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THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURES AND ENVIRONMENTAL PERFORMANCE ON FINANCIAL PERFORMANCE IN THE MINING SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

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ABSTRACT

The purpose of this study is to ascertain the impact of CSR and environmental performance disclosure on financial performance in the mining sector listed on the Indonesian stock exchange in 2017–2020. 47 mining businesses that were listed on the Indonesian stock exchange between 2017 and 2020 make up the study's population. 32 statistics from the study's sample of 8 companies over a 4-year period are presented. Associative methodology will be used in this kind of research. Quantitative data are the type of data used in this study, while secondary data are the data source. Multiple linear regression analysis using SPSS version 25 was the method of data analysis used in this study. The documentation technique is the method of data collection that is employed. The results of this study show that the variable environmental performance (X2) and the variable corporate social responsibility (X1) each have a positive and significant effect on financial performance. The variable corporate social responsibility (X1) and environmental performance (X2) also have a positive and significant effect on financial performance individually (Y). All hypotheses are accepted because these results are consistent with the established ones.

1. INTRODUCTION

There is a study gap addressing how corporate social responsibility and environmental performance disclosure affect financial performance, however research to date has not produced any contradictory findings. According to Risqa (2020), disclosure of corporate social responsibility has a beneficial impact on financial performance. This finding was made after looking at the relationship between disclosure of corporate social responsibility and financial performance (Dienty, 2019). The findings of this study conflict with those of Yuniep & Citra's research (2020), which found that Corporate Social Responsibility has a sizable detrimental impact on Financial Performance. Then, Syaiful (2019) discovered that financial performance is impacted by environmental performance. The findings of this study support Yuniep & Citra's research (2020), which found that environmental performance significantly improves a company's financial success.

A type of corporate responsibility for company actions that have an influence on the environment and social environment is called corporate social responsibility (CSR) (Risqa, 2020). Article 74 of Law Number 40 of 2007 Concerning Limited Liability Companies, which establishes the basis for the obligation of corporate social responsibility, states that businesses that conduct their operations in industries involving natural resources are required to exercise social and environmental responsibility. When a firm's annual report includes information about the corporate social responsibility activities the company has carried out. A corporation will receive a positive evaluation from stakeholders when it discloses good CSR practices since stakeholders' trust in the company grows (Risqa, 2020).

Environment-related concerns must be taken into account in Indonesia. A mining firm is one of the organizations with a high environmental risk. There is no doubt that mining operations will have an impact on the surrounding community's quality of life and the environment. Every mining activity has the potential to have a detrimental impact on the environment nearby where mining is being done, according to a phenomena that affects mining firms. Company policies that are not environmentally friendly cause environmental damage (www.menhl.go.id).

Environmental performance is also anticipated to have an impact on the company's financial performance in addition to disclosure of corporate social responsibility. A program called PROPER (Company Performance Rating Assessment Program) has been established by the government through the Ministry of Environment and Forestry (KLHK) as a method of environmental management for businesses in Indonesia. This is done to evaluate the business's environmental performance and help it become more environmentally conscious. Environmental performance measures how well a corporation manages environmental issues as a result of its operating activity (Meiyana, 2019). According to Tjahyono (2013), company awareness in management in the environmental sector can also increase the results of the company's financial performance, because good environmental performance can increase company value for stakeholders in order to increase company profitability, and this decrease in performance will reduce stakeholder trust to invest their shares in mining companies in Indonesia.

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2. METHOD

Type and Data Source

a. Data Type

The type of data in this research is quantitative data. Quantitative data is data in the form of numbers/numbers (Arikunto, 2011: 89).

b. Data Source

Source of data in this research is secondary data. Secondary data is a data source that does not provide data directly to data collectors (Sugiyono, 2015: 117). The data sources in this study are using financial statements and annual reports of mining companies listed on the Indonesia Stock Exchange for 2017-2020, and using PROPER which is used to determine environmental performance ratings whose data is obtained from the official website of the Ministry of Environment and Forestry (KLHK).

Analysis Method

In this study, documentation approaches are used to acquire data. The documentation method used in this study is a method of gathering data that is already available and retrieved from the websites of each company as well as the official websites of the Indonesia Stock Exchange (www.idx.co.id) and Proper.Menlhk.Go.Id.

Data Analysis Techniques

a. Uji Asumsi Klasik
   - Uji Normalitas
   - Uji Multikolinieritas
   - Uji Heteroskedastisitas
   - Uji Autokorelasi

c. Uji Regresi Linier Berganda

d. Uji Hipotesis
   - Uji parsial (Uji t)
   - Uji simultan (Uji F)
   - Uji Koefisien Determinasi (Uji R^2)

3. RESULT AND DISCUSSION

Descriptive Statistical Test Results

The results of the descriptive statistical test in this study are as follows.

Table 1. Test Descriptive Statistics

		CSR	Environmental Performance	Profitabilitas
N	Valid	32	32	32
	Missing	0	0	0
Mean		39.2400	.278	25.00625
Median		2.65680	5.00	11.10300
Mode		35.44	5	2.181[a]
Std. Deviation		34.30	.420	34.114604
Minimum		.831	4	2.181
Maximum		32	5	120.344
Sum		0	153	800.200

a. Multiple modes exist. The smallest value is shown

The following conclusion can be drawn from the results of the descriptive statistical data above:

1. The Financial Performance variable for the Y variable has a maximum value of 120,344 and a minimum value of 2,181. The obtained mean value is 25,006 and the standard deviation is 34,114. These data allow us to draw the conclusion that the distribution of the values is uniform and the data deviations are modest because the mean value is less than the standard deviation.
2. The maximum value for variable X1, or corporate social responsibility, is 32 and the minimum value is 0,831. The calculated mean value was 39,24, and the standard deviation was 34,30. These results indicate that the distribution of values is uniform and that there is little data deviation.
3. The environmental performance variable, or variable X2, has a maximum value of 5 and a minimum value of 4. The obtained mean value is 0.278, while the standard deviation is 0.420. The mean value is less than the standard deviation, indicating that the data are uniformly distributed and that there are few variations from the mean.

Classical Assumption Test Results

Normality Test Results

Here are the results of the Kolmogorov-SmirnovTes test.

Tabel 2 Uji Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		32
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.06892646
Most Extreme Differences	Absolute	.108
	Positive	.108
	Negative	-.096
Test Statistic		.108
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Based on the results of the Kolmogorov Smirnov test that has been carried out, a significant value is obtained of 0.200> 0.05. According to Sugiyono (2016), if the Significance value of normality through the Kolmogorov-Smirnov test is> 0.05, it can be concluded that the data is normally distributed and vice versa.

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In the results of table 4.2 above, with a significant value of 0.200> 0.05, it can be concluded that the data is normally distributed.

Multicollinearity Test Results

The following are the results of the multicholinearity test.

Tabel 3. Multicholinearity Test Results Coefficients[a]

Model		UnstandardizedCoefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	6.974	1.105		6.311	.001		
	CSR	2.026	.540	.124	3.752	.000	.970	1.031
	Environmental Performance	1.597	.315	.138	5.070	.003	.970	1.031

Dependent Variable: LN_Y

The following conclusions can be drawn from the data from the multicollinearity test results:

1. The X1 variable, or corporate social responsibility, obtained a tolerance value of 0,970 and a VIF value of 1,031. Because the tolerance value is more than 0,10 and the VIF value is below 10, it can be said that variable X1, which represents the Corporate Social Responsibility variable, does not face multicollinearity issues.
2. The Environmental Performance variable, based on its results, produced a tolerance value of 0,970 and a VIF value of 1,031. So it can be said that since the tolerance value is more than 0,10 and the VIF value is below 10, the variable X2, which represents the environmental performance variable, does not have multicollinearity issues.

Heteroskedasticity Test

The following are the results of the heteroskedasticity test that has been studied.

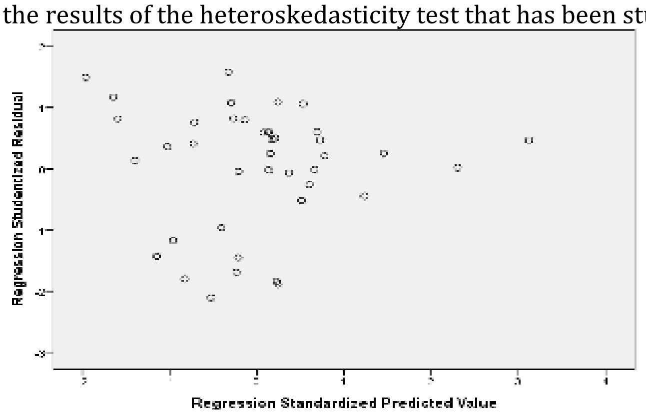

Figure 1 Heteroskedasticity Test Results

It is clear from Figure 1. above that the distribution point pattern is dispersed. There are therefore no signs of heteroscedasticity based on the aforementioned data.

Autocorrelation Test Results

Based on the decision-making criteria of the autocorrelation, the results of the autocorrelation test that have been tested are in table 1.4 as follows:

Table 4 Autocorrelation Test Results Model Summary[b]

Model	R	R Square	Adjusted R Square	td. Error of the Estimate	Durbin-Watson
1	.796[a]	.634	.625	1.10517	1.731

a. Predictors: (Constant), LN_X2, LN_X1
b. Dependent Variable: LN_Y

Using SPSS, the Durbin Watson test produced results of 1,731. A score of 1,450 was obtained for DL and a value of 1,623 for DU. The conclusion that there are no autocorrelation symptoms allows for additional investigation and testing.

Multiple Linear Regression Analysis Test Results

The following are the results of multiple linear regression analysis in table 1.5 as follows.

Table 5. Multiple Linear Regression Analysis Test Coefficients[A]

Model		UnstandardizedCoefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	6.974	1.105		6.311	.001		
	CSR	2.026	.540	.124	3.752	.000	.970	1.031
	Kinerja Lingkungan	1.597	.315	.138	5.070	.003	.970	1.031

b. Dependent Variable: LN_Y

Based on the results of the data above, the following equation can be obtained:

$$Y = 6{,}974 + 2{,}026X1 + 1{,}597X2 + e$$

From the regression equation above it can be concluded as follows:

1. Constant (a) of 6.974 states that if Corporate Social Responsibility (X1) and Environmental Performance (X2) are considered to have a value of 0, then Financial Performance (Y) is 6.974.
2. The value of the regression coefficient of Corporate Social Responsibility is 2.026 which shows a positive relationship. This states that, if the Corporate Social Responsibility variable increases by 1%, the Financial Performance variable increases by 2.026%.
3. The value of the regression coefficient for Environmental Performance is 1.597 which shows a positive unidirectional relationship. This states that, if the Environmental Performance variable increases by 1% then the Financial Performance variable increases by 1.597%.

Hasil uji Hipotesis

t Test Results (Partial)

The hypothesis results in this study are as follows.

Table 6 T Test Results (Partial)

Coefficients[a]

Model		UnstandardizedCoefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	6.974	1.105		6.311	.001		
	CSR	2.026	.540	.124	3.752	.000	.970	1.031
	Kinerja Lingkungan	1.597	.315	.138	5.070	.003	.970	1.031

a. Dependent Variable: LN_Y

All independent factors significantly affect the dependent variable according to the t statistical test that has been run. The results of the t test can be deduced as follows based on table 6

1. Corporate social responsibility's impact on financial performance.
   Based on the findings of the t test, it is known that a significant value is 0,000< 0,05 and that the t count > t table is 3,752 > 1,677. Therefore, it can be said that CSR has a positive and significant relationship with financial performance in the mining sector. It can be deduced that H1 is accepted and Ho is rejected based on the findings of the tests and hypotheses that have been run.
2. The impact of financial performance on environmental performance.
   According to the findings of the t test that was performed, a significant value is 0,003 < 0,05 and the t count > t table is 5,070 > 1,677. The environmental performance of mining sector firms is, thus, positively and significantly correlated with their financial performance. Considering the findings of

the tests and the hypotheses that have once completed, it can be said that H1 is approved whereas Ho is disapproved.

Simultaneous Test Results (Test F)

The following are the results of the simultaneous significance test (Test F) found in table 1.7 as follows:

Tabel 1.7 Uji F (Simultan)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	101.039	2	50.520	41.373	.008[b]
	Residual	35.421	29	1.221		
	Total	136.460	31			

a. Dependent Variable: LN_Y
b. Predictors: (Constant), LN_X2, LN_X1

The calculated F value is 41.373> F table is 3.19 with a significance level of 0.0080.05 based on the F test findings. These findings support the conclusion that Corporate Social Responsibility (X1) and Environmental Performance (X2) have a concurrently positive and significant impact on Financial Performance, in accordance with the test's parameters (Y).

Determination Test Results (R^2)

The results of this test can be seen from the probability of the *Adjusted R Square* value in the research that has been carried out, namely in table 1.8 below.

Tabel 8 R2 Determination Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.796[a]	.634	.625	1.10517	1.731

a. Predictors: (Constant), LN_X2, LN_X1
b. Dependent Variable: LN_Y

The adjusted R square value in this study is 0,625, or 62,5%, according to the determination value that was derived based on the findings of the determination coefficient test that was conducted. A good Adjusted R Square, according to Sugiyono (2005: 136), is one where the retribution capability value (R2) is more than 0,5 or 50%. This states that all independent variables, specifically Corporate Social Responsibility and Environmental Performance, are able to interpret the dependent variable, specifically Financial Performance, to the tune of 62,5%, with the remaining 37,5% being influenced by factors not examined in this study, such as company age, debt to equity ratio, growth profit, and other related variables.

DISCUSSION

a. Corporate social responsibility's impact on financial performance

Based on the findings of the t test, it is known that a significant value is 0,000 < 0,05 and that the t count > t table is 3,752 > 1,677. Therefore, it can be said that CSR has a positive and significant relationship with financial performance in the mining sector. It can be deduced that H1 is accepted and Ho is rejected based on the findings of the tests and hypotheses that have been run. According to the stakeholder hypothesis, businesses must put their stakeholders' interests ahead of their own when conducting business (Dewi & Wirasedana, 2017). A corporation will receive a positive evaluation from stakeholders when it discloses good CSR practices since stakeholder trust in the company grows (Silvia, Utpala & Nibras, 2021). According to the legitimacy hypothesis, businesses should also develop positive relationships with their stakeholders, one of which being the neighborhood in which they operate. When businesses and the community work together effectively, conflicts are less likely to arise, which can reduce business operations and lower earnings (Atmadja, 2019). And according to the triple bottom line philosophy, a business also considers employee welfare and actively works to protect the environment in addition to striving to generate a profit (profit) (Nuraini, 2010). Research by Silvia (2021) and Risqa (2020) shown that corporate social responsibility disclosure had an impact on financial performance. This demonstrates how disclosing a company's CSR actions can enhance stakeholder support and trust, particularly in the eyes of investors and the local community. Gaining the confidence of stakeholders is anticipated to boost the company's profitability and ensure its sustainability.

b. Performance of the Environment and Financial Performance

It is known that the t value is calculated based on the outcomes of the t test that has been performed. 5,070 > 1,677 and a significant value of 0,044 < 0,05 were found in the > t table. Then came Conclusion: In mining sector firms, environmental performance is favorably and strongly correlated with financial performance. It can be deduced that H1 is accepted and Ho is rejected based on the findings of the tests and hypotheses that have been run. An crucial stage in obtaining corporate success for a firm is environmental performance, which is the performance of one that shows it cares about the environment (Yuniep & Citra, 2020). Environmental performance, according to Meiyana (2019), will show how the business takes care of its surroundings. According to the stakeholder theory, having stakeholders' support for all business endeavors is necessary for success in generating firm profits. Good environmental performance provides greater details about the company's environmental management practices and demonstrates that they have been followed. The company's PROPER color rating, which will receive a favorable response and validity from the community where it operates, will demonstrate its environmental performance.

c. The Relationship Between Financial Performance and Environmental and Corporate Social Responsibility

The calculated F value is 4,373 > F table is 3.19 with a significance level of 0,000 < 0,05 based on the F test findings. These findings support the conclusion that Corporate Social Responsibility (X1) and Environmental Performance (X2) have a positive and substantial positive direction on Financial Performance, in compliance with the test's parameters (Y). According to the stakeholder hypothesis, businesses should put their stakeholders' interests ahead of their own when managing their operations (Dewi & Wirasedana, 2017). A corporation will receive a positive evaluation from stakeholders when it discloses good CSR practices since stakeholder trust in the company grows (Silvia, Utpala & Nibras, 2021). According to the legitimacy hypothesis, businesses should also develop positive relationships with their stakeholders, one of which being the neighborhood in which they operate. When businesses and the community work together effectively, conflicts are less likely to arise, which can reduce business operations and lower earnings (Atmadja, 2019). And according to the triple bottom line philosophy, a business also considers employee welfare and actively works to protect the environment in addition to striving to generate a profit (profit) (Nuraini, 2010). An crucial stage in obtaining corporate success for a firm is environmental performance, which is the performance of one that shows it cares about the environment (Yuniep & Citra, 2020). Environmental performance, according to Meiyana (2019), will show how the business takes care of its surroundings. According to the stakeholder theory, having stakeholders' support for all business endeavors is necessary for success in generating firm profits. Good environmental performance provides greater details about the company's environmental management practices and demonstrates that they have been followed. The company's PROPER color rating, which will receive a favorable response and validity from the community where it operates, will demonstrate its environmental performance. Investors might take into account a company's strong environmental performance when deciding whether or not to invest in it since they need to take into account both the company's financial performance as well as its environmental performance.

4. CONCLUSION

The first hypothesis (H1), which asserts that corporate social responsibility has a positive and considerable impact on financial performance, can be accepted since there is a unidirectional (positive) relationship between corporate social responsibility and profitability.

It is acceptable to accept hypothesis 2 (H2), which argues that environmental performance has a positive and considerable impact on financial performance. This is because there is a unidirectional (positive) relationship between environmental performance and financial performance.

The third hypothesis (H3), which states that corporate social responsibility and environmental performance have a positive and significant impact on financial performance, can be accepted because there is a direct (positive) relationship between corporate social responsibility and environmental performance and financial performance.

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