



Implementation of csr on company value in the real estate sector

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ABSTRACT

This research aims to investigate the implementation of Corporate Social Responsibility (CSR) as a form of social responsibility of real estate companies to the surrounding community. The method used in this study was a literature review sourced from several previous studies. The research results indicate that the form of CSR implementation is considered an indicator that is able to influence the company's value in the perception of the surrounding community. However, in previous research, there is also a contradiction in that CSR is considered unable to have a significant influence on company value. Real estate companies are considered to have a substantial impact on the economic, social, and environmental aspects of society. Real estate companies carry out corporate social responsibility to reduce negative impacts and increase positive contributions to society by participating in sustainability projects, such as supporting the construction of transportation routes and so on.

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INTRODUCTION

The company serves as an important contributor to the nation's economy, operating with the primary objective of generating profit and fostering job creation (Kerbouche et al., 2015; Sholikha & Rahmiyati, 2017; The et al., 2022). Company value generally has a significant role in supporting business growth in facing the dynamics of changing times. Of course, company values can influence the level of creativity, productivity, and profitability, making it easier for the company to compete with competitors. One indicator of company value can be measured by the price of shares issued. The company's share price will increase along with the resulting performance and vice versa. Investors who invest in a company will be more interested if they see the company's performance continues to grow. Its share value is high as it is considered capable of providing guarantees for the company's long-term operational sustainability (Barlinti & Aris, 2023).

The existence of property and real estate companies as one of the industrial sub-sectors listed on the Indonesia Stock Exchange (BEI) shows a significant impact on the economy and

business (Ani, F., Chomsatu, Y., Dan Dewi, 2020; Fakhri Rana Sausan et al., 2020; Purnama et al., 2018). As providers of residential and industrial services that operate in an integrated and strategic scope, real estate companies have an important role in shaping and driving the property sector and its contribution to overall economic growth (Abdul et al., 2023).

The positive impact of real estate companies is not only reflected in their significant contribution to the economy, but can also be seen in their contribution to Gross Domestic Product (GDP). Between 2018-2022, real estate companies contribute around 16% or 2.300-2.800 trillion rupiah each year, strengthening their role as one of the industrial sub-sectors in supporting national economic growth. Real estate company also contributes to improving infrastructure, such as the construction of roads, bridges, and systems public transportation due to increased mobility of local communities. The social structure has an impact on the realization of the construction of shopping centers and housing complexes, which can become a forum for commercial, social activities and spaces for community interaction (Sobiroh, 2023).

Of the many positive impacts of real estate companies, there are known negative impacts, such as forced evictions and environmental degradation as a result of large-scale development. Such developments can also disrupt the balance of local ecosystems, causing loss of natural habitats and changing water flow patterns. (Kamela et al., 2023).

These positive and negative impacts certainly influence the value of real estate companies. Therefore, it is necessary to minimize negative impacts so that company value keeps stable and continues to increase (Winnie & Mulyana, 2023). One of the real estate companies' efforts to reduce the negative impact caused by the company is by implementing CSR. This implementation is generally used by real estate companies to reduce negative impacts and increase positive contributions to society by involving sustainable projects, such as supporting the development of transportation, education and health facilities as well as other efforts to improve community welfare.

Previous research has conducted many studies regarding the influence of CSR implementation and financial performance on company value (Ayu, 2021; Kamela et al., 2023; Radu & Smaili, 2022; Uyar et al., 2023; Winnie & Mulyana, 2023). Based on the research by Aminah & Dinata (2023), CSR disclosure is able to increase the value of manufacturing companies in goods consumed by the public. This research also indicates that intellectual capital, GCG, and CSR are able to influence company value. However, this is different from the study in Susanto's research (2020), which contradicts with the previous research that CSR is considered not to influence or have an impact on company value, especially real estate listed on the IDX. From several differences and phenomena explained theoretically above, this research discussed how corporate social responsibility is implemented by real estate companies. Therefore, comprehensive research regarding the implementation of CSR influencing company value in the real estate industry needs to be carried out with the hope that these findings will be able to enrich studies from previous research. Contribution this research to investigate the implementation of Corporate Social Responsibility (CSR) as a form of social responsibility of real estate companies to the surrounding community.

RESEARCH METHOD

This research adopted a literature review method (Sugiyono, 2018; Yusup, 2018). This approach was focused on exploring various perspectives, concepts, theories and findings that have been documented in the literature related to the research topic. The data used is secondary data. Data and research results come from journals and references or other relevant sources. By implementing these concepts, literature review research constructed a solid theoretical foundation for interpreting data. The literature review method in this research could provide in-depth understanding and insight regarding the implementation of Corporate Social Responsibility (CSR) to company value, especially in the real estate sector (Zuhriadi et al., 2023).

RESULTS AND DISCUSSIONS

The implementation of CSR in the business world varies depending on the company size. Several companies in Indonesia are known to be able to carry out CSR well. However, on the other hand, there are also some companies that ignore CSR matters because they are considered to have no significant effect on company value. The implementation of an unstable company value can be measured by the share price where the higher the corporate value, the company's share price is also considered high by investors. Therefore, the benchmark for the success of CSR implementation on the value of real estate companies can be seen from the share price index presented in Figure 1.



Figure 1. Real estate company share price index

Figure 1 shows that the share price index for property and real estate sector companies has continued to decline over the last three years from 2021-2023. The decline in share prices can indicate that the company's value is also decreasing. Thus, it can be concluded that the effectiveness of CSR in real estate sector companies is still not optimal. Pratama & Maria's research (2023) explains that there are other factors that influence company value among others intellectual capital, GCG, and CSR. Based on the t-test, CSR is considered not to have a significant impact on the company value.

In addition, Susanto (2020) in his research stated that there is an influence of CSR and GCG on the company value of several companies listed on the IDX. However, based on the CSR data test, this does not have a significant effect. The insignificance of CSR implementation is influenced by several factors, including the fact that in the implementation of CSR in the field, many shortcomings were found, lack of totality, ineffectiveness and inconsistency in the commitment of several real estate companies.

However, the decline in share prices which has an impact on company value is not only seen from the implementation of CSR but also from other factors, such as the effect of the COVID-19 pandemic which affects the ROA value and results in quite large losses, causing a decline in company value. This is supported by research conducted by Winata & Aryati (2023) that CSR, profitability, leverage, and growth influence company value. However, the impact provided by CSR is not significant on company value due to the COVID-19 pandemic that occurred during 2018-2021.

Moreover, the success of CSR implementation can be identified from several other indicators, such as CSR implementation that is in line with company values and is transparent (Alniacik et al., 2020; Liu et al., 2022; Lopatta et al., 2022). If a company can build and maintain a positive reputation through clear CSR measures and healthy financial performance, it can certainly have a positive impact on customer trust. Active support from top management in promoting and supporting CSR initiatives not only creates a sustainable corporate culture, but also reflects the organization's responsibility and commitment to ethical principles in business activities (Faranika & Illahi, 2023).

Aligning CSR programs with community needs and expectations is also an important element. When companies understand and respond appropriately to society's needs, this not only has a positive impact on society, but also increases company value and has an impact on long-term financial performance. Companies can achieve this goal by integrating ethical values into CSR strategies, actively involving the management team, and responding to community needs (Cahyaningrum et al., 2023).

Implementing CSR ethics consistently is crucial to build company trust and reputation. Companies that consistently implement CSR ethics will be more appreciated by society and customers so that they can improve the company's image (Machdar et al., 2023). Therefore, to increase the success of CSR ethics in the company's financial performance, it is necessary to consider several supporting factors, such as consistency and transparency with community involvement (Umardani & Trisaningsih, 2023).

CONCLUSION

In theory, implementing CSR provides several benefits to companies, such as improving image, brand value, loyalty, and investor confidence in company productivity, which tends to be stable and increase. However, based on statistical calculations, CSR does not have a significant impact on company value, especially in the real estate sector. This is influenced by several aspects, including inconsistent implementation and the COVID-19 pandemic. Suggestions for real estate companies in this context are able to consistently and transparently implement CSR strategies so that the results obtained are in line with the form of social responsibility to society, not just pursuing profit itself. Future researchers can add and expand to the literature and carry out further analysis using various statistical methods, both qualitative and quantitative, so that the results obtained are more accurate and explain existing theories in detail. The limitation of this research is that it only carries out analysis on literature studies. Future researchers should conduct research using quantitative analysis methods using existing data.

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