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The Role Of The Partnership And Community Development Program In Increasing Firm Value

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Abstract

The purpose of this study was to examine the effect of the effectiveness of the Partnership and Community Development Program (PKBL) in increasing firm value mediated by financial performance. The population of this research is State-Owned Enterprises (SOEs) listed on the Indonesia Stock Exchange. In determining the sample, purposive sampling technique was used which resulted in 7 companies with 35 observation data as samples in this study. The method used is quantitative with secondary data sources using documentation as a data collection technique. The data analysis technique in this study uses panel data regression processed with e-views software. The results found that the effectiveness of the Partnership and Community Development Program (PKBL) and financial performance had a positive effect on firm value, but the effectiveness of the Partnership and Community Development Program (PKBL) had no effect on financial performance. Furthermore, financial performance is able to mediate the relationship between the effectiveness of the Partnership and Community Development Program (PKBL) on firm value, so that financial performance can be stated as partial mediation.

Keywords: PKBL Effectiveness, Firm Value, Financial Performance, SOEs

INTRODUCTION

Companies that have gone public want to maximize profitability and increase their firm value. As a developing country with abundant natural resources, Indonesia has various types of companies. Various types of companies, such as manufacturing, trading, and services, have the competitiveness to survive and be the best among the competition

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of other companies, including SOEs that have a significant impact on society and the environment. The existence of competitive competition makes companies improve performance, creativity, and innovation to achieve goals and avoid bankruptcy from their competitors. The phenomenon related to the decline in the value of SOEs throughout 2021 is caused by the large number of large market-capitalization stocks under pressure. In addition, this decline in shares was also triggered by poor performance and a large portion of debt.

For stakeholders, firm value is an important thing that is an indicator of overall market value. According to Triyani Bambang Mahmudi Abdul Rosyid (2018), firm value is a form of firm achievement that comes from public trust in its performance since its inception until now. firm value can be increased by paying attention to internal and external factors of the firm. One of the internal factors that is thought to be influential is the firm's attention, as outlined in the Partnership and Community Development Program (PKBL). Thus, it will increase awareness of sustainability and social responsibility among stakeholders.

State-owned enterprises (SOEs) have an important role in building and developing the economy in Indonesia (Lestari, 2023). As economic entities owned by the state, SOEs have a great responsibility so that their existence can provide benefits to society both directly and indirectly (Kementerian BUMN RI, 2017). Corporate social responsibility is not just an economic activity but also a social and environmental responsibility. Article 74 No. 40 of 2007 concerning Limited Liability Companies is required to implement corporate social responsibility (CSR). One of the Corporate Social Responsibility (CSR) programs in the firm is the stipulation of the Minister of SOEs Regulation No. PER-09/MBU/07/2015 on the Corporate Social Responsibility Program: PER-09/MBU/07/2015 on SOE Partnership Programs with Small Businesses and Community Development Programs, which is the basis for the use of SOE funds to improve the ability of Micro, Small, and Medium Enterprises (MSMEs) to become resilient and independent.

The influence of the Partnership and Community Development Program (PKBL) on firm value has been the subject of much research and discussion. PKBL can also be seen as part of the Resource-Based View (RBV) theory, which states that it is the firm's internal resources that enable the firm to increase value. Thus, by implementing PKBL, companies can increase value by increasing the ability of small businesses and cooperatives, as well as helping communities in need.

In addition, in this study, there are financial performance variables that function as mediators in the relationship between the Partnership and Community Development

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Program (PKBL) and firm value. The firm's financial performance is one of the factors considered by potential investors to determine their stock investment. For a firm, maintaining and improving financial performance is a must so that the firm continues to exist and remains in demand by investors. Supported by legitimacy theory, which explains that the firm's financial performance affects how the public sees or assesses the firm and decides whether the firm is relevant. The better the financial performance obtained, the higher the firm's value. If the financial performance shows good prospects, the firm's shares will also be in demand by potential investors, which will affect the selling value of the shares.

Some previous studies on the relationship between the effectiveness of the Partnership and Community Development Program (PKBL), which is part of corporate social responsibility (CSR), and increasing firm value. The results of research by Rangga & Kristanto (2023) show that CSR costs have a significant and positive effect on firm value. The results of research by Uy & Hendrawati (2020) state that corporate social responsibility costs have a significant effect on firm value. Meanwhile, the results of research by Rasyid & Yuliandhari (2018) show that corporate social responsibility costs have no effect on firm value. As for the results of research by Fikri Arrazi et al. (2021), they show that financial performance has a positive effect on firm value. Research by Rinofah et al. (2023) shows that the corporate social responsibility variable has a significant effect on financial performance. Meanwhile, research by Atush et al. (2019) states that corporate social responsibility (CSR) has no effect on firm value. Mayliza & Maihidayah (2022) states that CSR disclosure has no significant effect on financial performance.

Several studies that have been conducted previously still show mixed results, thus making researchers want to re-examine the effect of the effectiveness of the Partnership and Community Development Program (PKBL) in increasing firm value with financial performance mediation. The role of financial performance as a mediating variable is new in this study. The reason researchers chose BUMN companies listed on the IDX is because BUMN companies have high firm value, because BUMN companies are managed directly by the government and have an important role in the Indonesian economy, as well as a role in maintaining economic stability. Based on this description, the researchers are interested in conducting research with the title "The Role of the Partnership and Community Development Program in Increasing Firm Value".

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LITERATURE REVIEW

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory was first pioneered by Wernerfelt (1984). According to the resource-based view theory, a firm can maintain its competitive advantage by utilizing its ability to do things better and differently than its competitors, based on the resource perspective theory. A firm that is able to utilize its resources well can produce something that differentiates it from other companies. The main objective of firm establishment is to increase firm value by increasing shareholder prosperity. The value of the firm is reflected in its share price, where the higher the share price, the higher the prosperity of shareholders.

Legitimacy Theory

According to legitimacy theory, companies must continue to operate within the boundaries of norms and society or the environment so that their actions are accepted by outsiders as legitimate. Ghozali & Chariri (2007) state that organisational legitimacy can be seen as something that society gives to the firm and something that the firm wants or seeks from society. Legitimacy reflects what the firm wants from the surrounding community because legitimacy is a meaningful resource for going concern (N. Hadi, 2009). The firm must also maintain its relationship with the environment and the surrounding community, because legitimacy has a role in maintaining this relationship. Regardless of how good the firm's financial performance is, without legitimacy the firm's relationship with the environment and the surrounding community will not survive.

Firm Value

Firm value is the investor's perception of a firm, which is often associated with the stock price. A high share price also makes the value of the firm high. Maximizing firm value is very important for companies because this also means maximizing shareholder prosperity, which is the main goal of the firm. Firm value is the market value of the firm's outstanding debt and equity securities (Keown et al., 2007). The goal of maximizing firm value is used as a measure of firm success because increasing firm value means that the prosperity of firm owners or shareholders increases (Harjito & Martono, 2005).

Partnership and Community Development Program (PKBL)

The initial concept of corporate social responsibility was explicitly put forward by (Carroll, 1999). The development of the concept of social responsibility today is

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inseparable from the thoughts of corporate leaders at the time who ran their businesses with due regard to the principles of charity and trusteeship. In Indonesia, the Explanation of Article 15 letter b of Law No. 25 Year 2007 on Capital Investment states that what is meant by "corporate social responsibility is the responsibility inherent in every investment firm to keep creating relationships that remain harmonious, balanced, and in accordance with the environment, values, norms, and culture of the local community". The Partnership and Community Development Program (PKBL) is one part of corporate social responsibility (CSR). The activities of the Partnership and Community Development Program (PKBL) consist of types of social care programs and efforts to help small entrepreneurs carried out by SOEs. In PKBL, there are two types of programs, namely the partnership program and the community development program. The selection of the area of both programs is adjusted to the location where the SOE operates.

Financial Performance

Financial statement analysis is carried out to determine the firm's financial performance, which can be done in various ways. According to Kasmir (2016), financial ratios are activities that compare the numbers in the financial statements by dividing one number by another. In this sense, the calculation of ratios will be carried out using the data available in the firm's financial statements, which are then interpreted to fulfill the purpose of the calculation. In this study, financial performance analysis was carried out by calculating the profitability ratio in the form of return on assets (ROA). The use of return on assets (ROA) is applied because return on assets (ROA) is a ratio that is able to map the firm's ability to generate net income from the total assets it uses in operational activities (Purwanto, 2011).

Hypothesis Development

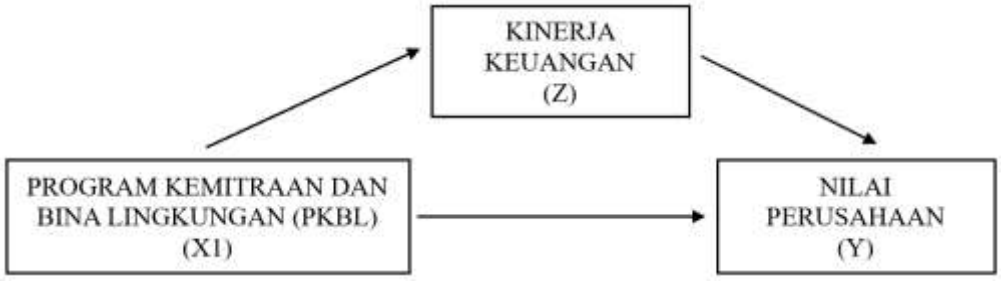


Figure 1 Conceptual Framework

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1. The Effect of Partnership and Community Development Program (PKBL) on Firm Value

According to the RBV (Resource-Based View) theory, the value of the firm comes from the use and management of resources that cannot be taken by other companies. PKBL can be considered a strategic resource that enables companies to increase corporate value through empowering small businesses and cooperatives as well as improving community capabilities. Thus, funds obtained from a portion of BUMN profits are used to foster small businesses and cooperatives and help communities in need. According to Yudharma et al. (2016), companies that spend money on corporate social responsibility (CSR) activities will have greater potential to increase firm value.

Research conducted by Rangga & Kristanto (2023) states that CSR costs have a significant positive effect on firm value. This is in line with the research of Uy & Hendrawati (2020), which shows that corporate social responsibility costs have a significant effect on firm value. Based on the description above, the research hypothesis can be formulated as follows:

H1: The Partnership and Community Development Program (PKBL) has a positive effect on firm value.

2. The Effect of Partnership and Community Development Program (PKBL) on Financial Performance

This study will investigate how the Partnership and Community Development Program (PKBL) and corporate financial performance are correlated. The Resource-Based View (RBV) theory states that costs incurred for PKBL can improve a firm's financial performance by utilizing the firm's internal and external resources. In other words, PKBL can improve the firm's financial performance by providing opportunities for cooperatives and small businesses to become foster partners. In addition, PKBL has the ability to improve the firm's image and reputation, which in turn will increase the firm's value.

Research by Musya Al Daffa & Hasnawati (2024) shows that CSR disclosure and environmental costs have a positive impact on financial performance. The results of Rahayu (2021) show that environmental costs affect financial performance, which means that environmental costs incurred are caused by firm activities, which, if they increase, will increase the firm's burden. Based on the description above, the research hypothesis can be formulated as follows:

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H2: The Partnership and Community Development Program (PKBL) has a positive effect on financial performance.

3. The Effect of Financial Performance on Firm Value

Legitimacy theory focuses on how companies maintain the legitimacy or reputation they have earned by acting in accordance with social norms and community values. Companies that have good financial performance can increase their corporate value because they are considered entities that act ethically and responsibly. Therefore, companies that have good financial performance will more easily gain legitimacy and improve their reputation in the eyes of society.

The results of research by Keter et al. (2024) show that financial performance has a positive and significant effect on firm value. The results of research by Fikri Arrazi et al. (2021) also show that financial performance has a positive effect on firm value. Based on the description above, the research hypothesis can be formulated as follows:

H3: Financial performance has a positive effect on firm value.

4. The Role of Financial Performance in Mediating the Relationship between PKBL and Firm Value

This research wants to find out how the Partnership and Community Development Program (PKBL) affects firm value with financial performance as a mediation. Legitimacy theory focuses on how companies gain legitimacy through their social and environmental activities and how this affects firm value. Thus, it is assumed that by carrying out partnerships and environmental development activities, companies can increase their legitimacy and reputation in the eyes of the community, so that firm value increases. Based on the description above, the research hypothesis can be formulated as follows:

H4: The Partnership and Community Development Program (PKBL) has a positive effect on firm value, with financial performance as a mediating variable.

RESEARCH METHOD

The type of research used is descriptive research. This research will examine the relationship between the effectiveness of PKBL and firm value and then further examine the relationship between PKBL effectiveness and firm value through financial performance. The population in this study is state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange (IDX). Then, determining the sample in this study using the purposive sampling technique with a total sample of 7 companies and a total of 35

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observation data points. The data source in this study uses secondary data using documentation techniques as data collection techniques. This study uses secondary data in the form of annual reports and reports on partnership and environmental development programs (PKBL) for the 2016–2020 period published on each firm's website.

In obtaining the model that will be used for data analysis, the researcher determines the data collection criteria. The data taken is sourced from the Indonesia Stock Exchange, which is located at www.idx.co.id, and the websites of each firm.

Table 1 Criteria for Sample Selection

No	Description	Total
1	State-owned enterprises (SOEs) listed on the Indonesia Stock Exchange (IDX).	27
2	Companies that did not publish annual PKBL reports for 5 years in the 2016-2020 period.	(20)
3	Companies that do not present data related to the variables to be studied in this study.	(0)
Total Sampel		7
Total Observations (7 X 5)		35

Source: Data processed (2024)

Based on Table 1, the results of sample determination show that there are 7 companies that meet the criteria. These companies include PT Antam Tbk, PT Bank Negara Indonesia Tbk, PT Bank Rakyat Indonesia Tbk, PT Bank Tabungan Negara Tbk, PT Bukit Asam Tbk, PT PP Tbk, and PT Waskita Karya Tbk. The period studied is 2016–2020, so the total data observed in this study is 35 samples.

The independent variable in this study is the effectiveness of the partnership and environmental development program (PKBL), the dependent variable is firm value, and the mediating variable is financial performance.

Table 2 Operational Definition and Measurement of Variables

No	Variable	Definition	Measurement	Source
1	PKBL Effectiveness	The effectiveness of fund disbursement is	$Effectiveness\ of\ PKBL\ Fund\ Distribution = \frac{Total\ Funds\ Disbursed}{Total\ Funds\ Available} x100\%$	Wicaksono (2021)

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		the achievement of funds disbursed from a predetermined budget and can be said to be effective if the funds disbursed are greater than or equal to the budget that has been set.		
2	Firm Value	Firm value is the company's performance reflected by the stock price formed by demand and supply in the capital market which reflects the public's assessment of the company's performance.	$PBV = \frac{Price}{Book\ Value\ of\ Ordinary\ Shares}$	Harmono (2022)
3	Financial Performance	Financial performance is an analysis carried out to see the extent to which a company has carried out using the rules of	$ROA = \frac{EAT}{Total\ Aktiva}$	Fahmi (2013)

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		financial implementation properly and correctly.		

Source: Data processed (2024)

The data analysis tool used is Eviews 10. The stages of data analysis in this study are descriptive statistics, model selection analysis, classical assumption testing, and panel data regression analysis. The equation in panel data regression analysis used in testing this hypothesis is as follows:

$$Y = \beta 0 + \beta 1X1 \dots (1)$$
$$Z = \beta 0 + \beta 1X1 \dots (2)$$
$$Y = \beta 0 + \beta 1X1 + \beta 2Z \dots (3)$$

RESULT AND DISCUSSION

Descriptive Statistics

Table 1 Descriptive Statistics

	PKBL Effectiveness	Firm Value	Financial Performance
Mean	70.41029	1.540000	1.732286
Median	81.35000	1.180000	2.530000
Maximum	119.7200	3.040000	3.960000
Minimum	16.81000	0.570000	-6.980000
Std. Dev.	28.26173	0.707834	1.929063
Skewness	-0.567804	0.522263	-2.641631
Kurtosis	2.083117	1.979501	12.85479
Jarque-Bera	3.106657	3.109825	182.3352
Probability	0.211543	0.211208	0.000000
Sum	2464.360	53.90000	60.63000
Sum Sq. Dev.	27156.66	17.03500	126.5236

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Observations	35	35	35

Source: Data processed (2024)

Table 3 contains statistical information in the form of the mean, median, maximum value, minimum value, and standard deviation of each research variable. The maximum and minimum values of the firm value are 3.040000 and 0.570000, and the average value (mean) is 1.540000. These results can be interpreted as indicating that the data on the dependent variable of this study do not vary or cluster. The effectiveness variable of the partnership and environmental development program (PKBL) has a maximum and minimum value of 119.7200 and 16.81000 and a mean of 70.41029. These results can be interpreted as indicating that the data on the independent variable does not vary or cluster. Financial performance as measured by the ratio of return on assets (ROA) as a mediating variable has a maximum and minimum firm value of 3.960000 and -6.980000 and a mean of 1.732286. These results can be interpreted as indicating that the data on the mediating variable does not vary or cluster.

Analysis of Model Selection

Equation Model 1

This equation model will test the relationship between the effectiveness of the Partnership and Community Development Program (PKBL) and financial performance.

a) Chow Test

Table 2 Chow Test Results Model 1

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.629296	(6,27)	0.7055
Cross-section Chi-square	4.581185	6	0.5985

Source: Data processed (2024)

The chow test result in Table 4 is that the cross-section Chi-square value is greater than alpha, or 0.5985 > 0.05, so in the chow test, the selected model is the CEM model. When the selected model is the CEM model, the Hausman test can be ignored and go directly to the Lagrange multiplier test.

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b) Lagrange Multiplier Test

Table 3 Lagrange Multiplier Test Results Model 1

Null (no rand. effect)	Cross-section	Period	Both
Alternative	One-sided	One-sided	
Breusch-Pagan	13.93547	1.634315	15.56979
	(0.3902)	(0.2011)	(0.0001)
Honda	3.733025	-1.278403	1.735679
	(0.0001)	(0.8994)	(0.0413)
King-Wu	3.733025	-1.278403	1.370725
	(0.0001)	(0.8994)	(0.0852)
GHM	--	--	13.93547
	--	--	(0.0003)

Source: Data processed (2024)

The LM test results in Table 5 are the cross-section one-sided value greater than alpha or 0.3902> 0.05, and the LM test chosen is the CEM model. So it can be interpreted that CEM is the best model used in testing Model 1.

Equation Model 2

This equation model will test the relationship between the effectiveness of the Partnership and Community Development Program (PKBL) and firm value.

a) Chow Test

Table 4 Chow Test Model 2 Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.780871	(6,27)	0.0006
Cross-section Chi-square	28.917266	6	0.0001

Source: Data processed (2024)

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The chow test result in Table 6 is 0.0001 with a cross-section chi-square probability value smaller than alpha (0.05), which means that the chow test results accept the fixed effect as the best model.

b) Hausman Test

Table 5 Hausman Test Results Model 2

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.166418	1	0.0033

Source: Data processed (2024)

The Hausman test result in Table 7 is 0.0033 with a random cross-section probability value smaller than alpha (0.05), so the fixed effect model is the best model used in the study. So it can be interpreted that FEM is the best model used in testing model 2.

Equation Model 3

This equation model will test the relationship between the effectiveness of the partnership and the Community Development Program (PKBL) on firm value, with financial performance as a mediator.

a) Chow Test

Table 6 Chow Test Model 3 Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.252840	(6,26)	0.0012
Cross-section Chi-square	27.789467	6	0.0001

Source: Data processed (2024)

The chow test result in Table 8 is 0.0001 with a cross-section chi-square probability value smaller than alpha (0.05), which means that the chow test results accept the fixed effect as the best model.

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b) Hausman Test

Table 7 Chow Test Model 3 Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.964375	2	0.0045

Source: Data processed (2024)

The Hausman test result in Table 9 is 0.0045 with a random cross-section probability value smaller than alpha (0.05), so the fixed effect model is the best model used in the study. So it can be interpreted that FEM is the best model used in testing Model 3.

Classic Assumption Test

In this study, the classical assumption tests carried out were the normality test, the multicollinearity test, and the heteroscedasticity test.

1. Normality Test

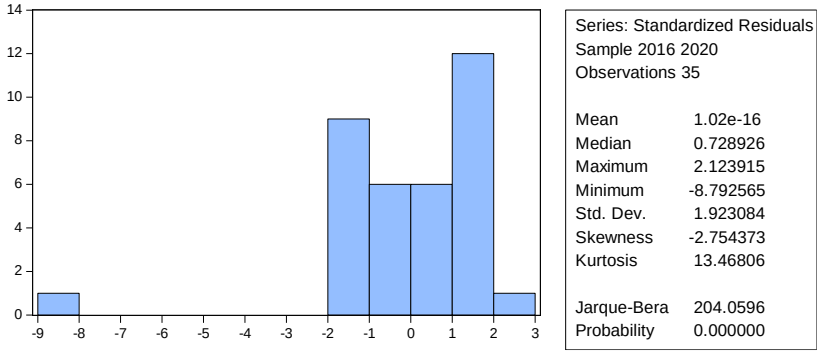


Figure 2 Model 1 Normality Test Results

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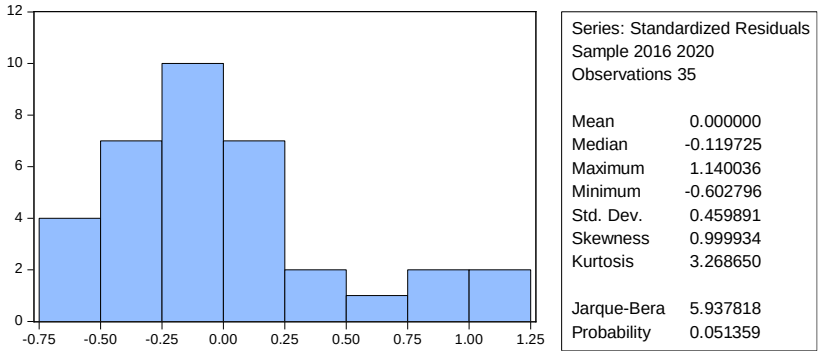


Figure 3 Model 2 Normality Test Results

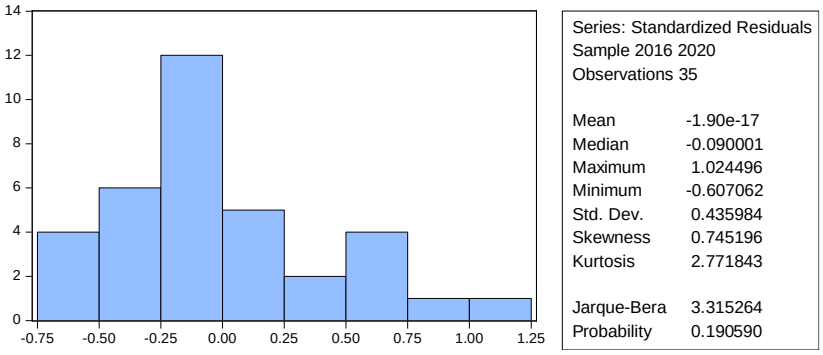


Figure 4 Model 3 Normality Test Results

Based on the residual normality test results in Figure 2, the Jarque Bera value is 204.0596 with a p-value of 0.0000, so the results in Model 1 show that the p-value is smaller than alpha, or 0.0000 <0.05. Furthermore, the residual normality test results in Figure 3 show a Jarque Bera value of 5.937818 with a p-value of 0.051359, so the results in Model 2 show that the p-value is greater than alpha, or 0.051359> 0.05. Then, the residual normality test results in Figure 3 show a Jarque Bera value of 3.315264 with a p-value of 0.190590, so the results in Model 3 show that the p-value is greater than alpha, or 0.0000> 0.05.

According to Ghozali (2016), a Jarque-Bera probability value < significant value (0.05) means that the data does not have a normal distribution. The normality test results for model 1 show that the residual data is not normally distributed, while models 2 and 3 are normally distributed. However, there is no need to worry if the normality test is not normally distributed, as long as the number of subjects for each variable is large enough (Azwar, 2001). In addition, S. Hadi (2015) research explains that whether or not data is normal in research has no effect on the final results. Then, Nurudin et al. (2014) also

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stated that if the number of subjects is greater than or equal to 30, the data remains normally distributed regardless of the initial distribution form. This study uses 7 research subjects with a total of 35 observational data points, so the data distribution in this study can be declared normal.

2. Multicollinearity Test

Table 8 Multicollinearity Test Results

	PKBL Effectiveness	Financial Performance
PKBL Effectiveness	1.000000	0.078672
Financial Performance	0.078672	1.000000

Source: Data processed (2024)

Based on the results of the multicollinearity test in Table 10, the results of the correlation comparison for each variable show that none of them has a correlation value < 0.80, which means that there is no multicollinearity in the relationship between the independent variable and the mediating variable.

3. Heteroscedasticity Test

Table 9 Heteroscedasticity Test Results Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.218123	0.560722	0.389003	0.6998
PKBL Effectiveness	0.005787	0.007405	0.781498	0.4401

Source: Data processed (2024)

Table 10 Heteroscedasticity Test Results Model 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.469092	0.173046	2.710789	0.0117
PKBL Effectiveness	-0.002353	0.002330	-1.009860	0.3219
Financial Performance	0.023486	0.024847	0.945229	0.3532

Source: Data processed (2024)

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The results of the heteroscedasticity test in Table 11 and Table 12 show that the probability value of each variable is more than alpha (0.05), so it can be interpreted that there are no symptoms of heteroscedasticity in this research model.

Panel Data Regression Analysis
Partial Test (t-test)

Table 11 Partial Test Results (t Test) Model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.686566	0.335538	5.026446	0.0000
PKBL Effectiveness	0.002082	0.004602	-0.452362	0.0119

Source: Data processed (2024)

Table 12 Partial Test Results (t Test) Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.354186	0.896918	1.509821	0.1406
PKBL Effectiveness	0.005370	0.011845	0.453344	0.6533

Source: Data processed (2024)

Table 13 Partial Test Results (t Test) Model 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.575400	0.330598	4.765303	0.0001
PKBL Effectiveness	0.002502	0.004452	-0.561886	0.0290
Financial Performance	0.081247	0.047469	1.711587	0.0018

Source: Data processed (2024)

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a) The Effect of Partnership and Community Development Program (PKBL) on Firm Value

The results in Table 13 show that if the PKBL effectiveness variable has a coefficient of 0.002082, which means positive, and a probability value of 0.0119, which is smaller than 0.05, then H0 is rejected, which means Ha is accepted.

Research conducted on the Partnership and Community Development Program (PKBL) of State-Owned Enterprises (SOEs) shows significant results in increasing firm value. Viewed from the Resource-Based View (RBV) theory, this research shows that PKBL can increase firm value by increasing the internal resources owned by the firm. In line with research conducted by Rangga & Kristanto (2023) and Uy & Hendrawati (2020), which states that CSR including PKBL in it can affect firm value.

In RBV theory, a firm's internal resources are considered the most important factor in determining the value of the firm. These internal resources can be in the form of technical capabilities, management capabilities, or the ability to develop effective business strategies. This means that PKBL can help SOEs improve their ability to develop effective business strategies and increase overall firm value.

b) The Effect of Partnership and Community Development Program (PKBL) on Financial Performance

The results in Table 14, can be seen if the PKBL effectiveness variable has a coefficient of 0.005370 which means positive and a probability value of more than 0.6533 which is greater than 0.05, then H0 is accepted which means Ha is rejected.

The research results that show that the Partnership and Community Development Program (PKBL) has no effect on financial performance can be seen as a failure to achieve the main objectives of the program. In Resource-Based View (RBV) theory, the costs incurred in the PKBL program can be seen as an ineffective investment in improving financial performance. In line with the research of Mayliza & Maihidayah (2022) which states that the disclosure of costs incurred for CSR has no significant effect on financial performance.

This may be due to the fact that PKBL costs do not directly increase SOE revenues but rather focus on community empowerment and small business capacity building. Therefore, the results of this study indicate that PKBL is not effective in improving the financial performance of SOEs and needs to be studied further to find solutions that are more effective in achieving the objectives of the program.

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c) The Effect of Financial Performance on Firm Value

In the results in Table 15, it can be seen that the financial performance variable has a coefficient of 0.081247, which means positive, and a probability value of more than 0.0018, which is smaller than 0.05. Then H0 is rejected, which means Ha is accepted.

The results show that better financial performance, such as a higher ROA, contributes to an increase in firm value. This can be explained by the legitimacy theory, which says that companies that have good financial performance will more easily gain legitimacy from external parties, such as investors, creditors, and society. In line with the research results of Keter et al. (2024) and Fikri Arrazi et al. (2021), which show that financial performance has a positive effect on firm value,

So it can be interpreted that good financial performance can increase firm legitimacy, improve reputation, and strengthen the firm's position in the industry, which ultimately contributes to increasing firm value. Thus, companies that have good financial performance will find it easier to obtain resources and gain access to wider financial markets.

d) The Role of Financial Performance in Mediating the Relationship between PKBL and Firm Value

The results in Table 15 show that if the PKBL effectiveness variable has a coefficient of 0.002502, which means positive, and a probability value of more than 0.0290, which is smaller than 0.05, then H0 is rejected, which means Ha is accepted.

PKBL is a social responsibility program that aims to improve the abilities of small businesses and communities through empowerment and mentoring. This study found that PKBL has a positive impact on firm value, with financial performance as a mediating variable.

In this study, legitimacy theory is used to explain how PKBL helps companies improve their reputation and customer loyalty. Thus, companies that conduct PKBL can increase firm value through improved financial performance. Analysis of financial performance variables that are able to mediate the relationship of PKBL effectiveness to firm value is stated as a partial mediation variable because, after including the mediation variable, its effect on variable X1 on Y, which was previously significant, remains significant.

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Table 14 Simultaneous Test Results (Test f) and R^2

R-squared	0.620617
Adjusted R-squared	0.503884
S.E. of regression	0.498567
Sum squared resid	6.462790
Log likelihood	-20.10033
F-statistic	5.316540
Prob(F-statistic)	0.000516

Source: Data processed (2024)

Simultaneous Test (f-test)

The results in Table 16 show that the probability value of the F-statistic is 0.000516. This can be interpreted as meaning that the profitability value in this research model is smaller than alpha (0.05). So it can be concluded that the effectiveness and financial performance variables together (simultaneously) have an effect on firm value in state-owned enterprises (BUMN) companies listed on the Indonesia Stock Exchange (IDX).

Determination Coefficient Test (R^2)

According to the results in Table 16, the adjusted R-squared value of this research model is 0.620617, or 62%. This can be interpreted as meaning that the independent variables, which include the effectiveness of PKBL mediated by financial performance, can explain the dependent variable, namely firm value, by 62%. While the remaining 38% is influenced by other variables not included in this study.

CONCLUSION

This study shows that the Partnership and Community Development Program (PKBL) of state-owned enterprises (SOEs) has a positive impact on firm value. In Resource-Based View (RBV) theory, PKBL increases firm value by increasing the firm's internal resources. The results also show that PKBL has no effect on financial performance, but better financial performance contributes to an increase in firm value.

PKBL increases firm value through increasing internal resources owned by the firm, and better financial performance affects firm value through legitimacy. Better financial performance affects firm value through increased reputation and customer

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loyalty, so companies that have good financial performance will more easily obtain resources and gain access to broader financial markets. This research shows that PKBL has an important role in increasing firm value through increased internal resources and better financial performance. Therefore, SOEs that conduct PKBL can increase overall firm value by improving their ability to develop effective business strategies and improve financial performance.

The implications obtained by SOEs or other companies through the results of this study can be described in the development of effective business strategies and more effective PKBL programs in increasing firm value and better financial performance. Furthermore, there are limitations in this study related to difficult documentation data collection and limited observation period, so it is hoped that further research can add other variables and increase the observation period that has not been included in this study.

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