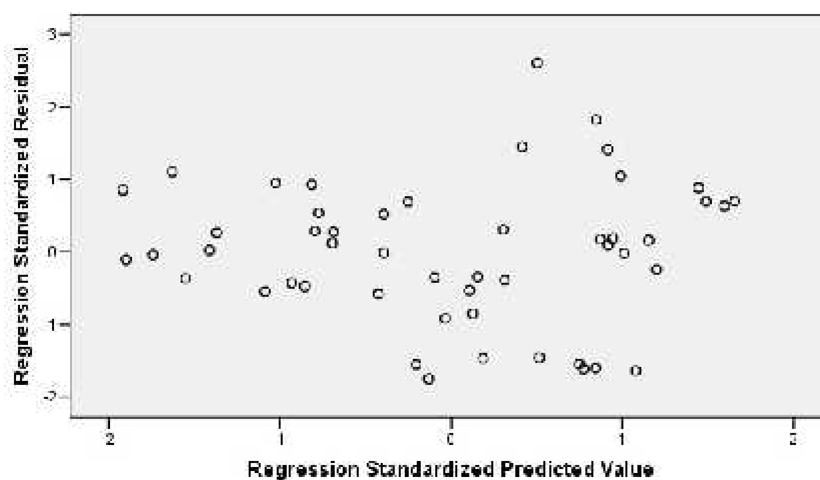


Figure 2. Heteroscedasticity Test
Source: Secondary Data Processed, 2024

From the picture above, it can be seen that the dots do not form a clear pattern and the points spread above and below the number 0 on the Y axis, meaning that there is no heteroscedasticity and the model in this study is feasible to use.

Path analysis is a form of application of multiple regression that uses path diagrams as a guide to testing complex hypotheses. This analysis aims to determine the size of the direct and indirect effects of several variables based on standardized beta.

Based on the results of path analysis, the t-count value of corporate social responsibility is 0.931 with a significance value of 0.356 > 0.05, meaning that corporate social responsibility does not partially affect profitability. The t-count value of managerial ownership is 2.286 with a significance value of 0.027 < 0.05, meaning that managerial ownership partially affects profitability.

Table 3. Direct Effect Test Results

Independent Variable	Standardized Beta	t-count	Sig.
Corporate Social Responsibility	0,139	0,931	0,356
Managerial Ownership	0,341	2,286	0,027
R Square	0,179		
Dependent Variable	Profitability		

Source: Secondary Data Processed, 2024

From the above results obtained an equation of the regression line as follows:

Z = 0,139x1 + 0,341x2 + 0,906e1

The value of 0.906 is obtained from $\sqrt{1 - 0{,}79 = 0{,}906}$

Based on the results of path analysis, the t-count value of corporate social responsibility is 0.931 with a significance value of 0.356 > 0.05, meaning that corporate social responsibility does not partially affect profitability. The t-count value of managerial ownership is 2.286 with a significance value of 0.027 < 0.05, meaning that managerial ownership partially affects profitability.

Corporate social responsibility and managerial ownership simultaneously have a positive and significant effect on profitability. The magnitude of the simultaneous influence of 0.179 or 17.9% is the contribution of the variable of corporate social responsibility and managerial ownership to profitability, while the remaining 82.1% is influenced by other factors outside the model.

Table 4. Indirect Effect Test Results

Independent Variable	Standardized Beta	t-count	Sig.
Corporate Social Responsibility	0,371	2,606	0,012
Managerial Ownership	0,004	0,025	0,980
Profitability	0,285	2,061	0,045
R Square	0,279		
Dependent Variable	Firm Value		

Source: Secondary Data Processed, 2024

From the above calculation results obtained an equation of the regression line as follows:

Y = 0,371X1 + 0,004X2 + 0,285Z + 0,849e2

The value of 0,849 is obtained from $\sqrt{1 - 0{,}279 = 0{,}849}$

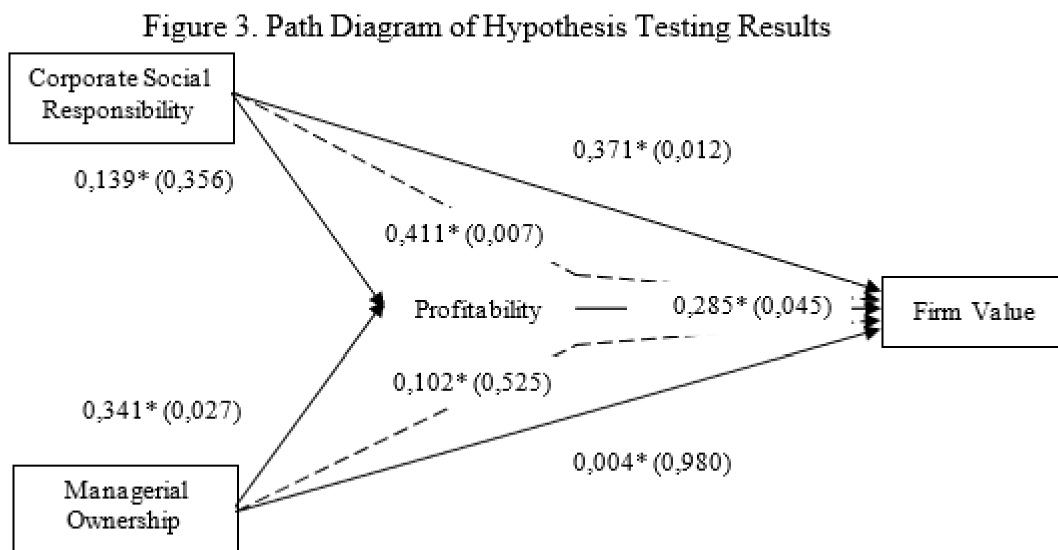
Based on the results of path analysis shows that the t-count value of corporate social responsibility is 2.606 with a significance value of 0.012 < 0.05, meaning that corporate social responsibility has a direct effect on firm value. The t-count of managerial ownership is 0.025 with a significance value of 0.980 > 0.05, which means that managerial ownership has no direct effect on firm value. The t-count profitability is 2.061 with a significance value of 0.045 < 0.05, meaning that profitability has a direct effect on firm value.

Corporate social responsibility, managerial ownership and profitability simultaneously have a positive and significant effect on firm value. The magnitude of the simultaneous influence of 0.279 or 27.9% is the contribution of the variables of corporate social responsibility, managerial ownership and profitability to firm value, while the remaining 72.1% is influenced by other factors outside the model.

The magnitude of the direct influence of corporate social responsibility 0.371, the magnitude of the direct influence of managerial ownership 0.004 and the magnitude of the direct influence of profitability 0.285.

The magnitude of the indirect effect of social responsibility on firm value mediated by profitability is = (0.139)x(0.285) = 0.040 so the total effect is = 0.371+0.040 =
0.411. The magnitude of the indirect effect of managerial ownership on firm value mediated by profitability is = (0.341)x(0.285) =
0.098 so the total effect is = 0.004+0.098 = 0.102. The recapitulation of the path analysis results can be seen in Figure 3 below

Figure 3. Path Diagram of Hypothesis Testing Results



Information:
- *significant 0.05 (5%)

From the picture above, a summary of the estimation results of the model parameters can be arranged which can be seen in Table 5 below.

Table 5. Summary of Model Parameter Estimation Results

	Variable	Beta	P-Value	R^2	Explanation
H1	Corporate Social Responsibility → Profitability	0,139	0,356	0,179	Not significant
H2	Managerial Ownership → Profitability	0,341	0,027		Significant
H3	Corporate Social Responsibility → Firm Value	0,371	0,012	0,279	Significant
H4	Managerial Ownership → Firm Value	0,004	0,980		Not significant
H5	Profitability → Nilai Perusahaan	0,285	0,045		Significant
H6	Corporate Social Responsibility → Profitability → Firm Value	0,411	0,007		Significant
H7	Managerial Ownership → Profitability → Firm Value	0,102	0,525		Not significant

Source: Secondary Data Processed, 2024

Discussion

The results showed that corporate social responsibility has a positive no significant effect on profitability. Simanjuntak et al. (2020) suggests that the concept of corporate social responsibility requires costs that are determined through the company's funding policy where costs must be based on management choices based on a balance of marginal costs and marginal revenue, whereas the implementation of corporate social responsibility requires special funds from the company and one of the funds used as a source of implementation of corporate social responsibility comes from company satisfaction. This is reflected in the results of research where the size of profitability is not influenced by corporate social responsibility and even tends to cause negative consequences if it is not managed properly and without a balanced profit, of course the implementation of corporate social responsibility cannot occur. This condition certainly implies that corporate social responsibility cannot directly affect profitability. The results of this study reinforce the research findings of Pratiwi et al. (2020) concludes that corporate social responsibility has a positive and insignificant effect on profitability as measured by ROA and ROE. Research Simanjuntak et al. (2020) concluded that corporate social responsibility has a positive and insignificant effect on profitability.

The results showed that managerial ownership has a significant positive effect on profitability. Managerial shareholding is the proportion of common stock owned by management. The Managerial ownership structure can be explained from two perspectives, namely the agency approach and the asymmetric information approach. The agency approach considers the managerial ownership structure as an instrument or tool to reduce agency conflicts among several claims against the company. The information imbalance approach views the managerial ownership structure mechanism as a way to reduce the information imbalance between insiders and outsiders through disclosure of information in the capital market (Wismandana and Mildawati, 2015). Increasing managerial ownership can be used as a way to solve agency problems. Candradewi and Sedana (2016) explain that the agency approach considers managerial ownership as an instrument or tool to reduce agency conflict. Managerial share ownership will require managers to always be careful in making decisions because the results of these decisions will have a direct impact on the shares owned by managers. The larger the proportion of managerial ownership in the company's shares, the better the performance and profitability of the company. The results of this study reinforce the research findings of Candradewi and Sedana (2016) concluded that managerial ownership has a positive and significant effect on profitability.

The results showed that corporate social responsibility has a significant positive effect on firm value. Primady and Wahyudi (2015) suggest that the main goal of the company is to increase the value of the company. The value of the company will be guaranteed to grow sustainably if the company pays attention to the economic, social and environmental dimensions because sustainability is a balance between economic, environmental and community interests. These dimensions are contained in the implementation of corporate social responsibility. Sudarma and Darmayanti (2017) argue that corporate social responsibility is a company's commitment to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on a balance between concern for social, economic, and environmental aspects. The concept of corporate social responsibility involves joint responsibility partnerships between companies, governments, community resource agencies, and local communities. Rustiarini (2010) explains that information regarding corporate social responsibility is contained in the company's annual report or corporate social responsibility report which is reported separately and every company that carries out social responsibility activities is expected to improve the company's image and also the value of the company. The results of this study reinforce the research findings of Jitmaneeroj (2017); Ramadhani et al. (2017); Tunpornchai and Hensawang (2018); Rahmantari et al. (2019); Guo et al. (2020); Simanjuntak et al. (2020) concludes that corporate social responsibility has a positive and significant effect on firm value.

The results showed that managerial ownership has a positive no significant effect on firm value. The results of this study are not in accordance with the agency theory view. Agency theory (Jensen and Meckling, 1976) suggests that managerial ownership can be a mechanism to reduce agency problems that arise between the two parties so that there is the possibility of opportunistic behavior that results in conflicts of interest and will cause agency conflicts or problems (Nurkhin et al., 2017). This agent behavior has an impact on increasing costs for the company which can affect the value of the company (Dewi and Abundanti, 2019). Minimizing conflicts between managers and shareholders or what is known as agency problems, namely with a supervisory mechanism that can align these interests so that agency costs arise. There are several alternatives to reduce agency costs, including the presence of institutional share ownership and management share ownership. The results of this study reinforce the research findings of Nurkhin et al. (2017); Puspaningrum (2017); Sugosha and Artini (2020) conclude that managerial ownership has a positive and no significant effect on firm value.

The results showed that profitability has a significant positive effect on firm value. Profitability is the company's ability to generate profits at a certain level of sales, assets and capital (Dewi and Abundanti, 2019). The company's profitability can show a measure of the effectiveness of the company's management and show the company's ability to earn profits, and when profits increase, it can describe good company performance so that it becomes a signal for capital owners to invest in the company concerned and the value of the company will increase (Wiagustini, 2013). Nurkhin et al. (2017) argues that profitability is one indicator of a company's financial performance and if profitability is in an increasing state, it will affect the value of the company. The market value of the company's stock will increase, this is because investors see a positive signal with improving company profitability. Investors can use the information contained in the company's financial statements, because investors prefer companies that are able to maintain their profitability well and maintain unstable company value fluctuations. The results of this study reinforce the

research findings of Alkhairani et al. (2020); Simanjuntak et al. (2020): Sugosha and Artini (2020) conclude that profitability has a positive and significant effect on firm value.

The results showed that corporate social responsibility mediated profitability has a significant positive effect on firm value. Hutabarat and Siswantaya (2017) argue that corporate social responsibility can be demonstrated by social disclosures reported in the annual report or sustainability reporting of each company and is manifested in economic, environmental, and social performance. The better the performance of the company in improving its environment, both economic, environmental and social, investors will be more interested in investing their shares in the company and the value of the company will increase. Kasmir (2017) suggests that profitability is the ability of a company to generate profits within a certain period. The company's ability to generate profits can attract investors to invest their funds for business expansion, while a low level of profitability will cause investors to withdraw their funds. Corporate social responsibility is realized through environmental, social and economic performance. The better the company's performance in three aspects (environmental, social and economic), the company's value will also increase. This increase in company value is because investors are more interested in investing in environmentally friendly companies (Sulistiyanti, 2014). Profitability as an achievement that can be achieved by mining companies within a certain period that affects the increase in net income and every investor can consider profitability as a reference in making investment decisions, because with the high level of profit owned by mining companies, the higher the level of profit will be. dividends and will further save the cost of capital, on the other hand managers can increase their ownership shares because they think that receiving dividends is a high profit, and with the thought of the profits obtained in this case it is hoped that investors will be interested and interested in investing. The results of this study reinforce the research findings of Alkhairani et al. (2020); Simanjuntak et al. (2020) concludes that corporate social responsibility has a positive and significant effect on firm value mediated by profitability.

The results showed that managerial ownership mediated profitability has a positive no significant effect on firm value. Nurkhin et al. (2017) assumes that signal theory is information issued by management or companies and is basically a signal for market participants (investors), and within the framework of signal theory it can be understood that profitability is the company's ability to generate profits over a certain period. which is considered to be a signal for the company to attract investors to invest their capital. Based on signal theory, companies with high levels of profitability will increase the influence of managerial ownership on firm value (Yusuf and Gasim, 2015). Managers who act as shareholders at the same time can increase the value of the company, so that the value of wealth as shareholders will also increase, but the behavior of company value in mining companies cannot be predicted by the behavior of managerial ownership variables bridged by mediating variables in the form of profitability. The findings of this study are not in accordance with the signal theory which explains that profitability can strengthen signals that can influence market reactions. The results of this study reinforce the research findings of Puspaningrum (2017); Nurkhin et al. (2017); Sugosha and Artini (2020) conclude that profitability is not able to mediate the effect of managerial ownership on firm value.

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Research Implications

The implication that emerges in this research is that corporate social responsibility has a positive no significant effect on profitability; managerial ownership has a significant positive effect on profitability; corporate social responsibility and profitability has a significant positive effect on firm value; managerial ownership has a positive no significant effecton firm value. It was also found that the important role of profitability not only directly affects firm value but also significantly mediates the effect of corporate social responsibility on firm value; and does not significantly mediate the effect of managerial ownership on firm value. The results of this study also strengthen and support the results of previous studies related to firm value.

The limitations in this study are as follows: (1) The data used is in the form of secondary data, namely the financial report data of mining sector companies, so that not all items in the list of social responsibility disclosures are clearly disclosed in the report. (2) The sample in this study were 10 mining companies from 39 mining sector companies listed on the Indonesia Stock Exchange in 2015-2019 that met the sample criteria, of which there were 11 companies whose financial statements did not clearly include information about corporate social responsibility, and 18 mining sector companies whose financial statements suffered losses between 2015-2019.

Conclusion

Based on the research results, the following conclusions can be drawn: Corporate social responsibility has a positive no significant effect on profitability. The more social responsibility disclosures made by mining companies, it is not necessarily able to increase the company's profitability. Managerial ownership has a significant positive effect on profitability. the increasing proportion of managerial ownership in the company

will be able to increase the company's profitability directly and the greater the proportion of managerial ownership, the smaller the chance of conflict, because if the owner acts as manager then in decision making will be very careful so as not to harm the company and ultimately can increase profitability. Corporate social responsibility has a significant positive effect on firm value. The higher the level of disclosure of corporate social responsibility, the value of the company will increase. The implementation and disclosure of corporate social responsibility will be positively appreciated by stakeholders as indicated by an increase in company value as reflected in share prices and company profits. Managerial ownership has a positive no significant effecton firm value. The size of the managerial ownership in the company does not affect the value of the company. This condition certainly implies that managerial ownership cannot directly affect the value of the company. Profitability has a significant positive effect on firm value. The greater the profitability as measured by ROA, the greater the level of efficiency in the use of assets, and vice versa. The smaller the profitability (ROA) owned by a company, the smaller the level of efficiency in the use of assets. Corporate social responsibility mediated profitability has a significant positive effect on firm value. The higher the level of profit of a company, the higher the level of disclosure of corporate social responsibility and will also be able to increase the value of the company, because the company is considered to be setting aside funds to disclose its social responsibility more broadly. Managerial ownership mediated profitability has a positive no significant effect on firm value. Companies that get good profitability do not necessarily attract the attention of management who have "power" in companies with share ownership so that managerial ownership is high in the value of profits obtained by the company, not necessarily increasing the value of the company.

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