ISSN 2664-3995 (Print) & ISSN 2664-6757 (Online)
South Asian Research Journal of Business and Management
Abbreviated Key Title: South Asian Res J Bus Manag

| Volume-6 | Issue-4 | Jul-Aug- 2024 | **DOI: 10.36346/sarjbm.2024.v06i04.003**

Original Research Article

Do CSR, GCG, Cash Holding, and Firm Size Truly Elevate Firm Value in the Indonesian Basic and Chemical Industry?

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Article History
Received: 04.06.2024
Accepted: 11.07.2024
Published: 17.07.2024

Abstract: This study aims to determine the relationship between Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), cash holding, and company size on firm value. The background of this study is due to the many previous studies that show different results of the influence of each factor of CSR, GCG, cash holding, and company size on firm value. The population used in this study are companies included in the basic and chemical industries listed on the IDX in 2021-2023. The sampling technique in this study was a purposive sampling technique. The amount of data that meets the criteria after being reduced by outliers is 33 data samples. The analysis technique used is multiple linear regression analysis using SPSS version 25. The results showed that CSR has a positive effect on firm value, GCG has no effect on firm value, cash holding has a positive effect on firm value, and company size has no effect on firm value. In other words, CSR and cash holding are able to increase firm value, but GCG and firm size are not able to increase firm value because they have no effect on firm value. These findings indicate that CSR and cash holding are important factors that can increase the value of basic and chemical industry companies in Indonesia.

Keywords: Cash Holding, Company Size, Corporate Social Responsibility, Firm Value, Good Corporate Governance, Independent Commissioner.

1. INTRODUCTION

The existence of basic and chemical industries is an important field that is closely related to industries in other fields. This is because the materials produced can be used by industries in other fields such as the food, energy, textile, food, and beverage industries. Behind its positive impact, the basic and chemical industry can also have a negative impact on the environment because this industry is one of the sources of hazardous and toxic waste (B3) which is very dangerous if discharged directly into the environment (Hendriana & Mardyanto, 2023). The company management needs to try to prevent the negative impact caused by their company and continue to develop its business to increase firm value and excel compared to other competitors.

An increase in share price reflects an increase in the value of the company in the eyes of investors (Bawai & Kusumadewi, 2021). Achieving high value for the company depends not only on maximizing profits but also on balancing the interests of internal and external stakeholders (Worokinasih & Zaini, 2020). By considering internal and external interests in a balanced manner, firm value can be increased through the implementation of Corporate Social Responsibility (CSR), the implementation of Good Corporate Governance (GCG), effective cash holding management, and optimal company size.

Basic and chemical wastes can damage the environment if not handled properly (Sulman & Irawan, 2016). Therefore, more and more companies are adopting CSR policies in an effort to manage risks and realize sustainable performance (Afifah & Syafruddin, 2021). By doing CSR, companies can reduce negative environmental impacts and demonstrate the sustainability of the company, attract investors, and affect the increase in firm value. Previous research found CSR disclosure affects firm value (Atthoriq & Sulistyowati, 2022; Bawafi & Prasetyo, 2015; Dewi *et al*., 2021; Kristanti, 2020; Susanto & Indrabudiman, 2023). In contrast, some studies have shown that CSR does not affect firm value (Adelina & Arza, 2021; Anggraini & Agustiningsih, 2022; Fiadicha & Hanny, 2016; Taufiq & Widayatmoko, 2021).

Indonesia has been implementing GCG since signing the agreement with the IMF. According to the ACGA (Asian Corporate Governance Association) survey, Indonesia was ranked eleventh in terms of GCG (Worokinasih & Zaini, 2020). This low rank implies that the overall implementation of GCG has not been maximized in Indonesia. Independent boards of commissioners play an important role in effective GCG implementation. Their independent nature allows them to provide objective assessments that are essential to ensure that evaluations of board and management performance are fair and accurate (Hidayat *et al*., 2021). In accordance with previous research which states that independent commissioners can affect firm value, this objective assessment is carried out to create equality among company interests. This also encourages management performance which can increase overall firm value and is in line with previous research (Amalatisha & Puspitasari, 2023; Laksana & Handayani, 2022; Sari & Sanjaya, 2018; Setiyawati *et al*., 2017). However, this finding contradicts other studies that state that independent commissioners do not affect firm value (Umam & Halimah, 2021; Wahyudin *et al*., 2020).

One of the bases for making an investment is looking at cash holding. Companies with well-maintained cash holdings demonstrate the manager's ability to manage cash flow and maintain financial stability, making it attractive to investors (Wahyuni & Muslih, 2020). If the nominal cash holding is low, it can hinder the achievement of company goals and miss profitable investment opportunities (Sutrisno, 2017). Therefore, large amounts of cash holding can also increase firm value. Previous research found that firm value can be influenced by cash-holding (Putra & Rakhmawati, 2016; Wahyuni & Muslih, 2020), but these findings differ from other studies which found that cash holding cannot affect firm value (Khoiroh & Subardjo, 2020; Wafiyah & Santoso, 2021; Widianingrum & Dillak, 2023).

Company size is the next component that can affect firm value. Companies are easier to obtain internal and external funding if they have a larger size (Anggraini & Agustiningsih, 2022). Ultimately, this allows investors to invest, which in turn increases firm value (Prasetia *et al*., 2014). According to previous research, there is a significant influence between firm value and its size (Febriana *et al*., 2016; Hapsoro & Falih, 2020). However, other studies have found that there is no influence (Anggraini & Agustiningsih, 2022; Nurjanah & Srimindarti, 2023; Sari & Sanjaya, 2018).

Based on some previous research results, it is found that there are gaps in the form of results that vary from one study to another. The inconsistency of research results is the main factor that encourages researchers to conduct research on similar topics. This study was conducted to review how CSR, GCG, cash holding, and company size affect firm value. In addition, to increase the number of studies conducted and gain a deeper understanding of how each component affects firm value. The focus of this research is companies listed on the IDX from 2021 to 2023 in the basic and chemical industries. The selection of this research topic encompasses companies within the basic and chemical industry sectors due to the researcher's recognition of the sectors's significant importance. However, there is still a lack of research focusing on this sector in Indonesia, so here researchers try to fill this gap. With a view to ensuring results with the latest conditions, the latest data period from 2021-2023 was used. In addition, this research was conducted because there are not many studies that look at how the correlation between cash holding and company value (Sutrisno, 2017). So, researchers added the cash holding variable with the intention of increasing the literature on the effect of this variable. Then, this study also includes CSR variables because it sees the urgency of implementing CSR in Indonesia which can potentially minimize the negative impacts that can be caused by basic and chemical industries that produce hazardous waste.

This research has great relevance in the context of the chemical industry in Indonesia because by understanding the factors that affect firm value, companies can make better decisions, help companies improve and enhance their strategies in choosing sustainable partners, and manage investment risks. In addition, this study can provide investors with an overview and knowledge of the things that affect firm value. Investors can use this information to increase their chances of making a profit on companies in the basic and chemical industries and make smarter investment decisions. Thus, this research is expected to help improve the sustainability and competitiveness of the basic and chemical industry in Indonesia as a whole.

2. LITERATURE REVIEW

Legitimacy Theory

Legitimacy theory introduced by Dowling and Preffer (1975) reveals that organizations must conform to social norms and constraints to gain legitimacy. Strong legitimacy can improve the company's reputation, which in turn has a positive effect on firm value (Dewi *et al*., 2021). Social norms are the main guidelines for companies to carry out their activities in a sustainable manner. This theory explains that the implementation of CSR in line with firm values is a strategy to increase the company's economic benefits and at the same time improve the welfare of employees and their families, as well as the community in its operating environment (Adelina & Arza, 2021). Thus, the implementation of CSR in line with corporate values and societal norms is key to achieving legitimacy, reputation, and sustainable corporate value.

Agency Theory

The concept of agency theory was first developed by Jensen and Meckling (1976) is related to good corporate governance because it emphasizes the relationship between management (agent) and shareholders (principal) in corporate governance. After receiving a mandate from shareholders, managers are fully responsible for all their work (Laksana & Handayani, 2022). In agency theory, the imbalance of information and interests between owners and managers in the company can lead to adverse asymmetric relationships. GCG implementation can reduce asymmetry, thereby improving the health and sustainability of the company (Windasari & Riharjo, 2017). This agency theory strongly supports good corporate governance with independent commissioner variables because independent commissioners function as independent arbiters and supervisors who are separate from management and shareholders, so as to ensure the effective implementation of GCG.

Signaling Theory

Michael Spence (1973) initially developed signaling theory, which explains how a company's financial statements provide investors with information. This information, which includes the company's financial performance and future prospects, serves as a signal for investors to assess the company's value and make investment decisions. Therefore, signal theory becomes information to maximize firm value (Wicaksono & Mispiyanti, 2020). Cash holding has liquid properties that can be an important signal for investors in assessing financial health and making investment decisions on companies. Firm size is also related to signal theory, namely when companies provide investors with signals containing some information about how big the company can make investors more encouraged to invest in the company so that it can have an impact on firm value (Wardani & Kaleka, 2022). According to signal theory, information provided by companies to investors, either directly or indirectly, greatly influences their investment decisions (Rokhlinasari, 2016).

Firm Value

The firm's value is determined by its market price and its capacity to generate future earnings (Damayanti *et al.*, 2022). The higher the share price that investors are willing to buy, the higher the increase in firm value (Wahyudin *et al.*, 2020). Companies with high firm value usually have excellent financial performance, which encourages investors to invest. Therefore, companies that want to achieve long-term success must have an effective strategy to increase their value. This study used Tobin's Q as a metric for determining firm value due to its comprehensive depiction of the overall worth of the company, including share capital and debt so that it provides a more complete picture of the company's financial position and prospects (Saridewi *et al.*, 2020). When the ratio value is higher, the greater the company's potential to attain future success.

Corporate Social Responsibility (CSR)

Companies are dedicated to carrying out their activities responsibly by taking into account the influence of their operations on the environment and society, commonly referred to as Corporate Social Responsibility (Rusmana, 2019). Companies that implement CSR are required to provide explicit information about their CSR initiatives in the sustainability reporting section of their financial statements (Hermawan & Gunardi, 2019). In preparing sustainability reports, companies must refer to an applicable standard such as the Global Reporting Initiative (GRI) standard. This standard is globally recognized as the best practice in sustainability reporting which includes details about the company's environmental impact, economic performance, and social impact (Worokinasih & Zaini, 2020).

Good Corporate Governance (GCG)

GCG is an important guideline for companies that want to achieve success. Effective GCG implementation, by combining various instruments, mechanisms, and structures, can realize a capable control and accountability system, thereby encouraging sustainable improvement in company performance (Fitriyani *et al*., 2016). One important indicator in GCG is independent commissioners. Good corporate governance requires companies to have independent commissioners. Independent commissioners are expected to create an independent, objective, and fair atmosphere in decision-making in the company (Setiyawati *et al*., 2017). Independent commissioners can effectively support the realization of good corporate governance.

Cash Holding

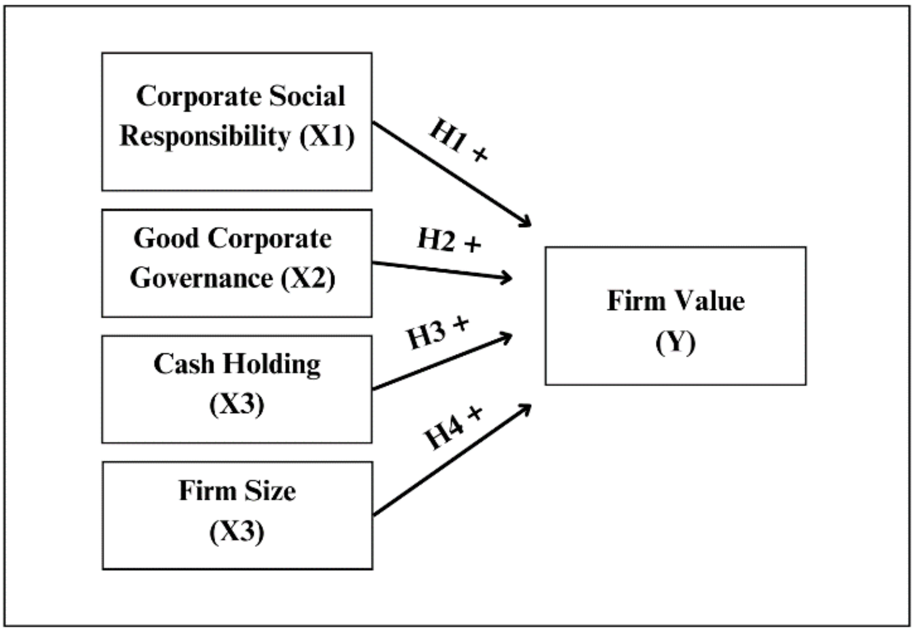
Cash holding is defined as the amount of cash and cash equivalents that are usually used by companies to fund their operations. This is the most liquid and easily accessible asset for companies to pay off all their short-term debts quickly without a long process (Damayanti *et al.,* 2022). The existence of cash holding allows companies to finance profitable investments without the need for asset liquidation and can avoid the problem of financial difficulties caused by financial obligations such as debt (Bayu & Septiani, 2015).

Firm Size

The sum of all assets owned by each company can be used to determine how large the size of the company is (Mahzura, 2018). Companies can be classified based on their size, namely small or large. Large-scale companies are considered to have greater value, so some investors tend to be more interested in them (Dewantari *et al.*, 2019). Companies that fall into a larger size have more opportunities to obtain greater resources that can help their operations. Good performance allows businesses to increase the amount of assets they have, which can make their company size larger (Adnyani & Suaryana, 2020).

Framework of Thought

The framework model can be stated as follows, based on the theoretical foundation.



Picture 1: Framework of Thought

Research Hypothesis

The Effect of Corporate Social Responsibility on Firm Value

CSR is a term referring to the commitment of each company to carrying out matters that have a positive impact on the environment and society (Nayenggita *et al*., 2019). Companies that spend funds on CSR activities will show that the company cares about the welfare of stakeholders so that it can increase stakeholder trust and loyalty. Through effective CSR implementation, it can increase stakeholders' positive perceptions of the company's value (Šontaitė-Petkevičienė, 2015). According to legitimacy theory, companies need to disclose information related to their social activities. This is important to ensure the survival of the company and gain public acceptance of all its operational activities, and can even provide a positive image to external parties (Adelina & Arza, 2021). Therefore, with CSR disclosure, companies can increase their value by gaining support from the corporate environment and a good reputation. Research by Dewi *et al*., (2021), Bawafi & Prasetyo (2015), Atthoriq & Sulistyowati (2022), Kristanti (2020), and Susanto & Indrabudiman (2023) also found that CSR disclosure influences firm value. According to the previous explanation, the researcher develops the first hypothesis as follows.

H1: CSR disclosure has a positive and significant effect on firm value

The Effect of Good Corporate Governance on Firm Value

Agency theory is closely related to good corporate governance where independent commissioners can become supervisory agents that can resolve agency conflicts. Independent commissioners can help management supervise and provide advice to improve company management performance. This can result in increased profits and share value which indicates an increase in firm value in the end (Sari & Sanjaya, 2018). With the presence of independent commissioners, management cannot do negative things with personal goals so that they can develop superior company management in order to maximize company control. Research conducted by Setiyawati *et al*., (2017), Laksana & Handayani (2022), and Amalatisha & Puspitasari (2023) found that firm value can be influenced by independent commissioners. Based on this explanation, the second hypothesis proposed in the study is formulated as follows.

H2: Independent Commissioner has a positive and significant effect on firm value

The Effect of Cash Holding on Firm Value

The factor of the amount of cash holding or the form of cash owned by the company can affect firm value. Companies tend to maintain an increase in cash holding as a strategy to reduce the possibility of negative impacts from unexpected events in the future (Putra & Rakhmawati, 2016). Companies with lots of cash and good cash management can protect investments to avoid cash problems in the future in order to increase firm value (Chandra & Feliana, 2020). The increase in firm value can occur because the amount of cash holding can provide a positive signal that encourages investors to invest. According to Wahyuni & Muslih (2020), Putra & Rakhmawati (2016), and Damayanti *et al*., (2022) also found that cash holding affects firm value. So, based on the aforementioned description, the third research hypothesis is presented below.

H3: Cash holding has a positive and significant effect on firm value

The Effect of Firm Size on Firm Value

The size of a company can affect investor confidence because investor confidence in a company usually increases along with its size (Novari & Lestari, 2016). This will make stakeholders know the existence of the company and can give their trust to the company concerned. Larger companies usually less difficult to obtain funds from internal and external sources (Dewantari *et al*., 2019). Therefore, firm size can affect firm value. Because it shows a more balanced state and greater access to resources that can increase its value, a larger size can be a good signal. Research by Febriana *et al*., (2016) and Hapsoro & Falih (2020) found that firm value is influenced by firm size. So, According to the previous description, the fourth hypothesis of this study is proposed as follows.

H4: Firm size has a positive and significant effect on firm value

3. RESEARCH METHODS

This study uses quantitative methods to analyze numerical data and determine the relationship between variables. Researchers use an associative approach to explain how the independent variables (CSR, GCG, cash holding, and firm size) impact the dependent variable (firm value in the basic and chemical industry). The research data was obtained through documentation studies utilizing annual reports and sustainability reports provided by the Indonesia Stock Exchange website. Between 2021 and 2023, this study encompassed 93 firms that were listed on the IDX and operated in the basic and chemical industries. A purposive sampling technique was used to select the research sample.

Table 1: Research Sampling

No.	Required Criteria	Number of Companies
1	The company belongs to the basic industry and chemical sector and is listed on the Indonesia Stock Exchange in 2021-2023	93
2	The company has published an annual report and disclosed or has a complete sustainability report from 2021-2023	(30)
3	The company uses sustainability report reporting indicators based on Global Reporting Initiative (GRI) standards	(39)
4	The company does not experience losses during 2021-2023	(10)
	Number of Sample Companies	14
	Number of Sample Companies for 3 Years	**42**
	Number of Outlier Data	9
	Total Number of Data Examined	**33**

This study uses the Corporate Social Responsibility Disclosure Index (CSRDI) in the form of dummy variables based on GRI standards to measure CSR (X1), to calculate independent commissioners with an index of the number of independent commissioners compared to the number of company commissioners (X2), an indicator of the amount of cash and cash equivalents compared to total assets to measure cash holding (X3), and an indicator of total assets to measure company size (X4). Finally, the firm value variable (Y) is measured using Tobin's Q indicator. The operational variables and 1indicators are explained and described in Table 2.

The SPSS version 25 software program was used as a tool to assist data processing. The data in this study were studied through the classical assumption tests, multiple linear regression analysis, and hypothesis tests. The classical assumption test includes normality, heteroscedasticity, autocorrelation, and multicollinearity tests, while the hypothesis test includes the coefficient of determination (R2) and partial significance (T) tests.

Table 2: Operational Variables

Variables	Definition	Indicators
Firm Value	Tobin's Q ratio is used to calculate the firm value by comparing the market value of the business to its nominal total book assets (Pratiwi *et al*., 2023).	$\text{Tobin's Q} = \frac{\text{Equity Market Value + Total Liabilities}}{\text{Total Assets}}$ Source: Pratiwi *et al*., (2023)
CSR – CSR Disclosure	CSR disclosure uses the Corporate Social Responsibility Disclosure Index (CSRDI) formula in the form of a dummy variable by giving point 1 for each CSR item reported and point 0 if no CSR items are reported (Atthoriq & Sulistyowati, 2022).	$\text{CSRDI}_i = \frac{\text{Total items disclosed by the company}}{\text{Total CSR disclosure items}}$ Source: Atthoriq & Sulistyowati (2022)
GCG - Independent Commissioner	Independent commissioners, namely components of the board of commissioners, are tasked with acting independently because they are not involved in business relationships or other relationships (Setiyawati *et al*., 2017).	$\text{IC} = \frac{\text{Independent Board of Commissioners}}{\text{Number of Board of Commissioners}}$ Source: Setiyawati *et al*., (2017)
Cash Holding	Cash Holding is quantified by the ratio of cash and cash equivalents to total assets (Azmat, 2014).	$\text{CH} = \frac{\text{Cash+ Cash equivalents}}{\text{Total Assets}}$ Source: Azmat (2014)
Firm Size	Firm size shows how many assets a company has (Mahzura, 2018).	Firm Size = Ln Total Assets Source: Mahzura (2018)

4. RESEARCH RESULTS AND DISCUSSION

Normality Test

Table 3: One-Sample Kolmogorov-Smirnov Test Result

Description	Value
Number of samples (N)	33
Asymp. Sig. (2-tailed)	,200[c,d]

Source: Data processed using SPSS 25 (2024)

One of the analytical techniques used in the study is the One-Sample Kolmogorov-Smirnov Test, which tests normality to determine the distribution of the research variable data, it is necessary to ascertain whether it follows a normal distribution or not. The findings of the One-Sample Kolmogorov-Smirnov Test, displayed in Table 3, show that the asymptotic significance (2-tailed) value is 0.200, which is more than 0.05, indicating that the data used by the research is normally distributed.

Autocorrelation Test

Table 4: Run Test Result

Description	Value
Asymp. Sig. (2-tailed)	0,078

Source: Data processed using SPSS 25 (2024)

The Run Test is employed to assess the autocorrelation of the data being analyzed. The findings of this test show that there is no autocorrelation in the data used. The asymptotic significance (2-tailed) figure which is greater than 0.05, namely 0.078, reinforces this conclusion.

Multicollinearity Test

Table 5: Tolerance & VIF Test Result

Variable	Tolerance	VIF
CSR (X1)	0,804	1,244
GCG (X2)	0,961	1,041
Cash Holding (X3)	0,924	1,082
Firm Size (X4)	0,827	1,210

Source: Data processed using SPSS 25 (2024)

In order to determine whether there are symptoms of multicollinearity, researchers use the Tolerance and VIF tests. Referring to the data processing shown in Table 6, the tolerance value of all CSR, GCG, cash holding, and company size variables is more than 0.100 (> 0.100) and all VIF values show a value lower than 10 (< 10.00). Therefore, it may be inferred that this regression equation does not exhibit any indications of multicollinearity.

Heteroscedasticity Test

Table 6: Glejser Test Result

Variable	Sig.
CSR (X1)	0,098
GCG (X2)	0,224
Cash Holding (X3)	0,674
Firm Size (X4)	0,255

Source: Data processed using SPSS 25 (2024)

The study uses the Glejser test to determine the condition of the independent variables and whether it causes symptoms of heteroscedasticity or not. All CSR, GCG, cash holding, and company size variables have significance values higher than 0.05 (>0.05), so there are no signs of heteroscedasticity in the independent variables. The test findings are shown in Table 6.

Multiple Linear Regression Analysis

Table 7: Multiple Linear Regression Analysis Result

Variable	B	Sig.	Hypothesis	Conclusion
(Constant)	-0,654	0,478	-	-
CSR (X1)	0,803	0,031	H1	Accepted
GCG (X2)	0,329	0,468	H2	Rejected
Cash Holding (X3)	0,960	0,047	H3	Accepted
Firm Size (X4)	0,033	0,291	H4	Rejected

Source: Data processed using SPSS 25 (2024)

Based on the processing of the multiple regression analysis run with the aid of using SPSS 25, the results are shown in Table 7 above. Based on these findings, the regression model is formulated as follows.

Y = -0,654 + 0,803X1 + 0,329X2 + 0,960X3 + 0,033X4 + e

In this equation, the value of α is -0.654, meaning that if X1, X2, X3, and X4 are the same, the firm value will be -0.654 unit. When X1 increases one unit assuming no other variables change, Y increases by 0.803 unit; when X2 increases one unit assuming no other variables change, Y increases by 0.329 unit; when X3 increases one unit assuming no other variables change, Y increases by 0.960 unit; and when X4 increases one unit assuming no other variables change, Y increases by 0.033 unit.

Hypothesis Test

Partial Significance Test (T-Test)

The Partial significance test is used in order to measure the influence of each independent variable on the dependent variable. The presence of partial impact is demonstrated by a significance value below 0.05 in the T statistical test. The results of data processing found in Table 7 show that the first hypothesis (H1) is accepted because the CSR variable (X1) has a significant influence in a positive direction on firm value (Y) with a significance value of 0.031 and a coefficient value of 0.803. The GCG variable (X2) has a significance of 0.468, which is greater than 0.05, so the second hypothesis (H2) is rejected because it shows that there is no influence between GCG and firm value (Y). This table also shows that cash holding has a positive impact on firm value (Y) with a significance value of 0.047 and a coefficient value of 0.960. Therefore, the third hypothesis (H3) is accepted. However, the fourth hypothesis (H4) is rejected because the firm size variable (X4) shows that firm size does not affect firm value (Y), with a significance value of 0.291 or more than 0.05.

Test Coefficient of Determination (R2)

Table 8: Coefficient of Determination Test Result

Model	R Square	Adjusted R Square
1	0,287	0,185

Source: Data processed using SPSS 25 (2024)

Corporate Social Responsibility, Good Corporate Governance, cash holding, and firm size are independent variables of firm value. As shown by the test results of the coefficient of determination above, which displays an Adjusted

R Square value of 0.185 or 18.5% of the independent variables in this study affect firm value. The remaining 81.5% of the independent variables could potentially be impacted by additional variables that have not been incorporated into this study model.

Relationship between Corporate Social Responsibility and Firm Value

The findings indicate that the variable of Corporate Social Responsibility (CSR) has an impact on the value of the company. The data processing findings indicate that the significance value of 0.031 is lower than 0.05, and the coefficient of 0.803 demonstrates a positive result, which means H1 is accepted. In other words, the more information about CSR is reported in the sustainability report, the higher the firm value. This is due to the fact that companies that engage in the highest levels of corporate social responsibility (CSR) will be accepted and trusted by society, which will improve the company's reputation with outside parties possibly raise its worth. In 2021-2023, many basic and chemical industries conducted CSR programs. Conducting CSR can improve its relationship with firm value. Because they have the ability to overcome negative impacts on the environment, companies that carry out CSR activities will be viewed more favorably by stakeholders and are considered to have a going concern nature. Therefore, CSR disclosure can have a positive impact or enhance the overall value of a company. The findings of this study are consistent with prior research by Dewi *et al*., (2021), Bawafi & Prasetyo (2015), Atthoriq & Sulistyowati (2022), Kristanti (2020), and Susanto & Indrabudiman (2023).

Relationship between Good Corporate Governance and Firm Value

The data processing findings indicate that there is no relationship between company value and good corporate governance (GCG), as measured by independent commissioners, with a significance value of 0.468 being higher than 0.05. H2 is therefore rejected. So, the outcomes of this research may arise due to the independent commissioners in the basic and chemical industries in 2021-2023 still having a lesser role in creating GCG because they are considered not effective enough in monitoring company managers, therefore it is still possible that there is inefficiency in its application. Stakeholders who are not fully confident in the performance of independent commissioners will raise doubts so that they can make no influence between Good Corporate Governance on firm value. Research by Umam & Halimah (2021) and Wahyudin *et al*., (2020) are supported by the findings of this study.

Relationship between Cash Holding and Firm Value

The results showed that cash holding is able to affect firm value because it has a significance value of 0.047 below 0.05 and a coefficient of 0.960 which means it has a positive effect, so H3 is accepted. High cash holding will be very necessary for the sake of potential profitable investment opportunities in the future, minimizing the risk of high debt costs, and preventing urgency or the risk of adverse uncertainty that could occur in the future. If the company has an insufficient level of cash holding, the company must be forced to miss investment opportunities that could provide potentially profitable investment opportunities, which ultimately reduce the value of the company. That way, high cash holding is necessary to enhance the financial stability of the company. Signaling theory suggests that companies with high nominal cash holding might send positive signals to stakeholders, such as investors, in order to generate interest in investing in the company, so can increase its value. Several studies, such as those conducted by Wahyuni & Muslih (2020) and Putra & Rakhmawati (2016), are in line with showing a positive relationship between cash holding and firm value.

Relationship between Firm Size and Firm Value

The results of data processing, firm size is unable to affect firm value because the significance value of 0.291 is above 0.05, so H4 is rejected. The magnitude of a company's assets is indicative of the company's size. However, not always the amount of assets owned by a company correlates with the profits it earns (Sari & Sanjaya, 2018). Even if it has abundant assets, the company still cannot increase value if these assets are not optimized. As a result, the size of the company does not always determine its value. Investors under these circumstances do not consider company size as an important part of their investment decisions. No matter how big the company is, investors tend to assess the company's future prospects. A large company size does not necessarily mean it has favorable prospects, so the size of the company does not affect its value. If the company's prospects are poor, investors are less likely to invest. This shows that company size can potentially not be a good signal for investment. Therefore, it can be concluded that company size does not affect firm value. This supports the research of Sari & Sanjaya (2018), Anggraini & Agustiningsih (2022), and Nurjanah & Srimindarti (2023).

5. CONCLUSION AND SUGGESTION

The test results using multiple linear regression analysis obtained several conclusions: (1) CSR has a positive effect on firm value. This discovery demonstrates that businesses that fully engage in corporate social responsibility (CSR) initiatives will possess a greater worth. (2) GCG has no effect on firm value. The reason for this is that the utilization of GCG has not been fully optimized, resulting in a failure to enhance the value of the firm. (3) Cash holding has a positive effect on firm value. Put simply, maintaining a large amount of cash reserves instills confidence in investors, leading to further investment in the firm and ultimately raising its value. (4) Firm size has no effect on firm value. This demonstrates that the size of a firm is not a significant factor to consider when making an investment.

The limitation of this study is that there are only four independent variables (independent variables) tested that affect firm value: CSR, GCG, cash holding, and company size. In addition, there are many independent variables that can affect firm value outside this model. Then, this study is limited to 33 data from basic and chemical industry companies that meet the criteria in the observation year 2021-2023. Another limitation is that only one proxy is used to measure GCG, namely independent commissioners. Therefore, the following suggestions can be used for further research to produce better findings, namely being able to study how other independent variables affect firm value, using more comprehensive proxies, increasing the sample of companies and the number of years studied so as to make research that is more varied and useful for interested parties.

It is hoped that the research results will help academics learn more about what factors can increase firm value. These findings will also contribute to the development of accounting theory, serving as a foundation for future research. Furthermore, it is advisable for the management of basic and chemical sector companies to enhance the quality of their management practices and devise more effective strategies in order to foster more promising future possibilities. Ultimately, this can lead to a subsequent augmentation in the overall worth of the company in the forthcoming period. This research aims to offer investors valuable insights and a comprehensive understanding of the factors that impact corporate value. Thus, this research will assist them in making the right investment decisions for companies in the basic and chemical industries.

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