

**THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY AND  
CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE IN  
MINING COMPANIES LISTED ON THE INDONESIAN STOCK  
EXCHANGE (Period 2020-2022)**

**A THESIS**

**Presented as Partial Fulfillment of the Requirements to Obtain the Bachelor  
Degree in Accounting Department**



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Yogyakarta, August 20<sup>th</sup>, 2024

  
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**" THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY AND  
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COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE (Period 2020-  
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(Case Study on Construction Companies Listed on the Indonesia Stock Exchange (IDX) 2020 – 2022)

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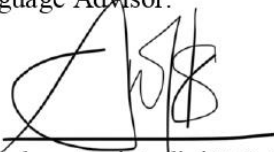
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## FOREWORD

Bismillahirrahmanirrahim

All praises and the biggest gratitude belong to Allah SWT, the Lord and the Creator of the universe. Our blessings and greetings to His Messenger, Prophet Muhammad SAW Allahumma sholli 'ala sayyidina **muhammad**, wa 'alaa aali sayyidina **muhammad**. Alhamdulillah rabbi'l'amin, this thesis which entitled **The Influence of Corporate Social Responsibility and Corporate Governance on Financial Performance in Mining Companies Listed on The Indonesian Stock Exchange (Period 2020-2022)**. I would like to express my gratitude and appreciation to everyone who supported me and give encouragement for me in making this process become a beautiful ending. This gratitude would be addressed to:

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## **ABSTRACT**

This study aims to analyze the effect of Corporate Social Responsibility (CSR), institutional ownership, managerial ownership, and independent board of commissioners on the financial performance of mining sector companies listed on the Indonesia Stock Exchange for the period 2020-2022. The sample selection method in this study used purposive sampling and was obtained from annual reports and resulted in 30 companies listed in the mining sector for the period 2020-2022 through the official website of the Indonesia Stock Exchange. Using multiple linear regression analysis, this study found that only institutional ownership had a significant effect on the company's financial performance, while CSR, managerial ownership, and independent board of commissioners did not show a significant effect.

**Keywords:** Corporate Social Responsibility, Institutional Ownership, Managerial Ownership, Independent Board of Commissioners, Financial Performance.

## CHAPTER I

### INTRODUCTION CHAPTER

#### 1.1. Background

The mining industry in Indonesia is one of the important economic sectors and is often part of a significant source of economic growth due to its abundant natural resources. However, behind the economic benefits, this industry has a great impact on the environment and the surrounding community. Mining activities have the impact of environmental degradation, destruction of natural habitats, and social conflicts with local communities due to the large use of resources and the pollution produced.

In this problem, *Corporate Social Responsibility (CSR)* is an important strategy to minimize negative impacts on the environment and the surrounding community. With CSR, mining companies are expected to be able to help positively for social, environmental, and economic development in the area. However, the implementation of CSR in the mining industry is often faced with various challenges, including adequate resource allocation, effective program planning, and accurate impact measurement.

According to Grayson and Hodges (2004), CSR is a company integrating concern for the interests of stakeholders in their operations and business decisions as well as their interactions with external stakeholders, with the aim of creating long-term value for the company and society.

CSR is formed based on the company's sense of responsibility for all parts related to the company. Both the community and the environment around the

company. Especially in companies engaged in mining. According to Law No. 40 of 2007, companies whose businesses are engaged in or related to natural resources are obliged to carry out social and environmental responsibility, companies engaged in mining have social and environmental impacts on natural resources used in operational activities. Many companies engaged in mining exploit natural resources in Indonesia, therefore it is important for a company to implement CSR in the company's environment, so that the surrounding environment is maintained and can ensure that the natural resources needed by the company in operational activities are met.

In addition, the importance of corporate governance cannot be ignored. According to Cadbury (1992), corporate governance is a system in which a company is managed and controlled. This includes the company's structure, the responsibilities of the board of directors, the responsibilities of management, and the way the company deals with its stakeholders. Good corporate governance is the basis for efficient and transparent management, responsible decision-making, and protection of the interests of all stakeholders. In the context of the mining industry in Indonesia, there are still various problems related to corporate governance, such as conflicts of interest in lack of transparency and lack of accountability.

Previous research related to Corporate Social Responsibility (CSR) and Corporate Governance on the performance of mining companies in Indonesia has been carried out by several researchers including Rahayu, Asmeri, & Silvera (2023), Atika (2023), Pohan & Dwimulyani (2017), Hidayat (2022). However, from the results of the previous research, there are still some inconsistent results.

Therefore, the author conducted this study, to find out **the influence of corporate social responsibility and corporate governance on financial performance in mining companies listed on the Indonesian stock exchange (period 2020-2022)** is relevant and important. This research not only provides a better understanding of CSR and corporate governance practices implemented in the mining industry, but these practices also contribute to the company's financial performance. On the other hand, this research can also provide insight into the factors that affect the implementation of CSR and corporate governance, as well as how these two practices can be optimized to achieve sustainable economic, social, and environmental goals.

## **1.2. Problem Formulation**

This research is expected to answer the following questions:

1. Does Corporate Social Responsibility affect financial performance?
2. Does Institutional Ownership affect financial performance?
3. Does Managerial Ownership affect financial performance?
4. Does the Independent Board of Commissioners have an effect on financial performance?

## **1.3. Research Benefits**

The results of this research are expected to be useful for various aspects, both theoretical and practical aspects. The expected benefits of this research are as follows:

## 1. Theoretical Benefits

Research analysis will be able to be material for the development of corporate social responsibility, corporate governance on financial performance.

## 2. Benefits of Practical

### a. For Investors

The conclusion of the research analysis can be an additional reference for the realization of investor decision-making before realizing funding investment, by looking at the company's overall financial performance.

### b. For Company Managers

This research can draw useful information about how important entities are to fulfill their social responsibilities to society and positive entity management that will have an impact on the company's financial statements.

### c. For the author

This research is expected to provide complete information for the author about the influence of corporate social responsibility and corporate governance on the financial performance of entities.

## 1.4. Research Objectives

The objectives to be achieved by holding this research are as follows:

- a. Examining the influence of corporate social responsibility on improving the company's financial performance

- b. Examining the influence of institutional ownership on improving the company's financial performance
- c. Examining the influence of managerial ownership on improving the company's financial performance
- d. Examining the influence of the independent board of commissioners on improving the company's financial performance

### **1.5. Systematics of Discussion**

This research consists of five chapters that are systematically arranged, making it easier to understand and relate to each chapter clearly. The systematics of the discussion are as follows:

#### **CHAPTER I: INTRODUCTION**

The first chapter of this study presents an overview of the research by providing the background, questions, objectives, research contributions, and systematics of its writing.

#### **CHAPTER II: THEORETICAL FOUNDATIONS**

The second chapter of this study contains a review of previous studies that provide a comprehensive overview and are relevant to the specified theory.

This chapter also explains some of the terminology used in this study, so that it can be understood by everyone, including those who do not have an academic background.

**CHAPTER III: RESEARCH METHODOLOGY**

This chapter discusses the data collection process, which includes the type of research, the subject of the research, the data collection method, the research variables, and the data analysis techniques.

**CHAPTER IV: RESEARCH RESULTS AND DISCUSSION**

This chapter discusses the findings and analysis of this study.

**CHAPTER V: CONCLUSIONS AND SUGGESTIONS**

This chapter contains research conclusions, research limitations, and suggestions for further research.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1. AGENCY THEORY**

Agency Theory illustrates the contractual relationship between the parties to whom certain decisions are made, which can be referred to as principals, owners, or shareholders. According to Jensen and Meckling (1976), agency theory is a concept that describes the contextual relationship between principal and agent, which can refer to individuals, groups of people, or organizations. The essence of Agency Theory is to find the most efficient contract to influence the connection between principal and agent. In this context, the owner of the company hopes that the management will be able to manage the company's resources optimally to achieve the company's goals.

In practice, there are often conflicts between company owners and management due to differences in interests. With the power it has, management can act for personal gain and ignore the interests of the company owner because of different views regarding the direction and goals of the company.

The separation between managers and company owners creates a vulnerability to agency problems. The goal of Agency Theory is to manage the company in such a way as to create a profitable solution for the shareholders as principals and managers as agents. In this context, the quality of corporate governance will be reflected in the market response.

Agency theory explains that internal relationships in a company are based on a contract between the principal (owner) and the agent to run a business for the

benefit of the principal. The principal hands over the company's operational activities to the agent.

There are several basic assumptions that form the basis of this theory, among which are the following:

1. Agency conflict

There is a potential for conflict in the relationship between principal and agent (agency conflict), which arises due to the desire of management to act in accordance with its own personal interests, even if it may be detrimental to the interests of shareholders in achieving returns and long-term value of the company. Agency conflicts can take many forms, such as:

- a) Moral-hazard, where management chooses the investment that best suits its own abilities rather than the most profitable for the company. For example, they may choose a project that provides high compensation even though it may not be the best for the company.
- b) Earning retention, where management tends to maintain the company's earnings at a stable level, while shareholders may prefer to get a larger cash distribution through profitable internal investments.
- c) Risk aversion, where management tends to choose safer investment decisions for their own interests. They may avoid investments that are considered to increase risk for the company, even if it could be a better option for the company.
- d) Time horizons, where management tends to only pay attention to the company's cash flow during the period of their duties, which can lead

to bias in decision-making. They may prefer short-term projects with high accounting returns to long-term projects with a much higher value of return (NPV).

## 2. Agency problem

Agency problem is another basis that forms Agency theory, which arises due to differences in interests between shareholders as company owners and management as managers. Shareholders want to get maximum return on their investments, while management wants to get incentives for the management of the fund.

Agency theory has been widely accepted because it is considered more in accordance with the actual conditions in the field. Various ideas about corporate governance developed based on agency theory, where the management of the company must be supervised and controlled to ensure compliance with all applicable regulations.

In the context of agency theory, the owner of the company, or shareholders, is the party most interested in management performance. For the benefit of the owners, a board of commissioners is formed, and one of the ways used by the owners to ensure that the management manages the company well is through appropriate corporate governance mechanisms. By implementing this mechanism, it is hoped that management can fulfill its responsibilities to the owner.

Various principles of corporate governance developed based on Agency theory, where the management of the company must be supervised and controlled to ensure that all applicable rules and regulations are fully complied with.

The relationship between Agency Theory and financial performance has a significant impact on financial performance in the company. According to Eisenhardt (1989), corporate governance is one of several significant tools in overcoming agency conflicts. By implementing effective corporate governance, principals can ensure that agents act in accordance with the overall interests of the company thereby improving financial performance.

## **2.2. LEGITIMACY THEORY**

Legitimacy Theory is a social agreement that occurs between the company and the surrounding community as a basis for operations and the utilization of resources ekonomi. ini it is important for the company to achieve goals that are in line with the interests of the surrounding community. According to Wood and Jones (1995), Legitimacy Theory looks at how organizations seek to maintain legitimacy by adjusting their behavior and policies in accordance with societal norms and expectations. This theory emphasizes the importance of companies convincing the public that their activities and performance are acceptable and do not have an adverse impact on nature and society. The main focus is on the interaction between the company and the community, so the operational methods and results of the organization must be in accordance with social norms and values. The main concept of this theory is that the company has a social contract with society that can be expressed through the ever-changing expectations of society. Legitimacy Theory

underlines that in order to develop a company in the future, a company must gain legitimacy that can be improved through practices such as business ethics, concern for employees, and concern for environmental impact. The company's alignment with the environment is expected to increase legitimacy and have a long-term positive impact on the company. This is in line with the concept of Corporate Social Responsibility (CSR) which involves the company's commitment to reduce negative impacts and improve its operations positively for all parties involved, especially in the social and environmental context.

### **2.3. Corporate Social Responsibility (CSR)**

#### **2.3.1. Definition of Corporate Social Responsibility (CSR)**

According to McWilliams and Siegel (2001), CSR is the steps taken by a company beyond its legal and contractual obligations, with the aim of creating a positive impact on society and the environment. Corporate social responsibility shows that the company cares about the interests of all parties involved, not just the internal interests of the company. Corporate Social Responsibility (CSR) refers to all interactions between a company and its stakeholders, including customers, employees, communities, shareholders, governments, suppliers, and even competitors. The development of corporate social programs can be in the form of physical assistance, health services, community development, social activities, scholarships, and so on.

Corporate Social Responsibility (CSR) is an expression of a company's concern for the surrounding environment through various activities that aim to protect the environment, comply with community

norms, participate in development, and fulfill various other social responsibilities. Although CSR has meaning in various forms such as *Corporate Responsibility*, *Corporate Citizenship*, *Responsible Business*, *Sustainable Responsible Business*, and *Corporate Social Performance*, Law number 40 of 2007 concerning limited liability companies chooses to use the term "social and environmental responsibility" to explain this concept in the regulatory framework. Although they have different terms, conceptually they all have the same meaning.

Corporate Social Responsibility (CSR) is a form of seriousness of a company or business sector to participate in sustainable economic growth by paying attention to corporate social responsibility and emphasizing the importance of balancing economic, social, and environmental aspects. The increasing social problems in the last decade, along with the implementation of decentralization, have placed CSR as a concept that is expected to provide new solutions in empowering underprivileged communities.

CSR is the company's responsibility to all interested parties to act ethically, reduce negative impacts, and increase positive impacts in economic, social, and environmental aspects (triple bottom line), in order to achieve sustainable development goals. This is a natural way for companies to improve or "clean" the impacts resulting from the huge profits they make. In some cases, the way a company earns profits can be detrimental to others, whether it is accidentally or intentionally. Therefore, CSR is considered a natural consequence of the company's decisions and activities, and the

company's obligation is to improve the situation for the affected communities, towards better conditions.

The definition of CSR has various variations, but at its core CSR is a business practice that is committed to not only increasing the company's financial profitability, but also to advance the socio-economic development of the region as a whole, sustainable, and structured. Some other terms that are often associated with CSR include corporate giving, corporate philanthropy, corporate community relations, and community development.

Corporate Social Responsibility (CSR) is the responsibility of companies to reduce social inequality and minimize negative impacts on the environment due to their operational activities. CSR disclosure can give a positive indication to investors, and the greater the CSR disclosure carried out by a company, the better the company's image. The calculation of the Corporate Social Responsibility Index (CSRI) uses a simple approach where each element of CSRI is rated 1 if disclosed, and 0 if not disclosed.

### **2.3.2. Principles of Corporate Social Responsibility (CSR)**

The Principles of Corporate Social Responsibility (CSR) have several aspects that direct companies to act responsibly towards society and the surrounding environment. CSR principles are:

1. Transparency: Organizations need to communicate openly and honestly about their activities, policies, and impacts on society and the environment.

2. **Accountability:** Organizations are expected to be accountable for their actions and decisions, and are prepared to be accountable to stakeholders.
3. **Stakeholder Engagement:** Organizations need to involve relevant stakeholders in the decision-making process and mutual deliberation.
4. **Be fair:** Organizations are expected to act fairly, respect human rights, and prevent social inequality.
5. **Accountability:** Organizations are expected to understand and manage their impact on society and the environment, with the aim of reducing negative impacts and increasing positive impacts.
6. **Business strategy:** CSR needs to be integrated with the organization's business strategy in order to create long-term value for the company and other stakeholders.
7. **Sustainable development:** Organizations need to act sustainably, ensuring the fulfillment of current needs without sacrificing the ability of future generations to meet their own needs.
8. **Embrace diversity:** Organizations need to respect cultural, social, and environmental diversity, and support inclusion and equity.

### **2.3.3. Benefits of CSR**

Corporate Social Responsibility (CSR) has considerable benefits, both for the company and for the community and the surrounding environment. Corporate Social Responsibility has many benefits, as follows:

1. **Increased reputation:** The good use of CSR can improve a company's reputation in the eyes of the public, consumers, and shareholders. In

addition, it also improves the company's image as a company that cares and is responsible for social and environmental sustainability

2. **Advantage in differentiation:** Companies that perform CSR practices well can differentiate themselves from their competitors. Consumers are more likely to choose products or services from companies that provide environmental and social responsibility
3. **Customer satisfaction and loyalty:** Consumers are more interested in companies that are involved in environmental and social care. Thus, CSR practices can increase consumer satisfaction and long-term loyalty.
4. **Risk and Cost Reduction:** By paying attention to social and environmental obligations, companies can reduce risks and costs. For example, by complying with environmental regulations, companies can avoid hefty fines and sanctions.
5. **Innovation and Efficiency:** Through CSR practices, companies are encouraged to find new solutions to social and environmental problems. This can improve operational efficiency and open up new business opportunities.
6. **Have good relationships with stakeholders:** Through CSR practices, companies can improve their relationships with important parties, such as the government, the community and other organizations. This can help the company achieve its business goals better.
7. **Community and Environmental Welfare:** Through CSR, companies have the opportunity to have a direct positive impact on society and the

surrounding environment. For example, by investing in education, health, infrastructure, or environmental conservation.

8. **Obtaining Permission to Operate Socially:** When the community around a company benefits from a company's presence in their area, they are likely to feel connected to the company. As a result, the company can run its operations smoothly and reduce the chances of disruption from the community.

## **2.4. Corporate Governance**

### **2.4.1. Definition of Corporate Governance**

Good Corporate Governance (CG) is a corporate management system that has a broader vision for the future. Previously, the company's responsibility was only centered on the shareholders, but now it pays more attention to the interests of all parties involved.

The Forum for Corporate Governance in Indonesia (FCGI) (2001) defines corporate governance as a regulatory framework that establishes relationships between management stakeholders, creditors, government, employees, and other internal and external stakeholders related to their rights and obligations. In other words, it is a system that governs the management and control of a company.

Agoes (2011) explained that good corporate governance is a system that regulates the interaction between the Board of Commissioners, the Board of Directors, shareholders, and other parties who have interests. It is also known as a transparent process in setting company goals, achieving

them, and evaluating its performance. Meanwhile, Tunggal (2012), revealed that CG is a system that regulates, manages, and supervises the business control process to increase the value of shares, while also paying attention to the interests of stakeholders, employees, and the surrounding community

From this definition, it can be explained that Corporate Governance is a system of regulating, managing, and supervising business control for the success of the company, taking into account the interests of stakeholders. It also regulates the relationships and responsibilities between employees, creditors, and internal and external stakeholders in managing the company to achieve the corporate goals desired by all parties involved, as well as complying with applicable regulations and laws.

#### **2.4.2. Principles of Corporate Governance**

In the Good Corporate Governance guideline, it is stated that the application of these principles regulates the rights and obligations of shareholders, commissioners, directors, commissioners' support committees, audit system, company secretary, stakeholders, transparency, confidentiality, confidential information, business ethics and anti-corruption, contributions, legal compliance, and cooperation opportunities.

The principles of Corporate Governance are as follows:

1. Fairness, Protection of minority shareholders' interests from fraud, fraud, unauthorized trading, and misuse of insider information (insider trading) is important. Equal treatment means providing fair treatment from the company to all interested parties in accordance with the

standards and proportions that should be. In this regard, it is important to emphasize the protection of interested parties in the company from dishonest acts and abuse of power committed by individuals in it.

2. **Transparency, Disclosure of information about the company's performance,** both in terms of timeliness and accuracy (transparency in processes, decision-making, control, equality, standardization, time and cost efficiency) is important. Transparency refers to openness in carrying out the process of company activities. With transparency, the parties involved can see and understand how and on what criteria certain decisions are made, as well as how the company is managed.
3. **Accountability,** Accountability is an obligation to carry out functions and duties in accordance with the authority given by all parts of the company. In this context, the board of directors (along with the manager) is responsible for the success of the company's management in achieving the goals approved by the shareholders.
4. **Responsibility:** The responsibility of the company as part of the community towards the stakeholders, social and environmental in which the company operates.
5. **Disclosure,** is clarity in providing significant and relevant information about the company. Disclosure is closely related to transparency, which means that companies must be able to provide accurate and timely information or reports regarding the company's performance.

6. Independency is a condition in which a company is not affected or influenced by other parties who are not in accordance with the company's mechanism. It is emphasized that in carrying out their functions, duties, and responsibilities, commissioners, directors, managers, or parties responsible for the management of the company's activities must be free from pressure both from inside and outside the company.

#### **2.4.3. Benefits of Corporate Governance**

Corporate Governance in a limited sense is the implementation of the duties and responsibilities of all parties in a company responsibly, which is the best way to improve company performance. At this level, the benefits and satisfaction of all parties will naturally be achieved. According to Sutojo and Aldridge, Good Corporate Governance has several goals and benefits, namely:

- a. Protection of the rights and interests of shareholders and related non-shareholders.
- b. Improvement of the efficiency and effectiveness of the performance of the board of directors and management of the company.
- c. Improve the quality of the relationship between the board of directors and the company's senior management.
- d. Reduction of agency costs, namely costs that must be borne by shareholders due to the delegation of authority to management.

- e. Increasing the value of the company's shares to improve the company's image in the eyes of the public at large in the long term.
- f. Restoring investor confidence to invest in the company

To achieve the company's goals based on the set targets, the company must have good governance guidelines, a well-drafted code of ethics, or ethical guidelines, effective communication skills from shareholders, and adequate competence from the commissioners to evaluate management performance appropriately. All of these requirements will naturally help the corporation achieve the company's goals.

Regarding the positions of the variables of the Corporate Governance research, namely:

- a. Managerial Ownership

Sudana stated that managerial ownership is a position in which management members, such as directors and commissioners, are actively involved in decision-making in the company. Managerial ownership is considered beneficial because it encourages managers to own the company's shares, which then encourages them to work harder to increase the value of the company, so they will also benefit from their stock ownership. The greater the shareholding by managers, the more proactive they are in realizing the interests of shareholders, which in turn increases the trust and value of the company.

Managerial ownership is how much of a company's shares are owned by the manager. This information is considered important to users of

the financial statements and will be disclosed in the notes to the financial statements. Economically significant shareholding will equate the interests of management with management principles.

b. Institutional Ownership

The greater the ownership by the financial institution, the greater the influence and encouragement of the financial institution to oversee the management. This can encourage companies to optimize value, which in turn can increase dividend distribution. Increased ownership of institutions, such as banks, insurance companies, and investment companies, is an effective oversight mechanism to reduce agency conflicts within companies by reducing the need for large managerial ownership and debt funding in controlling agency conflicts.

Institutional ownership is one of the external indicators of the Corporate Governance mechanism. It includes the percentage of voting rights held by institutions such as insurance companies, banks, and investment companies. Institutional ownership is often measured as the percentage of stock ownership owned by institutional investors out of total outstanding shares. Institutional stocks include shares owned by other companies, both domestic and foreign, as well as shares owned by the government, both domestic and foreign.

Institutional ownership can also play a role in overcoming agency conflicts between agents and principals. It refers to the proportion of shares owned by institutions such as insurance companies, banks, investment

companies, and other shareholders. Companies with significant institutional ownership (exceeding 5%) demonstrate their ability to increase the value of the company.

c. Independent Board of Commissioners

Alijoyo, Antonius and Zaini (2004) stated that the main role of independent commissioners is to direct the company to operate in accordance with the standards that have been set, so that the company's goals can be achieved. This role is crucial in overseeing management in order to work for the company's progress, which in turn will increase the company's value. The indicator used to measure the effectiveness of independent commissioners is the percentage of the number of independent commissioners out of the total members of the board of commissioners.

Independent commissioners can be measured by looking at the proportion of independent commissioners who come from outside the company from the total members of the board of commissioners. They also have no internal interest in the company. If at least 30% of the total members of the board of commissioners are independent commissioners, this indicates that the principles of good corporate governance have been adhered to to ensure their independence and their ability to make effective, precise, and fast decisions.

## **2.5. Financial Performance**

The performance evaluation of a company is the result of various decisions that are constantly taken by management. This performance is not only important

for the company itself, but also for the investors. Performance reflects how effective and efficient a company is in managing its resources, so it's important to take regular performance measurements. Performance measurement involves assessing two aspects, namely financial and non-financial aspects. According to Horngren (2010), performance measurement can be grouped into financial performance and non-financial performance. Although financial performance measurement tends to be more practical and relevant for the short term. Metrics such as Return on Asset (ROA), Return on Equity (ROE), Tobin's Q, and Earning Per Share (EPS) are often used in financial performance measurement.

1. Return on Asset (ROA)

One way to evaluate financial performance is to use the Return on Asset (ROA) method. This is done by dividing the net profit by the average total assets or total assets in a given period. The average total assets are obtained by adding up the total initial assets and the total final assets, then dividing by two. Alternatively, ROA can also be calculated by multiplying the Net profit margin by asset turnover. Asset turnover refers to net sales divided by the average total assets. Through ROA, it can be assessed whether the company has operated its business efficiently. ROA is a ratio that measures a company's ability to generate profits by considering all assets used (Suciwati, 2016).

Return of Asset (ROA) Formula:

$$\text{Return on Asset} = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100\%$$

## 2. Return on Equity (ROE)

Return on Equity (ROE) takes into account interest and preferred shares, indicating how well the shareholders are positioned within the company. ROE reflects the company's ability to earn profits from the capital provided by shareholders. It measures whether the company has used its capital effectively and whether the company is able to generate a net profit that shareholders can enjoy.

Return on Equity (ROE) Formula:

$$\text{Return on Equity (ROE)} = \frac{\text{Earning After Tax}}{\text{Total Equity}} \times 100\%$$

## 3. Tobin's Q

According to Fiakas (2005), Tobin's Q is the ratio of the market value of a company's assets as measured through the market value of outstanding shares and debt (enterprise value) to the replacement cost of the company's assets. Tobin's Q covers all elements of capital and debt owned by the company, not only equity and debt, but also covers all the company's assets. One of the variants of Tobin's Q that has been modified and simplified by Smithers and Wright (2007) is as follows:

$$Q = (\text{EMV} + D) / (\text{EBV} + D)$$

Information:

EMV = Value of Equity

$D$  (Debt) = Book value of total debt

$EBV$  = Book value of total Assets

If the market value only reflects the assets listed in the company, then Tobin's  $Q$  will be equal to 1. When Tobin's  $Q$  is less than one, it indicates that the market value is less than the value of the company's assets, whereas if Tobin's  $Q$  is more than 1, the market value is greater than the value of the company's assets.

#### 4. Earning per Share (EPS)

A method to assess a company's financial performance is to use the earnings per share (EPS) ratio. Earnings per share is the net income earned by a company during a period, divided by the number of shares of the company outstanding in the capital market. A high earning value per share indicates that the company's profitability is also high.

The Earning per Share formula is as follows:

$EPS = (\text{Total net profit} - \text{Preferred stock dividend}) : \text{Number of common shares}$

## 2.6. Previous Research

**Table 2.1 Previous Research**

<b>It</b>	<b>Author, Title, and Year of Publishing</b>	<b>Research Method</b>	<b>Research Result</b>
1	Awalina and Astuti (2017), "Analysis of the Influence of	Quantitative	1. The study found that Corporate Social Responsibility (CSR),

It	Author, Title, and Year of Publishing	Research Method	Research Result
	Corporate Social Responsibility and Good Corporate Governance on Financial Performance in Mining Companies on the Indonesia Stock Exchange in 2013-2016"		<p>Board of Commissioners, and Institutional Ownership have a significant influence on financial performance, specifically measured by Return on Equity (ROE)</p> <p>2. The results indicate that institutional investors, also known as sophisticated investors, are more likely to use current period information to predict future earnings and monitor managerial actions effectively. Institutional shareholders, due to their large ownership, have a greater ability to monitor company performance and exercise voting rights, making it easier</p>

It	Author, Title, and Year of Publishing	Research Method	Research Result
			for them to take corrective actions when necessary
2	Wardani (2020), "Analysis of the Influence of Corporate Social Responsibility and Good Corporate Governance on the Financial Performance of Mining Sector Companies Listed on the IDX 2016-2018"	Quantitative	<ol style="list-style-type: none"> <li>1. Partially, Corporate Social Responsibility (CSR) did not have a significant effect on financial performance.</li> <li>2. Good Corporate Governance (GCG) had a significant positive impact on financial performance.</li> <li>3. Simultaneously, Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG) together had a significant effect on financial performance.</li> </ol>

It	Author, Title, and Year of Publishing	Research Method	Research Result
3	Rizqah and Hamdi (2022), "Analysis of the Influence of Corporate Social Responsibility and Characteristics of Good Corporate Governance on Company Performance"	Quantitative	<ol style="list-style-type: none"> <li>1. Corporate social responsibility has a significant impact on company performance.</li> <li>2. The size of the board of directors, the size of the board of commissioners, and the size of the audit committee do not have an impact on company performance.</li> <li>3. The rapid development and intense competition in the business world have led to increased social inequality and environmental damage caused by uncontrolled corporate activities.</li> <li>4. Companies need to strive to improve their performance in order to stay competitive. Performance is a measure of</li> </ol>

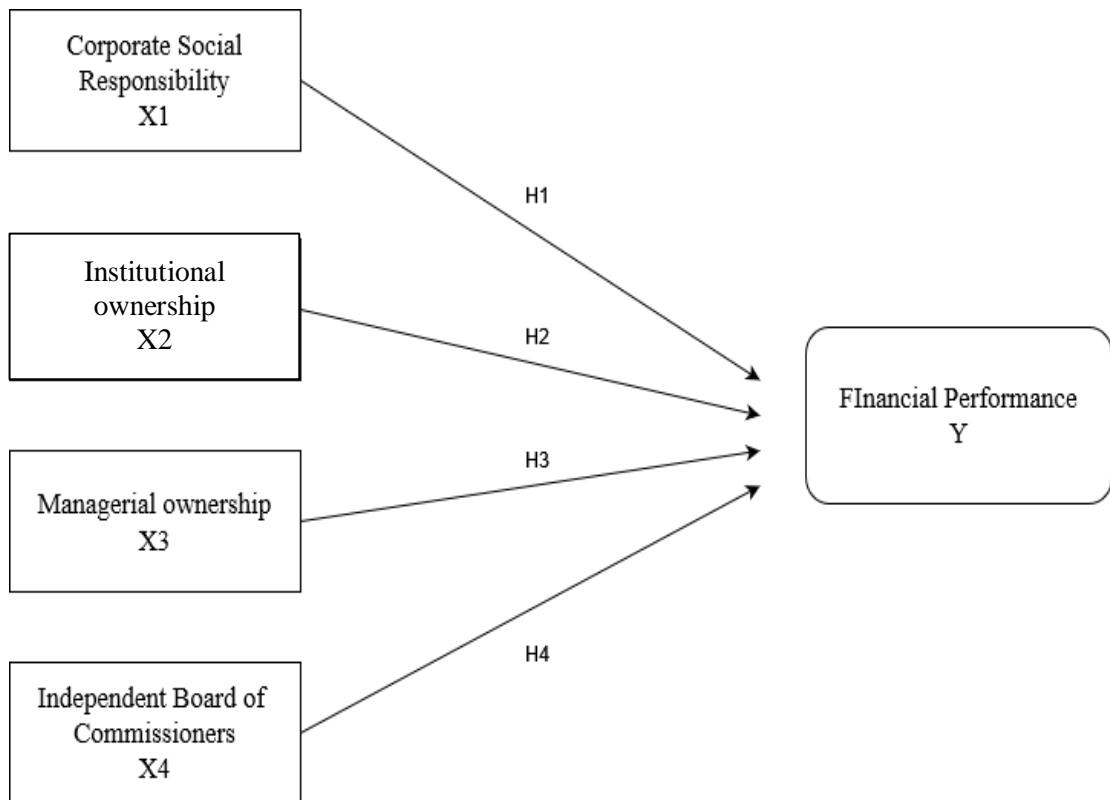
It	Author, Title, and Year of Publishing	Research Method	Research Result
			<p>the achievement of organizational goals and objectives, as well as the implementation of organizational strategies.</p> <p>5. Company performance is defined as the management's achievement in achieving the main goals of a company, which is to generate profits and increase the company's value.</p>
4	Setyawati (2022), "The Effect of Good Corporate Governance and Corporate Social Responsibility on the Value of Mining Companies Listed on the Indonesia Stock Exchange"	Quantitative	<p>1. Managerial Ownership, Independent Board of Commissioners, and Corporate Social Responsibility partially have a negative and significant effect on company value, while Institutional Ownership and the Audit Committee partially</p>

It	Author, Title, and Year of Publishing	Research Method	Research Result
			have no significant effect on company value.
5	Atika (2023), "The Influence of Corporate Social Responsibility, Good Corporate Governance, Intellectual Capital and Leverage on Financial Performance in Mining Companies on the IDX"	Quantitative	<ol style="list-style-type: none"> <li>1. The study found that corporate social responsibility (CSR) has a significant influence on improving financial performance in mining companies listed on the Indonesia Stock Exchange (IDX)</li> <li>2. The study also found that good corporate governance (GCG) is classified as a system that leads to shareholder rights to obtain accurate information, and it is necessary for businesses to transparently disclose all financial data in their operations.</li> </ol>

It	Author, Title, and Year of Publishing	Research Method	Research Result
			3. The study examined the influence of intellectual capital and leverage on improving financial performance, but the specific findings related to these variables are not mentioned in the available sources.

### 2.7. Conceptual Framework

This research was formed to form a concept of a framework of thought between independent variables and dependent variables which can be described as follows:



**Figure 2.1 Conceptual Framework**

The dependent variable (Y) is financial performance. Meanwhile, the influencing variables (independent variables) consist of Corporate Social Responsibility (X1), Institutional Ownership (X2), Managerial Ownership (X3), and Independent board of commissioners (X4).

## **2.8. Hypothesis formulation**

### **2.8.1. The Influence of Corporate Social Responsibility (CSR) on Financial Performance**

According to Siregar (2020), the more CSR information submitted by the company, the more information is received by related parties, thereby increasing their trust in the company. This increase in confidence can affect the increase in the company's sales which in turn increases the company's profits. This increase in profit then contributes to the improvement of the company's overall financial performance.

Lindawati and Puspita (2015) said that a good relationship between the company and stakeholders is something that investors expect because the company will not face cases that reduce the prosperity of shareholders and threaten the company's sustainability. Positive market appreciation and reaction will create a good market performance for the company resulting in high stock prices. The stock price can affect the value of the return that the company provides for every nominal amount of money invested by the investor. Therefore, CSR disclosure can affect the company's financial performance.

Rahmah (2017) also revealed that Corporate Social Responsibility (CSR) can increase the company's profitability and valuation. This shows that through CSR disclosure, the company can gain greater support from the public, which in turn improves the company's reputation. This increased reputation can increase sales and market share, resulting in greater profits.

In addition, by implementing CSR disclosure, good relationships between companies and stakeholders can be strengthened. This good relationship can increase investors' positive perception of the company, thereby attracting investors' interest in the company's stock. The greater the interest of investors, the higher the valuation of the company's shares. The increase in the value of the company's shares reflects the increase in the overall value of the company.

Based on the results of the above research, the examiner proposed a hypothesis:

H1: CSR has a positive effect on financial performance

### **2.8.2. The Influence of Institutional Ownership on Financial Performance**

According to Jensen and Meckling (1976), ownership by institutional parties can reduce conflicts of interest in companies. These institutions tend to have more effective resources and expertise in managing and controlling managerial behavior. This is in contrast to ownership by direct owners, which may focus more on personal interests. Institutional ownership can act as a link between owners and management. With institutional ownership, outsiders can oversee and influence management performance and decisions. This is because these institutions are often majority shareholders, giving them an incentive to monitor and influence management actions.

According to Gunawan and Wijaya (2020), the results of this study show that institutional ownership has a positive and significant influence on

the company's financial performance. Institutional ownership in a company's ownership structure functions as a supervisor over the company's management. The greater the institutional ownership in the ownership structure of the company, the greater the role of the voice and influence of these institutions in monitoring management. In addition, they can provide stronger motivation to improve the company's performance.

In line with research conducted by Aziizah, Nurlaela, and Titisari (2022) Institutional ownership affects financial performance. High shareholding by institutions can increase supervision of the company. This is in line with the opinion of Rachman (2015) who stated that institutional stock ownership is a source of power that can be used to increase supervision of management performance to prevent actions that are not in accordance with the owner's wishes. This research is supported by Malahayati (2021), who states that institutional ownership as an independent variable affects financial performance. Based on the results of the above research, the examiner proposed a hypothesis:

H2: Institutional ownership has a positive effect on financial performance

### **2.8.3. The Influence of Managerial Ownership on Financial Performance**

Research conducted by Yudha (2021) revealed that company size has a positive and significant effect on a company's financial performance. It can be concluded that the larger the size of the company, the more profit generated by the company, the large profit generated by the company can attract the interest and attention of investors, this requires the company to

have good financial performance because large companies have a wider interest base than small companies.

Research conducted by Altania and Tanno (2023) also found that managerial ownership triggers an improvement in the financial performance of companies because management is encouraged to improve their performance in managing the company. They will also be careful in their decision-making because they will be responsible for the consequences of the decision. The improvement in financial performance will also have an impact on the profits received by shareholders during the distribution of dividends.

Based on the description and results of the above research, the examiner proposed a hypothesis:

H3: Managerial ownership has a positive effect on financial performance

#### **2.8.4. The Influence of the Independent Board of Commissioners on Financial Performance**

According to Pratiwi and Noegroho (2022), the presence of independent commissioners does not have a significant impact on the company's financial performance. This indicates that the diverse proportion of independent commissioners does not guarantee the effectiveness of supervision, management, and decision-making that supports the improvement of the company's financial performance. The lack of significant influence of independent commissioners is due to the proportion of those who are unable to make a meaningful contribution in maintaining

the smooth running of business processes. Independent commissioners have no attachment to any party in the company and are often considered less competent in judgment because decisions are more dominant taken by the board of commissioners. Therefore, the Independent Board of Commissioners has a negative influence on financial performance.

In research conducted by Andika and Istanti (2024), it was revealed that the performance of the independent board of commissioners has not been optimal, and it is hoped that its supervision can be improved to prevent activities that harm the company more effectively. In addition, it is also hoped that the costs incurred are in line with the benefits obtained. Losses incurred by certain events may lead to a decrease in profits, so the increasing number of independent board of commissioners members may result in a decline in the company's financial performance. So that the Independent Board of Commissioners has a negative influence on financial performance.

According to Fadhillah (2017), it was also revealed that the presence of independent commissioners is a factor in the company's financial performance even though the proportion of independent commissioners on average has exceeded the minimum limit of 30% of the total members of the company's board of commissioners. This situation indicates that the role of independent commissioners in the company is still considered ineffective, especially in the supervisory function of the company's management, which leads to a lack of trust from market participants in the performance of the independent commissioner. As a result, the supervision

that should be carried out by independent commissioners has not been optimal, especially in preventing actions that are detrimental to the company, while the costs incurred to pay independent commissioners remain high. The impact is a decline in the company's profits, and ultimately, the more independent commissioners there are, which can reduce the company's financial performance. So that it has a negative influence on the company's financial performance

Based on the results of the above research, the examiner proposed a hypothesis:

H4: The Independent Board of Commissioners has a negative impact on financial performance

## **CHAPTER III**

### **RESEARCH METHODS**

#### **3.1. Population and Sample**

All mining companies listed on the Indonesia Stock Exchange (IDX) are the population in this study. The sample comes from mining companies registered from 2019 to 2021 that have implemented Corporate Social Responsibility (CSR) programs and implemented Corporate Governance. The companies that were sampled in this study were selected by the purposive sampling method which aims to obtain a representative sample in accordance with the criteria that have been set. The following are the sample criteria:

1. Mining companies that show annual financial reports on the Indonesia Stock Exchange (IDX) in the period 2020-2022
2. Mining companies that include Corporate Social Responsibility (CSR) information in their annual reports from 2020-2022
3. Mining companies that show information about Corporate Governance in their annual reports from 2020 to 2022

#### **3.2. Data and data sources**

The data needed for this study is sourced from the financial statements and annual reports of mining companies listed on the Indonesia Stock Exchange (IDX). The data includes the profitability of mining companies since the implementation of Corporate Social Responsibility and Corporate Governance. The goal is to

evaluate the impact of Corporate Social Responsibility and Corporate Governance on financial performance.

### 3.3. Variables and variable definitions

The variables in this study are divided into two categories, namely independent variables and dependent variables. An independent variable is a factor that has variations that affect other variables.

#### 3.3.1. Independent Variable

##### 1) Corporate Social Responsibility

According to Widyasari (2015) The greater the CSR disclosure, the more positive the signal given to investors, and the better the company's reputation. In the calculation of CSRI, the approach used is a dichotomy approach, where each CSRI item is given a score of 1 if disclosed, and a score of 0 if not disclosed.

$$\text{CSRI} = \frac{\text{The number of items disclosed by the company}}{\text{Number of disclosure items}} \times 100\%$$

**Figure 3.1 CSR Formula**

In this study, there are seven aspects of Corporate Social Responsibility disclosure in the environmental domain to be measured, namely:

1. Environmental Policy
2. Environmental certification and environmental impact assessment (EIA)
3. Assessment (including environmental awards)

4. Energy (including energy savings, total energy consumption, and the like)
  5. Pollution prevention/treatment (including waste treatment)
  6. Support for environmental conservation
  7. Support for animal conservation
- 2) Managerial Ownership

Managerial Ownership is all shareholders who are actively involved in the decision-making of the company in question. The role of managers is very significant in carrying out planning, organizing, directing, supervising, and decision-making. The Management Ownership (KM) variable in this study was measured using the following formula:

$$\text{Managerial Ownership} = \frac{\text{The number of shares owned by the manager}}{\text{Total shares outstanding}} \times 100\%$$

**Figure 3.2 Managerial Ownership Formula**

- 3) Institutional Ownership

Institutional Ownership is when an institution owns shares in a company, which can be a private, domestic, foreign, or government-owned institution, with share ownership exceeding 5%. The Institutional Ownership variable in this study was measured using the formula set as follows:

$$\text{Institutional Ownership} = \frac{\text{Number of shares owned by institutions}}{\text{Total shares outstanding}} \times 100\%$$

**Figure 3.3 Institutional Ownership Formula**

#### 4) Independent Board of Commissioners

The independent board of commissioners is measured based on the percentage of independent board of commissioners members from the total board of commissioners members in the company. The variables of the Independent Board of Commissioners in this study are measured using the following formula:

$$\text{Independent Board of Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{Number of commissioners}} \times 100\%$$

**Figure 3.4 Formula of the Independent Board of Commissioners**

### 3.3.2. Dependent Variable

#### 1. Financial performance

The dependent variable used is financial performance. Financial performance is a measure used to evaluate the success of a company in generating profits, one way to measure financial performance is through Return on Equity (ROE).

$$\text{Return on Equity (ROE)} = \frac{\text{Earning After Tax}}{\text{Total Equity}} \times 100\%$$

**Figure 3.5 ROE Formula**

The higher the company's ROE, the better a company will be in creating profit and value for its investors because the company already knows how to reinvest its income in order to increase profit and value.

### **3.4. Data Analysis Techniques**

#### **3.4.1. Multiple Linear Regression**

The data analysis method that will be used in this study is quantitative analysis using SPSS software. The technique applied is multiple linear regression, which is used as a tool to test the data. The first step is to conduct descriptive statistics to provide information about the research variables. The next stage is to test the classical assumptions to ensure that the model used is normal and does not lead to bias or misinterpretation.

### **3.5. Research Methodology**

#### **3.5.1. Descriptive Statistics**

According to Ghozali (2018), descriptive statistics is a technique used to analyze data by providing an explanation or overview of the data, including values such as mean, maximum, minimum, and standard deviation. This is done to get an overall picture of the samples that have been successfully collected and meet the criteria to be used as samples in research.

### **3.6. Classical Assumption Test**

The classic assumption test consists of the following tests:

#### **a. Multicollinearity Test**

The purpose of the multicollinearity test is to determine if there is a correlation between the free variables in the regression model. Multicollinearity detection can be done by checking the Variance Inflation

Factor (VIF) value and the Tolerance value. If the VIF value is less than 10 and the Tolerance value is not less than 0.1, then it indicates that there is no multicollinearity problem between the free variables in the regression model used.

b. Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between errors in the linear regression model in the current period and errors in the previous period. If there is such a correlation, then the regression has an autocorrelation problem. Autocorrelation occurs when there is a link between observations. The autocorrelation assessment was carried out by paying attention to the Durbin-Watson (D-W) value. The test guidelines are  $D-W > DU$  and  $4 - D-W > DU < D-W$ , so there is no autocorrelation.

c. Heteroscedasticity Test

The heteroscedasticity test reflects the inequality in the residual variability in the regression model. In a good regression model, there should be no heteroscedasticity problem. In this study, the heteroscedasticity test uses the Gglejser Test. If the probability value is  $> 0.05$ , then it can be concluded that there is no heteroscedasticity in the regression model used.

d. Normality Test

The normality test was performed to evaluate whether the variables in the regression model had a normal distribution or not. Normality can be

identified using several ratios, one of which is the Kolmogorov-Smirnov test. These statistical tests help in assessing the distribution of data.

### **3.7. Hypothesis Test**

#### **3.7.1. Test t**

The t-test is used to examine the research hypothesis regarding the impact of each partially independent variable on the dependent variable. The T-test is one of the statistical tests used to test the truth or falsity of a hypothesis stating that there is no significant difference between two mean samples taken randomly from the same population (Sudjiono, 2010). The t-test can be done in the following ways:

1. If the significance value of the t test  $> 0.05$ , then  $H_0$  is accepted and  $H_a$  is rejected. This means that there is no influence between independent variables on dependent variables.
2. If the significance value of the t test  $< 0.05$ , then  $H_0$  is rejected and  $H_a$  is accepted. This means that there is an influence between independent variables on dependent variables.

#### **3.7.2. Test F**

The F test is used to assess whether the influence of independent variables together on the dependent variables, whether the influence is significant or not at the level of significance. If  $F$  is calculated  $< F$  of the table and the significance value is  $> 0.05$ , it means that the independent variables together have no effect on the dependent variables. On the other

hand, if  $F_{\text{counts}} > F_{\text{table}}$  and its significance value  $< 0.05$  it indicates that the independent variables together have a significant influence on the dependent variables.

### **3.7.3. Coefficient of Determination ( $R^2$ )**

The coefficient of determination ( $R^2$ ) is used to determine how much the influence of independent variables on dependent variables. The range of determination coefficient values is between 0 - 1. A value close to 1 indicates that the independent variable provides enough information to predict the dependent variable. In this study, the independent variables used include Managerial Ownership, Institutional Ownership, Independent Board of Commissioners and Corporate Social Responsibility, while the dependent variable is Financial Performance. In general, the determination coefficient is used in cross-data that has a large variation between studies, while in time sequence data, often the determination coefficient is high due to the relationship between variables over time.

## **CHAPTER IV**

### **RESEARCH RESULTS AND DISCUSSION**

#### **4.1 Research Results**

##### **4.1.1. Description of the Research Object**

The research object is divided into two, namely population and sample. The population in this study is manufacturing companies in the mining sector listed on the Indonesia Stock Exchange in 2020-2022 with a total of 32 companies. Meanwhile, the sample in this study is manufacturing companies in the mining sector that are listed on the Indonesia Stock Exchange in 2020-2022 in accordance with the criteria set by the researcher. The sampling technique in this study is by the *purposive sampling* method, namely the sample is selected using certain considerations adjusted to the research objectives or research problems developed with the following company criteria:

1. Mining companies that show annual financial statements on the Indonesia Stock Exchange (IDX) in the 2020-2022 period
2. Mining companies that include Corporate Social Responsibility (CSR) information in their annual reports from 2020-2022
3. Mining companies that show information about Corporate Governance in their annual reports from 2020 to 2022

**Table 4.1 Details of the Company Sample Selection Stages**

No.	Criterion	Sum
1	Manufacturing companies in the mining sector must publish complete financial statements for the 2020-2022 period	34
2	Manufacturing companies in the mining sector must publish annual reports that have been audited as well as those that do not have complete data on the variables required in the study.	(3)
3	Companies that incurred losses during the research period	(1)
Number of samples according to the criteria		30
Number of study samples (30 x 3 years)		90

#### 4.1.2. Research Data Analysis

##### 1. Descriptive Statistical Test

Descriptive analysis is a statistic used to analyze data by describing the data that has been collected. In general, the purpose of descriptive analysis is to find out an overview of all variables used in the study, by looking at descriptive statistical tables that show the results of mean measurements, minimum and maximum values, and standard deviations of all these variables. *The mean* is used to find the estimated average population value of the sample to be used. Minimum and maximum values

are used to look at the minimum and maximum values of the population in the study. Standard deviation is used to assess the average dispersion of the sample used.

**Table 4.2 Descriptive Statistics Before *Outlier***

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Performance	90	-2.54	2.12	0.1146	0.58456
CSR	90	0.71	1.00	0.9340	0.08872
Institutional Ownership	90	0.00	1.00	0.5951	0.28237
OwnershipManagerial	90	0.00	0.77	0.1390	0.24362
BoardIndependent Commissioner	90	0.17	1.33	0.4352	0.16940
Valid N (listwise)	90				

Source: SPSS 23 data processing results, 2023

From the table above, it can be seen from the N value that the number of samples in this study is as many as 90, but when the normality test is carried out, the data is abnormally distributed so that the outlier data is detected using z-score and then the outlier data is eliminated. The results after outlier data dumping are as follows:

**Table 4.3 Descriptive Statistics After *Outlier***

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Zscore(Financial Performance)	77	-1.88954	1.94238	0.1199523	0.65066460
Zscore(CSR)	77	-0.83407	0.74390	0.2110799	0.75113842
Zscore(Institutional Ownership)	77	-2.10758	1.43391	0.0761856	0.90647597
Zscore(Managerial Ownership)	77	-0.57055	2.38482	- 0.1035765	0.87050523
Zscore (Independent Board of Commissioners)	77	-1.38854	5.28197	0.0933679	1.00824989
Valid N (listwise)	77				

Source: SPSS 23 data processing results, 2023

Based on table 4.3 above, financial performance, which is a dependent variable, has the lowest value of -1.88954 in the company and the highest value of 1.94238. From the 2020-2022 period, it is known that the *mean* value is 0.1199523, and the standard deviation value is 0.65066460 which means the *mean* value smaller than the standard value so that the data deviation that occurs is low, so the value is evenly distributed.

Based on table 4.3 above, CSR (X1) has the lowest value of -0.83407 in the company and the highest value of 0.74390. From the 2020-2022 period, it is known that the *mean* value is 0.2110799, and the standard deviation value is .75113842 which means that the mean value is smaller than the standard value so that the data deviation that occurs is low, so the value distribution is even.

Institutional Ownership Data (X2) from 77 sample data, the minimum value is -2.10758, the maximum value is 1.43391, from the 2020-2022 period, the *mean value* is known to be 0.0761856, and the standard deviation value is 0.90647597 which means that the *mean value* is smaller than the standard value so that the data deviation that occurs is high, so the value is evenly distributed.

Managerial Ownership Data (X3) from 77 sample data, the minimum value is -0.57055, the maximum value is 2.38482, from the 2018-2022 period, the mean value is -1.0357645, and the standard deviation value is 0.87050523 which means that the *mean value* is higher than the standard

value so that the data deviation that occurs is low, so the value is evenly distributed.

Data from the Independent Board of Commissioners (X4) from 77 sample data, the minimum value is -0.86345, the maximum value is 2.37449, from the 2018-2022 period it is known that the *mean* value is 0.0756922, and the standard deviation value is 0.99585940 which means that the *mean value* is higher than the standard value so that the data deviation that occurs is low, so the value distribution is even.

## **2. Classical Assumption Test**

This study uses classical assumption tests which include, normality test, multicollinearity test, heteroscedasticity test and autocorrelation test to determine the accuracy of the regression model that has been obtained previously.

### **a. Normality Test**

The normality test aims to test whether in the regression model, the dependent and independent variables have a normal distribution or not. The normality test was carried out by *the Kolmogorov-Smirnov* (K-S) One-Sample test with the test results in table 4.4.

**Tabel 4.4 Test the normality before Outlier**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		90
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	0.57216006
Most Extreme Differences	Absolute	0.212
	Positive	0.145
	Negative	-0.212
Test Statistic		2.009
Asymp. Sig. (2-tailed)		0.001

Source: SPSS 25 data processing results, 2023

The normality test using the Kolmogorov-Smirnov test above, it can be seen that the results of Asymp.Sig. (2-tailed) is only 0.001 where the value  $< 0.05$  which means that in the regression model, the perturbator or residual variable has an abnormal distribution. After the elimination of outlier data by the z-score method, the resulting Kolmogorov-Smirnov normality test is as shown in the table below:

**Table 4.5 Test of normality after outlier**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		77
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	0.59055795
Most Extreme Differences	Absolute	0.097
	Positive	0.096
	Negative	-0.097
Test Statistic		0.848
Asymp. Sig. (2-tailed)		0.468
Source: SPSS 23 data processing results, 2023		

Based on the test results in table 4.5, a significance value of 0.468 was obtained with a significance level of 0.05, so it can be concluded that all data have a normal distribution or have a normal data distribution.

#### b. Multicollinearity Test

The Multicollinearity Test aims to find out whether there is a relationship or correlation between independent variables. To find out the results of the multicollinearity test in this study, it is seen from the tolerance and VIF (*Variance Inflation Factor*) values in the table below:

**Table 4 6 Multicollinearity Test**

		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Type		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	0.061	0.073		0.839	0.404		
	CSR	0.089	0.095	0.103	0.934	0.354	0.947	1.056
	Institutional Ownership	0.024	0.103	0.034	0.235	0.815	0.556	1.800
	OwnershipManagerial	-0.194	0.108	-0.260	-1.800	0.076	0.548	1.826
	BoardIndependent Commissioner	0.235	0.072	0.360	3.259	0.002	0.937	1.068

a. Dependent Variable: Financial Performance

Source: SPSS 25 data processing results, 2023

Based on the results of the multicollinearity test in Table 4.6, it is known that the Tolerance value in the variables of managerial ownership (0.548), variables of the independent board of commissioners (0.937),

institutional ownership (0.556) and CSR (0.947) is greater than 0.10. Meanwhile, the VIF value on the variable of managerial ownership (1,826), variable of independent board of commissioners (1,068), institutional ownership (1,800) and CSR variable (1,056) is less than 10. So it can be concluded that there are no symptoms of multicollinearity in the regression model.

### c. Heteroscedasticity Test

The heteroscedasticity test reflects the inequality in the residual variability in the regression model. In a good regression model, there should be no heteroscedasticity problem. In this study, the heteroscedasticity test uses the Gglejser Test. If the probability value is  $> 0.05$ , then it can be concluded that there is no heteroscedasticity in the regression model used.

**Table 4.7 Heteroscedacity Test**

Coefficients <sup>a</sup>						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.431	0.048		8.957	0.000
	CSR	-0.019	0.063	-0.036	-0.304	0.762
	Institutional Ownership	-0.077	0.068	-0.175	-1.141	0.258
	OwnershipManagerial	-0.037	0.071	-0.080	-0.521	0.604
	BoardIndependent Commissioner	0.078	0.047	0.194	1.648	0.104

a. Dependent Variable: Abs\_Res

Source: SPSS 23 data processing results, 2023

Based on the test results seen in Table 4.7 showing that the probability value is  $> 0.05$ , it can be concluded that there is no heteroscedasticity in the regression model used.

#### d. Autocorrelation Test

The autocorrelation test was used to test whether there was a correlation between the perturber error of the t-period and the perturbation error in period-1 in the path analysis model. To detect autocorrelation, use *Durbin Watson* values presented in table 4.8 as follows:

**Tabel 4.8 Autocorrelation Test**

Model Summaryb					
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.420A	0.176	0.130	0.60674062	1.506

Source: SPSS 23 data processing results, 2023

The test results in table 4.8 show that there are 5 independent variables (k), *Durbin Watson's* value is 1.506 with  $\alpha = 5\%$  obtained du of 1.4950. So  $DU < DW < 4 - DU$  ( $1.4950 < 1.506 < 2.505$ ) means that it can be concluded that there are no problems or symptoms of autocorrelation.

## 4.2 Multiple Linear Analysis

According to (Ghozali, 2018) Regression analysis is used to measure how strong the relationship between two or more variables is, as well as show the direction of the relationship between dependent variables and independent

variables. This analysis is needed to determine the regression coefficients and significance so that it can be used in answering existing hypotheses. The results of the multiple linear regression analysis can be seen in table 4.9 below:

**Tabel 4.9 Multiple Linear Analysis**

Coefficients <sup>a</sup>						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.015	0.636		0.024	0.981
	CSR	0.024	0.103	0.034	0.235	0.815
	Institutional Ownership	0.235	0.072	0.360	3.259	0.002
	OwnershipManagerial	0.089	0.095	0.103	0.934	0.354
	BoardIndependent Commissioner	-0.194	0.108	-0.260	-1.800	0.076

Source: SPSS 23 data processing results, 2023

Based on the table of the results of the multiple linear regression analysis above, the following equation is obtained:

$$Y = 0.015 + 0.024X_1 + 0.235X_2 + 0.089X_3 - 0.194X_4$$

Judging from the equation above, it can be explained as follows:

1. Based on the multiple linear regression equation above, it is known that the constant value is 0.015, meaning that if the independent variables of managerial ownership, independent board of commissioners, institutional ownership and CSR are considered constant, then financial performance of 0.015 units can be predicted.

2. The CSR variable (X1) in the multiple linear regression model is above the coefficient value of 0.024, meaning that if the value of the managerial ownership variable increases by 1 unit and the other is constant, then it can be predicted that the value of the financial performance variable will decrease by 0.024 units.
3. The institutional ownership variable (X2) in the multiple linear regression model is above the coefficient value of 0.235, meaning that if the value of the institutional ownership variable increases by 1 unit and the other is constant, then it can be predicted that the value of the financial performance variable increases by 0.235 units.
4. The managerial ownership variable (X3) in the multiple linear regression model is above the coefficient value of 0.089, meaning that if the value of the managerial ownership variable increases by 1 unit and the other is constant, then it can be predicted that the value of the financial performance variable increases by 0.089 units.
5. The variable of the independent board of commissioners (X4) in the multiple linear regression model is above the coefficient value of 0.194, meaning that if the variable value of the independent board of commissioners increases by 1 unit and the other is constant, then it can be predicted that the value of the financial performance variable will decrease by 0.194 units.

### 4.3 Partial Test (t)

The statistical test t shows how far the influence of independent variables individually explains the variation of the dependent variable Ghozali (2012). In this study, the statistical t test was used to determine the partial influence of the variables of bank health assessment that were proxied in managerial ownership, independent board of commissioners, institutional ownership and CSR on financial performance. The criteria used in testing statistics can be seen in the significance value, then: If the sig value is  $<0.05$ , then the independent variable has an effect on the dependent variable. If the sig value is  $>0.05$ , the independent variable has no effect on the dependent variable. The results of the statistical test can be seen in table 4.10 below.

**Tabel 4.10 Test (Partial) t**

Coefficients <sup>a</sup>						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.015	0.636		0.024	0.981
	CSR	0.024	0.103	0.034	0.235	0.815
	Institutional Ownership	0.235	0.072	0.360	3.259	0.002
	OwnershipManagerial	0.089	0.095	0.103	0.934	0.354
	BoardIndependent Commissioner	-0.194	0.108	-0.260	-1.800	0.076

Source: SPSS 23 data processing results, 2023

Based on the results of the spss output in the table above, the results of the formulation of the research problem in CHAPTER I are as follows:

- a. CSR has a significance value of  $0.815 > 0.05$ , so it can be concluded that CSR has no effect on financial performance.
- b. Institutional ownership has a significance value of  $0.002 > 0.05$ , so it can be concluded that institutional ownership has an effect on financial performance.
- c. Managerial ownership has a significance value of  $0.354 > 0.05$ , so it can be concluded that managerial ownership has no effect on financial performance
- d. The Independent Board of Commissioners has a significance value of  $0.076 > 0.05$ , so it can be concluded that the Independent Board of Commissioners has no effect on financial performance

#### **4.4 Simultaneous Test (F)**

According to Ghozali (2018), the statistical test F is used to show whether all independent variables included in the model have a joint influence on the dependent variables. The criteria are:

If the significance value  $\leq 0.05$  or the F value is calculated  $> F$  table, then  $H_0$  is rejected which means that each variable together has a significant effect on the dependent variable and vice versa. If the significance value  $> 0.05$  or the F value is calculated  $< F$  table, then  $H_1$  is accepted, which means that each independent variable together does not have a significant effect on the dependent variable. The results of the statistical test F can be seen in table 4.11 as follows:

**Tabel 4.11 Simultaneous Test (F)**

ANOVAa						
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.670	4	1.418	3.851	0.007a
	Residual	26.506	72	.368		
	Total	32.176	76			

Source: SPSS 23 data processing results, 2023

Based on the table above, it shows that the significance value is less than 0.05 ( $0.007 < 0.05$ ) and the F value of the table is 3.851, the F value of the table is 2.49, then it can be seen that the F value of the table is greater than the F value of the table ( $F \text{ is } 3.851 > F \text{ table is } 2.49$ ), so it can be concluded that each independent variable together has an effect on the dependent variable or Managerial ownership, independent board of commissioners, institutional ownership and CSR have a simultaneous effect on financial performance.

#### **4.5 Determination Test ( $R^2$ )**

The determination coefficient ( $R^2$ ) is used to measure how far the model is able to describe the variation of independent variables. The small  $R^2$  value makes the ability of independent variables to explain the variation of dependent variables very limited. An  $R^2$  value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. In this study, using multiple linear regression, each independent variable partially and together affects the dependent variable expressed with  $R^2$  to express the degree of determination test or how much influence the variables of managerial ownership,

independent board of commissioners, institutional ownership and CSR on financial performance. The value of the determination coefficient (R<sup>2</sup>) can be seen in table 4.12 below.

**Tabel 4.12 Determinase Coefficient Test**

<b>Model Summaryb</b>				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.420A	0.176	0.130	0.60674062

Source: SPSS 23 data processing results, 2023

Based on table 4.13, the results of the determination coefficient (R) test above show an Adjusted R Square value of 0.130. This shows that the dependent variable of stock return can be explained by the independent variables of Liquidity, Profitability, Solvency by 13%, while by 87% influenced by other variables outside of this study.

## **4.6. Discussion**

### **4.6.1. The Influence of Corporate Social Responsibility (CSR) on Financial Performance**

Based on the output results of spss, it is stated that CSR has a significance value of  $0.815 > 0.05$ , so it can be concluded that CSR has no effect on financial performance. The results of this study are in line with research conducted by Pramudya (2020) which states that CSR has no effect on financial performance.

Although CSR can be an important tool to convince the public that a company produces quality products and operates in accordance with applicable

ethical principles and standards, the results of this test do not find a strong relationship between the level of CSR disclosure and financial performance measured by ROE. Although the company has carried out CSR activities, it may not necessarily affect the results of financial performance. The higher or larger the funds spent on CSR programs have not been able to improve the company's financial performance. This is because CSR activities are carried out to empower the community besides that it is also a company promotion event. The response from the public to CSR activities carried out by the company can affect financial performance because of the trust from the public in the company whose level of success is seen as good or not the response from the public to the company. So that the implementation of CSR for companies is able to generate profits in a long period of time, not a short period of time.

#### **4.6.2. The Influence of Institutional Ownership on Financial Performance**

Based on the output results of SPSS, it is stated that institutional ownership has a significance value of  $0.002 > 0.05$ , so it can be concluded that institutional ownership has an effect on financial performance. In line with research conducted by Jeklin (2018) There is a positive relationship between institutional ownership and company performance because to improve company performance, company owners may enlarge institutional ownership.

The results of this study were accepted because the company needs institutional stock investors for its survival. Institutional ownership is considered a source of power that can support the company. This is also supported by previous

research by Holly & Lukman (2021) which states that supervision by institutions with adequate experience has a better mechanism to improve company performance. In addition, the results of this study are in line with the theory of agency by Jensen and Meckling (1976) which explains that the relationship of agency in institutional ownership is a collection of contracts between the owner of economic resources and the manager who controls the resource.

#### **4.6.3. The Influence of Managerial Ownership on Financial Performance**

Based on the output results of SPSS, it is stated that managerial ownership has a significance value of  $0.354 > 0.05$ , so it can be concluded that managerial ownership has no effect on financial performance. The results of this study are in line with research conducted by Sandi (2022) which states that managerial ownership has no effect on financial performance.

In this study, it is contrary to the theory of agency which states that the higher the managerial ownership in a company, the less the tendency of management to use resources and reduce agency costs as a result of differences in interests, so that it will improve the company's financial performance. This research contradicts the theory of agency which states that the higher the managerial ownership in a company, the less likely it will be that management will use resources inefficiently and reduce agency costs due to differences in interests, which ultimately improves the company's financial performance. The low share ownership by the management causes them not to feel that they fully own the company, because not all the company's profits can be felt by them. This can result in a lack of motivation from the management in carrying out their

responsibilities in carrying out the company's activities. This result is in line with research conducted by Rachman (2014) and Epi (2017) which shows that managerial ownership has no influence on financial performance. This means that the presence or absence of managerial ownership in the company does not affect its financial performance.

#### **4.6.4. The Influence of the Independent Board of Commissioners on Financial Performance**

Based on the output results of SPSS, it is stated that the independent board of commissioners has a significance value of  $0.076 > 0.05$ , so it can be concluded that the independent board of commissioners has no effect on financial performance. The results of this study are in line with the findings of Pratiwi and Noegroho (2022) which show that the independent board of commissioners does not have a significant influence on financial performance. This is also reinforced by the results of research from Pramudityo & Sofie (2023) that we concluded that the proportion of independent commissioners, both large and small, does not guarantee the effectiveness of the company's supervision, management, and decision-making functions that support the improvement of financial performance. The insignificant influence of independent commissioners is due to their lack of contribution in ensuring the smooth running of business processes. Independent commissioners who are not tied to the company's internal parties are considered less competent in assessing because decisions are more dominated by the board of commissioners.

## CHAPTER V

### CONCLUSION AND SUGGESTIONS

#### 5.1. Conclusion

Based on the results of the analysis and discussion that has been carried out in this study regarding the influence of corporate social responsibility (CSR), the influence of institutional ownership, the influence of managerial ownership, the influence of the independent board of commissioners on financial performance:

1. Corporate Social Responsibility has no effect on financial performance, because it has a significance value of  $0.815 > 0.05$ , so it can be concluded that CSR has no effect on financial performance.
2. Institutional ownership has a positive and significant effect on financial performance, because it has a significance value of  $0.002 > 0.05$ , so it can be concluded that institutional ownership has an effect on financial performance.
3. Managerial ownership has no effect on financial performance, because it has a significance value of  $0.354 > 0.05$ , so it can be concluded that managerial ownership has no effect on financial performance.
4. The independent board of commissioners has no effect on financial performance, because it has a significance value of  $0.076 > 0.05$ , so it can be concluded that the independent board of commissioners has no effect on financial performance.

#### 5.2. Limitations

The research conducted by the author has limitations that still need to be developed and improved in the research that may be carried out in the future. The

limitation of the study is that there are still many variables that can affect the financial performance of the company, but in this study only uses the disclosure of *Corporate Social Responsibility (CSR) and Corporate Governance* as independent variables.

### **5.3. Suggestion**

Based on the results of the research and some limitations of the research conducted, there is a suggestion given that the next research can expand the samples taken, not only mining companies. In order to see the influence of CSR and Corporate Governance disclosures on the company's financial performance, it can be seen in general or from companies in other fields.

### **5.4. Implication**

1. For investors and potential investors who want to invest in the company, it is better to consider the implementation and disclosure of *Corporate Social Responsibility* and Corporate Governance that have been carried out by the company.
2. The public should assess the quality of the company, one of which is by looking at its level of concern for the social and natural environment around it.

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**APPENDIX 1**

**TABULATION OF CORPORATE FINANCIAL PERFORMANCE**

**INFORMATION**

<b>NO</b>	<b>CODE</b>	<b>Year</b>	<b>Profit After Tax</b>	<b>Total Equity</b>	<b>ROE</b>
1	ADRO	2020	158,505	6,381,566	0.02
		2021	1,028,593	7,586,936	0.14
		2022	2,831,123	10,782,307	0.26
2	ANTM	2020	1,149,354	19,039,449	0.06
		2021	1,861,740	20,837,098	0.09
		2022	3,820,964	23,712,060	0.16
3	HRUM	2020	60,292,315	454,796,618	0.13
		2021	98,313,145	651,472,183	0.15
		2022	379,772,107	992,272,505	0.38
4	INDY	2020	- 103,447,774	867,297,394	-0.12
		2021	63,316,596	883,713,665	0.07
		2022	510,776,097	1,340,173,963	0.38
5	BRPT	2020	147,482	2,957,357	0.05
		2021	296,007	4,271,880	0.07
		2022	32,210	3,721,897	0.01
6	ITMG	2020	37,828	1,158,629	0.03
		2021	475,390	1,666,239	0.29
		2022	1,199,345	1,950,280	0.61
7	PTBA	2020	2,407,927	16,939,196	0.14
		2021	8,036,888	24,253,724	0.33

<b>NO</b>	<b>CODE</b>	<b>Year</b>	<b>Profit After Tax</b>	<b>Total Equity</b>	<b>ROE</b>
		2022	12,779,427	28,916,046	0.44
8	DKFT	2020	- 275,867,485,699	698,850,377,005	-0.39
		2021	- 341,481,945,877	359,033,403,446	-0.95
		2022	27,166,111,086	385,824,458,905	0.07
9	KKGI	2020	- 8,668,015	84,250,556	-0.10
		2021	33,702,260	98,920,656	0.34
		2022	60,060,752	122,939,144	0.49
10	TINS	2020	- 340,602	4,940,136	-0.07
		2021	1,302,843	6,308,420	0.21
		2022	1,041,563	7,041,903	0.15
11	EART H	2020	- 337,350,970	132,638,028	-2.54
		2021	223,377,014	646,446,687	0.35
		2022	556,664,506	2,818,508,262	0.20
12	ARII	2020	- 16,405	28,214	-0.58
		2021	918	39,083	0.02
		2022	26,075	70,233	0.37
13	BSSR	2020	205,164,329	205,164,329	1.00
		2021	205,164,329	252,612,693	0.81
		2022	239,896,019	220,477,774	1.09
14	AIMS	2020	- 863,063,516	12,775,577,887	-0.07
		2021	2,614,731,668	15,390,309,555	0.17
		2022	189,924,957	15,580,234,512	0.01
15	BOSS	2020	- 186,288,699,313	87,375,089,068	-2.13
		2021	- 165,364,572,841	- 78,014,262,859	2.12

<b>NO</b>	<b>CODE</b>	<b>Year</b>	<b>Profit After Tax</b>	<b>Total Equity</b>	<b>ROE</b>
		2022	39,028,053,540	- 39,383,249,599	-0.99
16	BYAN	2020	344,459,870	861,553,774	0.40
		2021	1,265,957,342	1,862,906,374	0.68
		2022	2,301,605,547	1,995,290,547	1.15
17	DSSA	2020	- 57,897,543	1,588,910,322	-0.04
		2021	265,337,533	1,750,209,259	0.15
		2022	1,303,531,094	2,991,983,988	0.44
18	GEMS	2020	95,856,553	349,434,544	0.27
		2021	354,024,370	316,324,043	1.12
		2022	695,908,034	558,244,639	1.25
19	GTBO	2020	- 1,210,956	41,782,259	-0.03
		2021	- 214,083	41,180,867	-0.01
		2022	7,499,168	46,919,036	0.16
20	BBRM	2020	- 11,172,452	7,190,990	-1.55
		2021	673,121	8,105,642	0.08
		2022	692,322	25,713,874	0.03
21	COAL	2020	63,134,439	1,478,697,024	0.04
		2021	27,322,987,528	79,308,282,555	0.34
		2022	90,897,281,589	289,254,869,558	0.31
22	TPMA	2020	2,085,091	77,003,751	0.03
		2021	3,959,320	77,065,519	0.05
		2022	14,296,163	88,830,704	0.16
23	TEBE	2020	- 2,525,004	655,378,970	0.00
		2021	165,614,881	813,864,394	0.20
		2022	327,830,339	1,054,312,117	0.31

<b>NO</b>	<b>CODE</b>	<b>Year</b>	<b>Profit After Tax</b>	<b>Total Equity</b>	<b>ROE</b>
24	TCPI	2020	57,730	1,431,558	0.04
		2021	84,578	1,540,273	0.05
		2022	115,667	1,648,024	0.07
25	SGER	2020	27,725,217,682	235,692,505,020	0.12
		2021	202,567,973,376	434,182,013,309	0.47
		2022	590,931,062,479	1,012,132,881,917	0.58
26	RIGS	2020	1,252,496	44,540,648	0.03
		2021	- 4,807,725	39,144,441	-0.12
		2022	2,412,614	41,566,793	0.06
27	PTIS	2020	3,988	16,638,925	0.00
		2021	123,885	16,820,875	0.01
		2022	536,016	19,557,795	0.03
28	PSSI	2020	8,430,220	94,530,896	0.09
		2021	25,041,806	114,655,887	0.22
		2022	42,332,323	145,875,110	0.29
29	MBSS	2020	- 14,975,954	156,805,265	-0.10
		2021	12,142,010	169,106,985	0.07
		2022	25,585,539	186,108,629	0.14
30	FIRE	2020	13,810,414,740	352,947,426,518	0.04
		2021	- 45,893,211,775	307,404,859,003	-0.15
		2022	- 94,702,105,624	214,090,733,539	-0.44



**APPENDIX 2**

**RECAPITULATION OF SAMPLE COMPANY RESEARCH VARIABLES IN 2020-2022**

**1. Corporate Social Responsibility (X1)**

<b>NO</b>	<b>CODE</b>	<b>YEAR</b>	<b>Environmental Policy</b>	<b>AMDAL Certification</b>	<b>Environmental Assessment</b>	<b>Energy</b>	<b>Prevention/ Pollution Treatment</b>	<b>Support for environmental conservation</b>	<b>Support for animal conservation</b>	<b>CSR</b>
1	ADRO	2020	1	1	1	1	1	1	1	1.00
		2021	1	1	1	1	1	1	1	1.00
		2022	1	1	1	1	1	1	1	1.00
2	ANTM	2020	1	1	1	1	1	1	1	1.00
		2021	1	1	1	1	1	1	1	1.00
		2022	1	1	1	1	1	1	1	1.00
3	HRUM	2020	1	1	1	1	1	1	1	1.00
		2021	1	1	1	1	1	1	1	1.00
		2022	1	1	1	1	1	1	1	1.00
4	INDY	2020	1	1	1	1	1	1	0	0.86
		2021	1	1	1	1	1	1	0	0.86
		2022	1	1	1	1	1	1	0	0.86
5	BRPT	2020	1	1	1	1	1	1	0	0.86

<b>NO</b>	<b>CODE</b>	<b>YEAR</b>	<b>Environmental Policy</b>	<b>AMDAL Certification</b>	<b>Environmental Assessment</b>	<b>Energy</b>	<b>Prevention/ Pollution Treatment</b>	<b>Support for environmental conservation</b>	<b>Support for animal conservation</b>	<b>CSR</b>
		2021	1	1	1	1	1	1	0	0.86
		2022	1	1	1	1	1	1	0	0.86
6	ITMG	2020	1	1	1	1	1	1	0	0.86
		2021	1	1	1	1	1	1	0	0.86
		2022	1	1	1	1	1	1	0	0.86
7	PTBA	2020	1	1	1	1	1	1	0	0.86
		2021	1	1	1	1	1	1	0	0.86
		2022	1	1	1	1	1	1	0	0.86
8	DKFT	2020	1	1	1	1	1	1	0	0.86
		2021	1	1	1	1	1	1	0	0.86
		2022	1	1	1	1	1	1	0	0.86
9	KKGI	2020	1	1	1	1	1	1	1	1.00
		2021	1	1	1	1	1	1	1	1.00
		2022	1	1	1	1	1	1	1	1.00
10	TINS	2020	1	1	1	1	1	1	1	1.00
		2021	1	1	1	1	1	1	1	1.00
		2022	1	1	1	1	1	1	1	1.00
11	EARTH	2020	1	1	1	1	1	1	0	0.86
		2021	1	1	1	1	1	1	0	0.86
		2022	1	1	1	1	1	1	0	0.86







## 2. Institutional Ownership (X2)

CODE	YEAR	INSTITUTIONAL OWNERSHIP	TOTAL SHAREHOLDERS	INSTITUTIONAL OWNERSHIP
ADRO	2020	0.44	31,985,962,000	14,045,425,500
	2021	0.44	31,985,962,000	14,045,425,500
	2022	0.44	31,985,962,000	14,045,425,500
ANTM	2020	0.65	24,030,764,725	15,619,999,999
	2021	0.65	24,030,764,725	15,619,999,999
	2022	0.65	24,030,764,725	15,619,999,999
HRUM	2020	0.80	2,703,620,000	2,159,774,800
	2021	0.80	2,703,620,000	2,159,774,800
	2022	0.80	13,518,100,000	10,798,874,000
INDY	2020	0.68	5,210,192,000	3,565,859,790
	2021	0.68	5,210,192,000	3,565,859,790
	2022	0.66	5,210,192,000	3,432,038,300
BRPT	2020	0.02	93,388,796,190	1,448,231,500
	2021	0.02	93,747,218,044	1,448,231,500
	2022	0.02	93,747,218,044	1,454,329,315
ITMG	2020	0.65	1,129,925,000	736,071,000
	2021	0.65	1,129,925,000	736,071,000
	2022	0.65	1,129,925,000	736,071,000
PTBA	2020	0.66	11,520,659,250	7,595,650,695
	2021	0.66	11,520,659,250	7,595,650,695
	2022	0.66	11,520,659,250	7,595,650,695
DKFT	2020	0.67	5,638,246,600	3,772,840,350
	2021	0.60	5,638,246,600	3,369,240,378
	2022	0.60	5,638,246,600	3,369,240,378
KKGJ	2020	0.65	5,000,000,000	3,242,677,500
	2021	0.65	5,000,000,000	3,242,677,500
	2022	0.64	5,000,000,000	3,199,390,100
TINS	2020	0.65	7,447,753,454	4,841,053,951
	2021	0.65	7,447,753,454	4,841,053,951
	2022	0.65	7,447,753,454	4,841,053,951
EARTH	2020	0.22	68,228,705,555	14,845,151,178
	2021	0.20	74,274,746,007	14,845,151,178
	2022	0.65	371,320,676,795	239,653,396,330
ARII	2020	0.50	3,000,000,000	1,493,579,700
	2021	0.45	3,131,000,000	1,393,579,700
	2022	0.41	3,431,000,000	1,393,579,700
BSSR	2020	0.91	2,616,500,000	2,374,242,774
	2021	0.91	2,616,500,000	2,374,242,774
	2022	0.91	2,616,500,000	2,374,242,774

<b>CODE</b>	<b>YEAR</b>	<b>INSTITUTIONAL OWNERSHIP</b>	<b>TOTAL SHAREHOLDERS</b>	<b>INSTITUTIONAL OWNERSHIP</b>
AIMS	2020	0.05	11,000,000,000	552,770,000
	2021	0.05	11,000,000,000	552,770,000
	2022	0.05	11,000,000,000	552,770,000
BOSS	2020	0.00	1,400,000,000	6,102,100
	2021	0.00	1,400,000,000	6,102,100
	2022	0.00	1,400,000,000	6,102,100
BYAN	2020	0.23	3,333,333,500	751,985,970
	2021	0.23	3,333,333,500	751,985,970
	2022	0.02	33,333,335,000	751,985,970
DSSA	2020	0.60	770,552,320	461,552,320
	2021	0.60	770,552,320	461,552,320
	2022	0.60	770,552,320	461,552,320
GEMS	2020	0.97	5,882,353,000	5,705,882,500
	2021	0.93	5,882,353,000	5,441,176,615
	2022	0.95	5,882,353,000	5,559,841,015
GTBO	2020	0.92	2,500,000,000	2,309,647,800
	2021	0.92	2,500,000,000	2,309,647,800
	2022	0.92	2,500,000,000	2,309,647,800
BBRM	2020	0.82	5,367,076,248	4,421,175,739
	2021	0.82	5,367,076,248	4,421,175,739
	2022	0.91	8,479,490,328	7,699,537,318
COAL	2020	1.00	2,000	2,000
	2021	0.35	5,000,000,000	1,750,000,000
	2022	0.28	6,250,000,000	1,750,000,000
TPMA	2020	0.95	2,633,300,000	2,488,520,700
	2021	0.81	2,633,300,000	2,129,265,690
	2022	0.65	2,633,300,000	1,715,169,670
TEBE	2020	0.71	1,285,000,000	916,524,337
	2021	0.64	1,285,000,000	820,149,161
	2022	0.64	1,285,000,000	820,149,161
TCPI	2020	0.80	5,000,000,000	4,000,000,000
	2021	0.80	5,000,000,000	4,000,000,000
	2022	0.80	5,000,000,000	4,000,000,000
SGER	2020	0.55	1,664,000,000	914,000,000
	2021	0.60	1,959,514,668	1,167,427,633
	2022	0.55	3,727,301,685	2,056,978,332
RIGS	2020	0.81	609,130,000	490,597,000

CODE	YEAR	INSTITUTIONAL OWNERSHIP	TOTAL SHAREHOLDERS	INSTITUTIONAL OWNERSHIP
	2021	0.81	609,130,000	490,597,000
	2022	0.81	609,130,000	490,597,030
PTIS	2020	0.82	550,165,300	450,165,300
	2021	0.82	550,165,300	450,165,300
	2022	0.82	550,165,300	450,165,300
PSSI	2020	0.80	5,417,063,153	4,322,425,753
	2021	0.78	5,417,063,153	4,214,992,999
	2022	0.78	5,417,063,153	4,215,392,999
MBSS	2020	0.82	1,750,026,639	1,443,354,300
	2021	0.82	1,750,026,639	1,443,766,800
	2022	0.82	1,750,026,639	1,443,766,800
FIRE	2020	0.16	1,475,363,179	232,558,050
	2021	0.16	1,475,363,179	232,708,050
	2022	0.21	1,475,363,179	309,765,000

### 3. Managerial Ownership (X3)

CODE	YEAR	MANAGERIAL OWNERSHIP	TOTAL SHAREHOLDERS	MANAGERIAL OWNERSHIP
ADRO	2020	0.12	31,985,962,000	3,964,846,605
	2021	0.12	31,985,962,000	3,961,929,105
	2022	0.12	31,985,962,000	3,957,929,105
ANTM	2020	0.00	24,030,764,725	2,325,000
	2021	0.00	24,030,764,725	6,000
	2022	0.00	24,030,764,725	6,000
HRUM	2020	0.00	2,703,620,000	300,000
	2021	0.00	2,703,620,000	300,000
	2022	0.00	13,518,100,000	1,800,000
INDY	2020	0.00	5,210,192,000	14,785,500
	2021	0.00	5,210,192,000	14,785,500
	2022	0.00	5,210,192,000	13,975,500
BRPT	2020	0.72	93,388,796,190	67,406,879,300
	2021	0.71	93,747,018,044	66,416,857,800
	2022	0.71	93,747,218,044	66,703,245,552
ITMG	2020	0.00	1,129,925,000	1,375,980
	2021	0.00	1,129,925,000	1,385,980
	2022	0.00	1,129,925,000	1,382,480

<b>CODE</b>	<b>YEAR</b>	<b>MANAGERIAL OWNERSHIP</b>	<b>TOTAL SHAREHOLDERS</b>	<b>MANAGERIAL OWNERSHIP</b>
PTBA	2020	0.00	11,520,659,250	282,500
	2021	0.00	11,520,659,250	404,900
	2022	0.00	11,520,659,250	404,900
DKFT	2020	0.01	5,368,246,600	28,122,066
	2021	0.03	5,638,246,600	156,574,388
	2022	0.03	5,638,246,600	156,574,338
KKGI	2020	0.00	5,000,000,000	10,076,200
	2021	0.00	5,000,000,000	10,775,000
	2022	0.00	5,000,000,000	21,587,500
TINS	2020	0.00	7,447,753,454	0
	2021	0.00	7,447,753,454	0
	2022	0.00	7,447,753,454	0
EARTH	2020	0.05	68,228,705,555	3,728,385,600
	2021	0.06	74,274,746,007	4,797,696,200
	2022	0.01	371,320,676,795	4,797,696,200
ARII	2020	0.21	3,000,000,000	640,126,100
	2021	0.22	3,131,000,000	692,537,000
	2022	0.18	3,431,000,000	622,537,000
BSSR	2020	0.00	2,616,500,000	5,283,000
	2021	0.00	2,616,500,000	5,238,000
	2022	0.00	2,616,500,000	1,500
AIMS	2020	0.77	11,000,000,000	8,499,994,500
	2021	0.77	11,000,000,000	8,499,994,500
	2022	0.77	11,000,000,000	8,499,994,500
BOSS	2020	0.64	1,400,000,000	892,460,224
	2021	0.64	1,400,000,000	892,460,224
	2022	0.64	1,400,000,000	892,460,224
BYAN	2020	0.00	3,333,333,500	6,718,488
	2021	0.00	3,333,333,500	6,718,488
	2022	0.00	33,333,335,000	6,718,488
DSSA	2020	0.60	770,552,320	461,552,320
	2021	0.60	770,552,320	461,552,320
	2022	0.60	770,552,320	461,552,320
GEMS	2020	0.00	5,882,353,000	0
	2021	0.00	5,882,353,000	0
	2022	0.00	5,882,353,000	0

<b>CODE</b>	<b>YEAR</b>	<b>MANAGERIAL OWNERSHIP</b>	<b>TOTAL SHAREHOLDERS</b>	<b>MANAGERIAL OWNERSHIP</b>
GTBO	2020	0.00	2,500,000,000	0
	2021	0.00	2,500,000,000	0
	2022	0.00	2,500,000,000	0
BBRM	2020	0.00	5,367,076,248	18,206,000
	2021	0.00	5,367,076,248	18,206,000
	2022	0.00	8,479,490,328	21,595,698
COAL	2020	0.00	2,000	0
	2021	0.65	5,000,000,000	3,250,000,000
	2022	0.52	6,250,000,000	3,250,000,000
TPMA	2020	0.00	2,633,300,000	0
	2021	0.00	2,633,300,000	0
	2022	0.00	2,633,300,000	0
TEBE	2020	0.16	1,285,000,000	207,587,735
	2021	0.04	1,285,000,000	46,300,945
	2022	0.03	1,285,000,000	44,643,345
TCPI	2020	0.00	5,000,000,000	0
	2021	0.00	5,000,000,000	0
	2022	0.00	5,000,000,000	0
SGER	2020	0.15	1,664,000,000	250,000,000
	2021	0.22	1,959,514,668	427,431,439
	2022	0.21	3,727,301,685	773,184,233
RIGS	2020	0.00	609,130,000	0
	2021	0.00	609,130,000	0
	2022	0.00	609,130,000	0
PTIS	2020	0.00	550,165,300	800,000
	2021	0.00	550,165,300	800,000
	2022	0.00	550,165,300	800,000
PSSI	2020	0.00	5,417,063,153	15,250,900
	2021	0.01	5,417,063,153	34,500,000
	2022	0.00	5,417,063,153	13,800,000
MBSS	2020	0.06	1,750,026,639	101,399,300
	2021	0.00	1,750,026,639	0
	2022	0.05	1,750,026,639	91,738,400
FIRE	2020	0.36	1,475,363,179	531,203,000
	2021	0.36	1,475,363,179	531,203,000
	2022	0.36	1,475,363,179	531,203,000

#### 4. Independent Board of Commissioners (X4)

CODE	YEAR	NUMBER OF INDEPENDENT COMMISSIONERS	NUMBER OF BOARD OF COMMISSIONERS	INDEPENDENT COMMISSIONER
ADRO	2020	2	5	0.40
	2021	2	5	0.40
	2022	2	5	0.40
ANTM	2020	3	6	0.50
	2021	4	5	0.80
	2022	3	5	0.60
HRUM	2020	2	6	0.33
	2021	2	5	0.40
	2022	2	5	0.40
INDY	2020	2	5	0.40
	2021	2	5	0.40
	2022	2	5	0.40
BRPT	2020	2	4	0.50
	2021	2	4	0.50
	2022	2	4	0.50
ITMG	2020	3	7	0.43
	2021	3	7	0.43
	2022	3	8	0.38
PTBA	2020	2	6	0.33
	2021	2	6	0.33
	2022	2	6	0.33
DKFT	2020	1	3	0.33
	2021	1	3	0.33
	2022	1	3	0.33
KKGJ	2020	2	5	0.40
	2021	2	5	0.40
	2022	2	5	0.40
TINS	2020	3	5	0.60
	2021	3	6	0.50
	2022	2	6	0.33
EARTH	2020	4	8	0.50
	2021	4	8	0.50
	2022	4	3	1.33
ARII	2020	2	4	0.50
	2021	2	5	0.40
	2022	2	5	0.40
BSSR	2020	2	9	0.22

	2021	3	9	0.33
	2022	3	8	0.38
AIMS	2020	1	6	0.17
	2021	1	6	0.17
	2022	1	6	0.17
BOSS	2020	1	2	0.5
	2021	1	2	0.5
	2022	1	2	0.5
BYAN	2020	1	3	0.33
	2021	2	4	0.5
	2022	2	4	0.5
DSSA	2020	4	5	0.8
	2021	4	5	0.8
	2022	4	5	0.8
GEMS	2020	2	5	0.4
	2021	3	6	0.5
	2022	2	6	0.33
GTBO	2020	1	3	0.33
	2021	1	3	0.33
	2022	1	3	0.33
BBRM	2020	1	3	0.33
	2021	1	3	0.33
	2022	1	3	0.33
COAL	2020	1	1	1.00
	2021	2	4	0.50
	2022	2	5	0.40
TPMA	2020	1	3	0.33
	2021	1	3	0.33
	2022	1	2	0.50
TEBE	2020	1	3	0.33
	2021	1	3	0.33
	2022	1	3	0.33
TCPI	2020	1	2	0.50
	2021	1	2	0.50
	2022	1	2	0.50
SGER	2020	1	2	0.50
	2021	1	2	0.50
	2022	1	2	0.50
RIGS	2020	2	7	0.29
	2021	1	4	0.25

	2022	1	3	0.33
PTIS	2020	1	2	0.50
	2021	1	2	0.50
	2022	1	2	0.50
PSSI	2020	1	5	0.20
	2021	1	5	0.20
	2022	1	3	0.33
MBSS	2020	2	5	0.40
	2021	1	2	0.50
	2022	1	3	0.33
FIRE	2020	1	2	0.50
	2021	1	2	0.50
	2022	1	2	0.50

### APPENDIX 3

#### DESCRIPTIVE STATISTICS

##### 1. Descriptive Statistics Before Outlier

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Performance	90	-2.54	2.12	0.1146	0.58456
CSR	90	0.71	1.00	0.9340	0.08872
Institutional Ownership	90	0.00	1.00	0.5951	0.28237
OwnershipManagerial	90	0.00	0.77	0.1390	0.24362
BoardIndependent Commissioner	90	0.17	1.33	0.4352	0.16940
Valid N (listwise)	90				

##### 2. Descriptive Statistics After Outlier

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Zscore(Financial Performance)	77	-1.88954	1.94238	0.1199523	0.65066460
Zscore(CSR)	77	-0.83407	0.74390	0.2110799	0.75113842
Zscore(Institutional Ownership)	77	-2.10758	1.43391	0.0761856	0.90647597
Zscore(Managerial Ownership)	77	-0.57055	2.38482	-0.1035765	0.87050523
Zscore (Independent Board of Commissioners)	77	-1.38854	5.28197	0.0933679	1.00824989
Valid N (listwise)	77				

## APPENDIX 4

### CLASSICAL ASSUMPTION TEST

#### 1. Normality Test

##### a. Before Outlier

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		90
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	0.57216006
Most Extreme Differences	Absolute	0.212
	Positive	0.145
	Negative	-0.212
Test Statistic		2.009
Asymp. Sig. (2-tailed)		0.001

##### b. After Outlier

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		77
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	0.59055795
Most Extreme Differences	Absolute	0.097
	Positive	0.096
	Negative	-0.097
Test Statistic		0.848
Asymp. Sig. (2-tailed)		0.468

## 2. Multicollinearity Test

		Coefficients <sup>a</sup>						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.061	0.073		0.839	0.404		
	CSR	0.089	0.095	0.103	0.934	0.354	0.947	1.056
	Institutional Ownership	0.024	0.103	0.034	0.235	0.815	0.556	1.800
	OwnershipManagerial	-0.194	0.108	-0.260	-1.800	0.076	0.548	1.826
	BoardIndependent Commissioner	0.235	0.072	0.360	3.259	0.002	0.937	1.068

a. Dependent Variable: Financial Performance

## 3. Heteroscedasticity Test

		Coefficients <sup>a</sup>				
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.431	0.048		8.957	0.000
	CSR	-0.019	0.063	-0.036	-0.304	0.762
	Institutional Ownership	-0.077	0.068	-0.175	-1.141	0.258
	OwnershipManagerial	-0.037	0.071	-0.080	-0.521	0.604
	BoardIndependent Commissioner	0.078	0.047	0.194	1.648	0.104

a. Dependent Variable: Abs\_Res

## 4. Autocorrelation Test

Model Summary <sup>b</sup>						
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	0.420A	0.176	0.130	0.60674062	1.506	

**ATTACHMENT 5**  
**HYPOTHESIS TEST RESULTS**

**1. Multiple Linear Analysis**

		<b>Coefficientsa</b>				
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.015	0.636		0.024	0.981
	CSR	0.024	0.103	0.034	0.235	0.815
	Institutional Ownership	0.235	0.072	0.360	3.259	0.002
	OwnershipManagerial	0.089	0.095	0.103	0.934	0.354
	BoardIndependent Commissioner	-0.194	0.108	-0.260	-1.800	0.076

**2. Partial Test (t)**

		<b>Coefficientsa</b>				
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.015	0.636		0.024	0.981
	CSR	0.024	0.103	0.034	0.235	0.815
	Institutional Ownership	0.235	0.072	0.360	3.259	0.002
	OwnershipManagerial	0.089	0.095	0.103	0.934	0.354
	BoardIndependent Commissioner	-0.194	0.108	-0.260	-1.800	0.076

**3. Simultaneous Test (F)**

		<b>ANOVAa</b>				
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.670	4	1.418	3.851	0.007a
	Residual	26.506	72	.368		
	Total	32.176	76			

**4. Determination Test (R2)**

<b>Model Summaryb</b>				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.420A	0.176	0.130	0.60674062