The Influence of Social Performance and Environmental Performance on Company Financial Performance Empirical Study on Mining Companies Listed on the Indonesian Stock Exchange (Idx) 2020-2022

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A B S T R A C T

This study examines the influence of social performance and environmental performance on the financial performance of mining companies listed on the Indonesia Stock Exchange (BEI) during the period 2020-2022. Employing a quantitative research approach, the study uses secondary data from 15 mining companies. The data were analyzed using SPSS 26 for statistical processing and interpretation. The findings reveal that both social performance and environmental performance have a significant positive impact on financial performance when evaluated individually. Companies that actively engage in social initiatives and prioritize environmental sustainability tend to exhibit improved financial outcomes. These results highlight the strategic value of integrating social and environmental considerations into business practices, as they contribute not only to corporate responsibility but also to financial success. The study provides critical insights for stakeholders, emphasizing the importance of social and environmental performance as drivers of sustainable financial growth. This information supports stakeholders in making informed decisions regarding investments and corporate strategies. The research underscores the need for mining companies to strengthen their commitment to social and environmental initiatives to enhance financial performance and stakeholder trust. Future studies could expand the scope by analyzing other industries and incorporating additional variables such as governance and regulatory compliance to enrich the understanding of performance dynamics.

1. Introduction

All established companies must have a goal so that the company they run in the future can develop. The aim of the company is to obtain the maximum profit or gain, prosper the company owner or share owners, and maximize the value of the company (Novita, 2021). The increase in company value can be seen from the stock market price. This situation can be seen by investors to assess the quality of a company from share price movements in transactions on the Indonesia Stock Exchange (BEI). Therefore, many companies in Indonesia are currently competing to prove the quality of their companies so they can survive the competition.

Financial performance is one of the factors that can be used by potential investors in deciding when to invest. Maintaining and improving financial performance is something that must be done for companies so that the shares they own remain attractive to investors (Shafa Wardani & Sa, 2023). A reflection of the company's financial performance is the financial report which is useful as information and a tool for management which can be held accountable for viewing by the company. Company financial reports are also a tool for making decisions regarding the success of a company (Novita, 2021). The mining sub-sector includes some or all stages of activities in the context of research, management and exploitation of minerals or coal which includes general investigations, exploration, feasibility studies, construction, mining and refining, transportation and sales, as well as post-mining activities (ISMI, 2021). And one of the companies in the energy sector whose operations not only involve internal parties but also influence conditions around the company and are closely related to the environment, and it is feared that they are more focused on profits than paying attention to their social responsibilities (Rachman, 2022).

Financial performance is one measure of a company's success from a financial perspective. By knowing financial performance, management can evaluate and make policies to improve and improve financial performance (Environmental Performance et al., 2023). One way to assess the performance of a company is to look at the company's financial performance which describes the business activities a company carries out and what has been achieved from these activities, namely profit. Many companies allocate their costs for environmental management from 2020 - 2022. It was recorded from 40 manufacturing companies studied that the environmental costs incurred in 2020 were 18.40%, in 2021 they were 20.30% and in 2022 they were 10.27%. % (Indonesian Stock Exchange, 2022).

Financial performance describes the good and bad condition of the company from a financial perspective. Having a good financial condition is the goal and responsibility of company management in running its business. However, a company's responsibility is not only limited to the financial aspect. To ensure that the company is able to grow sustainably and survive in the long term, there are three aspects that must be considered or what are usually called triple bottom lines. These three aspects are financial aspects, social aspects and environmental aspects. Currently, environmental aspects are in the spotlight and attention due to the increasing number of environmental problems occurring, most of which are caused by companies.

A company's financial performance is an important factor for assessing the overall performance of the company itself, starting from assessing assets, debt, liquidity, and so on. There are many indicators that can be used to analyze a company's financial performance, including cash flow or flow of funds per transaction, profitability, liquidity, financial structure and investment or shareholder ratio. The delivery of informative environmental management compliance performance information to stakeholders and the public is very necessary, as well as so that companies can help achieve stakeholder welfare and achieve maximum profits (Sugeng, 2020).

Large companies have greater agency costs so they have more incentives to disclose more extensive information. Companies that have a larger amount of assets are better able to finance the provision of social responsibility information than companies that have smaller or lower assets (Sugeng, 2020). In order to reduce agency costs, large companies are also more widely seen so that greater disclosure is a reduction in political costs as a form of corporate social responsibility. Theoretically, large companies will not be free from pressure, and larger companies with operating activities and greater influence on society will probably have shareholders who pay attention to the social programs created by the company so that disclosure of corporate social responsibility will be wider (Nurwati et al. ., 2021).

Several cases of environmental damage prompted the Government, through the Ministry of the Environment, to establish the Company Performance Rating Assessment Program in Environmental Management (PROPER), which has been implemented since 2002 in the field of environmental impact control to increase the role of companies in environmental conservation programs. A company's environmental performance is measured using colors ranging from the best being gold, green, blue, red to the worst being black. Increasing environmental performance and corporate social performance will build a positive image of the company so that it will improve the company's financial performance. Where when Economic Performance has a positive effect on Financial Performance then Financial Performance increases. And when Social Performance has a positive and significant effect on Financial Performance, Financial Performance increases.

The Sustainability Report functions to inform the company's economic performance, environmental performance and social performance. The Sustainability Report is published as a form of proof of the company's responsibility to its stakeholders and proof that the company is within the limits of applicable regulations. Companies need to disclose a Sustainability Report with the aim of gaining the trust of stakeholders.

The trust of these stakeholders can take the form of investment or cooperation and has the potential to increase company productivity and sales (Deslicintya & Christin Yan, 2020). Increasing the company's productivity and sales will have an influence on the company's net income, where an increase in the company's net profit will increase the company's Return on Assets. The value of the company's Return on Assets which has increased can mean that the company's financial performance has increased. Social performance is defined as a configuration of business organization principles of social responsibility, social response processes, and policies, programs, and results that can be observed as they relate to the company's relationships in society. The expected results, of course, return to the company in the form of public support and strengthening social factors for sustainable management and development from the community towards the company concerned.

Given the importance of social performance in corporate decision making, the relationship between social performance and corporate financial performance is an important topic. In practice, social performance requires costs that can reduce financial performance. As a result, the question arises, which should take precedence over social performance or financial performance. Justification to explain the importance of this matter is required by management. The company's financial resources will determine its social responsibility activities, because of the resources provided, the company has more opportunities to invest in social responsibility activities.

Social performance is a company's activities in carrying out a form of social responsibility in addition to carrying out company operational activities. Stakeholder theory explains that the company will provide an idea of who the company is responsible for (Alin Kristen et al., 2020). Disclosure of sustainability reports is expected to fulfill stakeholder desires so that it will result in good relations between the company and stakeholders. Legitimacy theory emphasizes that a company continuously strives to ensure that the company's operations are always in accordance with existing norms in society or the environment the company is in. The theories that support environmental performance and social performance and their relationship to financial performance are stakeholder theory and legitimacy theory. Apart from that, the theory that supports the influence of good corporate governance as a moderating variable is agency theory. Stakeholder theory emphasizes that corporate sustainability is formed by harmonizing the company with stakeholders. Environmental costs are costs incurred by companies to prevent the possibility of poor environmental quality and overcome environmental damage that arises due to company activities (Asjuwita & Agustin, 2020). Environmental costs include internal and external costs and relate to all costs incurred in connection with environmental damage and protection.

The Indonesian government has strengthened corporate responsibility towards the environment, especially for companies operating in the natural resources sector, namely through Law Number 40 of 2007 concerning Limited Liability Companies. Article 74 paragraph (1) states that "companies that carry out business activities in the field and/or related to natural resources are obliged to carry out Social and Environmental Responsibility". Likewise in Republic of Indonesia Law no. 32 of 2009 concerning Environmental Protection and Management, in article 68 it is stated that "every person who carries out business and/or activities is obliged to: (a) provide information related to environmental protection and management correctly, accurately, openly and timely, (b) maintain the sustainability of environmental functions, and (c) comply with provisions regarding environmental quality standards and/or standard criteria for environmental damage." In order to achieve good environmental performance, companies need to allocate costs for environmental management or environmental costs.

These environmental costs are used for activities aimed at improving environmental performance. (Zainab & Burhany, 2020) divides environmental costs into four groups, namely environmental prevention costs, environmental detection costs, environmental internal failure costs, and environmental external failure costs. The costs incurred for environmental activities will certainly have an impact on financial performance, so they need to be allocated properly by the company. Previous research found that environmental accounting, which includes environmental costs, has a positive influence on financial performance. In addition, environmental costs can also improve financial performance because they reduce the potential for environmental damage that requires greater costs to overcome. This has been proven in research which finds that environmental costs have a positive influence on financial performance.

Environmental performance has a negative impact if its management is not good, especially in mining companies which are companies whose activities have a negative impact on the environment around the company's operational area. This usually leads to environmental damage which requires the company to incur significant costs and will automatically affect the company's financial performance. On the other hand, good environmental management can increase operational efficiency and reduce environmental risks, which of course will have a positive impact on the financial performance of the mining company.

In environmental management, organizations must allocate costs for environmental aspects, especially in mining companies because the operational activities of mining companies have a very negative impact on the environment. Environmental costs are the budget used by companies to manage the environment and preserve the environment due to environmental damage caused by company activities. Environmental costs are used for activities that are expected to improve financial performance (Kaat & Sofian, 2023). The costs that will be incurred by the company will certainly have an impact on financial performance because they will increase the company's burden so that environmental costs must be allocated properly by the company.

Managing environmental costs well will have a positive impact on the company itself as a form of long-term investment and increasing public trust, thereby influencing financial performance. Companies often assume that environmental costs will only increase the company's burden or that environmental costs are misused so that organizations pass on environmental costs to affected communities. This will cause the company to incur even greater costs in the future and this will have a negative effect on the company's financial performance.

Environmental performance is company performance that focuses on company activities in preserving the environment and reducing environmental impacts arising from company activities. In accordance with stakeholder theory, companies provide an overview of who the company is responsible for (Alin Kristen et al., 2020). Disclosure of sustainability reports is expected to fulfill stakeholder desires. Disclosure of sustainability reports, which reveal economic performance, environmental performance and company performance, is expected to be a medium for gaining legitimacy from society in accordance with legitimacy theory.

Based on several previous studies, it was found that there are differences in research regarding the influence of social performance and environmental performance on company financial performance. Empirical studies on mining companies listed on the Indonesian Stock Exchange. The researchers concluded that liquidity profitability has a positive influence on financial performance. So research needs to be carried out to see the current influence of these variables.

From the background presented, researchers are interested in conducting research with the title "The Influence of Social Performance and Environmental Performance on Company Financial Performance. Empirical Study of Mining Companies Listed on the Indonesia Stock Exchange (BEI) 2020-2022"

2. Literature Review

*2.1 **Stakeholder Theory***

Stakeholders are all internal and external parties who have relationships that either influence or are influenced, directly or indirectly, by the company. The company is not only responsible to its owners (stakeholders) limited to economic indicators (economic focused) but shifts to a broader scope, namely to the social realm (stakeholders) by taking into account social factors (social dimensions). So the term social responsibility emerged. As a basis for analyzing who the company should be responsible for using stakeholder theory. Stakeholders theory states that the survival of a company depends on the support of stakeholders who influence or can be influenced by company activities (Wulandari & Rika, 2021),

Stakeholder theory is a theory that explains how management fulfills or manages the expectations of stakeholders. This shows that the company does not only operate for its own interests, but must provide benefits to its stakeholders, where one way that can be done is by implementing it as a business strategy (Parahdila et al., 2023). Companies operate not only to make a profit, but must provide benefits to their stakeholders. A company operates not only to make a profit, but must also provide benefits to its stakeholders. One form of corporate responsibility to stakeholders is by disclosing corporate sustainability through sustainability reports. The sustainability report includes environmental performance and social performance. Companies that are able to show and disclose their environmental and social performance will provide a good image to stakeholders so that the company can gain several benefits such as customer loyalty and trust from directors and investors. As the company's productivity increases, it will have an impact on increasing employee performance, which will enable the company's market value to increase, so that the company's performance will be assessed well by stakeholders. And a company that is seen by its stakeholders as having a good reputation will make it easier for the company to pass through market mechanisms to obtain a good financial position. A literature study conducted by Finch (2005), in Dahlia and Siregar (2008), stated that the purpose of companies using a sustainability reporting framework is as a way for companies to manage relationships with their stakeholders. Stakeholder is a system that is explicitly based on a view of an organization and its environment, recognizing the complex and dynamic nature of the interplay between the two. Stakeholders and organizations influence each other, this can be seen from their social relationships in the form of responsibility and accountability.

Stakeholder theory is a theory which states that a company is not an entity that only operates for its own interests but must provide benefits to all its stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties). This stakeholder group is a consideration for company management in whether or not to disclose information in the company report. The main aim of stakeholder theory is to assist company management in increasing value creation as a result of the activities carried out and minimizing losses that may arise for stakeholders.

*2.2 **Agency Theory (Agency Theory)***

Agency theory explains the relationship between the owner (principle) and management (agent). GCG mechanisms will be useful in regulating and controlling companies to minimize agency conflicts thereby creating positive value for all stakeholders. Management performance monitoring can be carried out by institutional investors. Disclosure of social performance is a form of conveying information to stakeholders and social performance is also a medium for companies to gain legitimacy from the public. (Alin Kristen et al., 2020), which states that institutional ownership has a positive moderation on the long-term social performance relationship.

Contrary to research conducted by Shafariani (2013) which states that good corporate governance weakens the influence of corporate social responsibility on financial performance. Large agency costs can be reduced by disclosing more extensive information. Apart from that, related to stakeholder theory, large companies tend to have more share ownership so that a larger number of share owners requires greater financial information. This causes companies to have to disclose broader and more complete financial information in order to get support from stakeholders.

2.3 Social Performance

Good corporate social performance will certainly influence the company's financial performance better. This can be demonstrated by the existence of a good relationship between the company and the community. When the rights of the community are not disturbed by the establishment of a company, all company activities will run smoothly without any obstacles. So that the company can be predicted to achieve its goals in the long term (Dwi Prasetyo & Ayu Nani, 2021).

The social performance expressed by the company is related to employment, human rights, society, responsibility for products,. This shows that disclosure of social performance is not only useful for gaining legitimacy from the community outside the company, but the workforce also benefits from this disclosure. Disclosure of social performance shows the company's responsibility towards its workforce and human rights so that it will create employee enthusiasm in carrying out their obligations.

Social performance is a form of accountability and transparency to stakeholders which is related to stakeholder theory. Furthermore, the social performance implemented by the company becomes a medium for the company's legitimacy with the community. Institutional ownership has an important meaning in monitoring management with more optimal supervision. Corporate social responsibility should go beyond maximizing profits for the interests of shareholders, but more broadly, the welfare that can be created by a company is actually not limited to the interests of shareholders, but also for the interests of stakeholders, namely all parties who have connections or claims. towards the company.

2.4 . Environmental Performance

Environmental performance is very influential for companies, because the location of each operating company will have an impact on the surrounding environment. To attract investors, it is not only seen from financial performance, but environmental and social aspects are very influential. Investors will assess how responsible the company is for the surrounding environment, if the company does it well it will appear superior to its competitors. Environmental performance is the company's relationship with the environment regarding the environmental impact of the resources used, the environmental effects of the organizational processes carried out, the environmental implications of products and services, product processing recovery and compliance with work environment regulations (Wulandari & Rika, 2021).

Environmental performance is the performance of a company that cares about the surrounding environment. Environmental performance is measured by the achievements of companies that take part in the Company Performance Rating Assessment Program in Environmental Management (PROPER). This program is one of the efforts made by the Ministry of the Environment (KLH) to encourage companies to comply with environmental management. PROPER is announced regularly to the public, so that companies that are assessed will receive reputation incentives or disincentives, depending on their level of compliance. Environmental performance is the company's overall achievements in managing environmental problems as a result of the implementation of the company's operational activities.

The definition of environmental performance according to (Gormley, 2011, p. 294) states that: "environmental performance is the measurable result of organizational management from its environmental aspects, the results can be measured against the organization's environmental policy, environmental goals, environmental targets, and/or other environmental performance requirements ”

Meanwhile, the definition of environmental performance according to the Organization for Economic Co-Economic Co Operation and Development Indonesia (OECD, 2019) is: "an evidence-based analysis and assessment report regarding the progress that has been achieved by the countries participating in the review in terms of meeting their environmental policy targets".

According to Republic of Indonesia Law No. 32 of 2009 concerning Environmental Protection and Management article 1 point 2: "Environmental protection and management is a systematic and integrated effort carried out to preserve the function of the environment and prevent pollution and/or damage to the environment which includes pollution. , utilization, control, maintenance, supervision and law enforcement".

According to (Shofia, 2020) environmental performance is a company's effort to create a good environment by carrying out activities and using materials that do not damage the environment. From these opinions, it can be concluded that environmental performance is the company's performance to create a good environment with predetermined requirements. Environmental performance will be viewed by the community or stakeholders as a form of corporate social responsibility.

Therefore, environmental performance describes how the company cares about the surrounding environment. If the environment around the company is maintained, then the company's environmental performance will be good too. The company's environmental performance must continue to be maintained, to avoid demands from the community or stakeholders, so that the company's survival will continue and be maintained.

2.5. Financial Performance

Financial performance is the result of achievements that management has achieved in carrying out its function as manager of company assets within a certain period (Parahdila et al., 2023). According to Fahmi (2018) financial ratio analysis is an instrument for analyzing company performance which explains various financial relationships and indicators which are intended to show changes in financial conditions or operational achievements in the past and help describe the trend patterns of these changes, to then show the inherent risks and opportunities. at the company concerned.

Financial performance measurement can be done by assessing financial report analysis. Analysis of financial ratios such as Profitability Ratios, Liquidity Ratios, Leverage Ratios (Solvency) and Activity Ratios is the basis for assessing and analyzing company operational achievements or company performance. (Every at the Ahmad Dahlan Institute of Technology and Business, 2021) defines performance as a measure of how efficient and effective a manager or a company is, how well the manager or company achieves adequate goals. A company's financial performance is something that is difficult to measure precisely and is more like an art because it contains subjective and objective aspects of the appraiser.

Apart from this, there are several ways that must be taken so that the financial performance analysis carried out can become a reliable benchmark and be used as a basis for making strategic decisions (Mukhlasin & Pasaribu, 2020). The indicator for measuring company financial performance in this research uses Return on Assets (ROA).

Financial performance is the change in results obtained by the company from time to time. Financial performance is the company's ability to manage and control resources owned is usually calculated using a ratio. Ratios in financial report analysis are numbers that indicate another element in the financial report (Febriansyah & Fahreza, 2020). Financial performance is the main benchmark for measuring whether a company's performance is good or not, this can be seen from its financial reports. The company's financial performance can be used to predict the company's condition in the future. This indicator is obtained from ratio analysis financial ratios contained in the financial report information published by the company.

3. Methodology

This research was conducted using quantitative research. Quantitative research is a research method based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative or statistical data analysis, which aims to test predetermined hypotheses (Sugiyono, 2018).

4. Results and Discussion

Descriptive statistical analysis is carried out to provide and describe an overview of the distribution of the data being processed and to make the data presented easier to understand. The descriptive analysis used in this research consists of mean, median, maximum, minimum and standard deviation. In this research, the data used is secondary data which includes Social Performance X1, Environmental Performance (X2), Financial Performance (Y). This data was obtained from the Indonesian Stock Exchange (IDX). The objects used in this research are mining companies listed on the Indonesian stock exchange on the IDX in the 2020 - 2022 period.

Table 4.1 is the descriptive statistical output of all research variables with a sample size of 66. Based on this table, the descriptive statistical analysis of each variable can be explained as follows:

a. The Social Performance variable has a minimum value of 3 and a maximum value of 4. Meanwhile, the average value is 3.09 and the standard deviation is 0.288.

b. The Environmental Performance variable has a minimum value of 25254 and a maximum value of 173228. Meanwhile, the average value is 147304.28 and the standard deviation is 3856738.919. c. The financial performance variable has a minimum value of 3 and a maximum value of 296. Meanwhile, the average value is 71.02 and the standard deviation is 69,340.

Multiple Regression Statistical Analysis

Multiple regression analysis test is an approach method to see the relationship between the dependent variable and the independent variable. Multiple regression analysis is used to find the influence between the independent variables Social Performance (X1) and Environmental Performance (x2) on the dependent variable Financial Performance (Y). The following is data from the results of multiple regression analysis tests. After testing using SPSS 26, the results obtained were as follows:

Table 4.2 Multiple Linear Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
		Coefficients[a]				
1	(Constant)	3.229	3.653		8.825	.001
	Kinerja Sosial	.148	.126	.372	3.136	.003
	Kinerja Lingkungan	.651	.047	.639	5.671	.000

a. Dependent Variable: Kinerja keuangan

Source: Data processed by SPSS 26 2024

Based on table 4.2, it explains that the constant coefficient value is 3.229, while the regression coefficient value for the Social Performance variable (x1) is 0.148. The regression coefficient value for the Environmental Performance variable (X2) is 0.651. The equation can be described as follows:

The constant is 3.229. states that if Social Performance X1, Environmental Performance X2, the value is 0, so Y's financial performance remains at 3.229. Variable Y is Company Value and X is Social Performance X1, Environmental Performance X2, From the equation above it is clear that the coefficient X has a positive sign. This shows that Social Performance X1, Environmental Performance X2, in line with Y's financial performance. In other words, Environmental Performance, Environmental costs , has an influence on Y's financial performance.

Classic Assumption Test

A. Normality Test

The normality test aims to test whether in the regression model the dependent variable and the independent variable both have a normal distribution or not. To find out about the normality of the data in this study, it was done by looking at the Kolmogorov-Smirnov value. The threshold for accepting data that is normally distributed is if it is significant at Kolmogorov-Smirnov > 0.05. The results of the data normality test on the variables Social Performance (X1), Environmental Performance (X2), Financial Performance (Y), can be seen in the following :

Based on table 4.3 above, it is known that the Asymp.Sig (2-tailed) significance value of 0.200 is greater than 0.05. So according to the basis for decision making, it can be concluded that the data is normally distributed. Thus, the assumptions or requirements for data normality have been met.

B. Multicollinearity Test

The multicollinearity test is used to determine whether there is multicollinearity by investigating the magnitude of the inter-correlation between the independent variables. Whether there is multicollinearity can be seen from its magnitude Tolerance Value And Inflation Factor Variance (VIF). If value Tolerance Value≥ 0.10 or the same as a VIF value ≤ 10. The results of the multicollinearity test can be seen in the following table:

Coefficients[a]	
	Collinearity Statistics

Model		Tolerance	VIF
1	Kinerja Sosial	.710	1.408
	Kinerja Lingkungan	.710	1.408
a. Dependent Variable: Kinerja Keuangan			

Source: Processed data (SPSS 26) 2024

From table 4.4 it can be concluded that the Tolerance value for Environmental Performance is 0.710 which indicates it is greater than 0.10 and the VIF value of 1.1408 is smaller than 10, so it is assumed that there are no symptoms of multicollinearity and for Environmental Costs of 0.710 the tolerance value of 0.988 is also greater. than 0.10 and a VIF value of 1,408 < 10, it can be concluded that there are no symptoms multicollinearity.

C. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previously). The autocorrelation test can be carried out using the Durbin Watson test (DW Test). Which can be seen in the following table:

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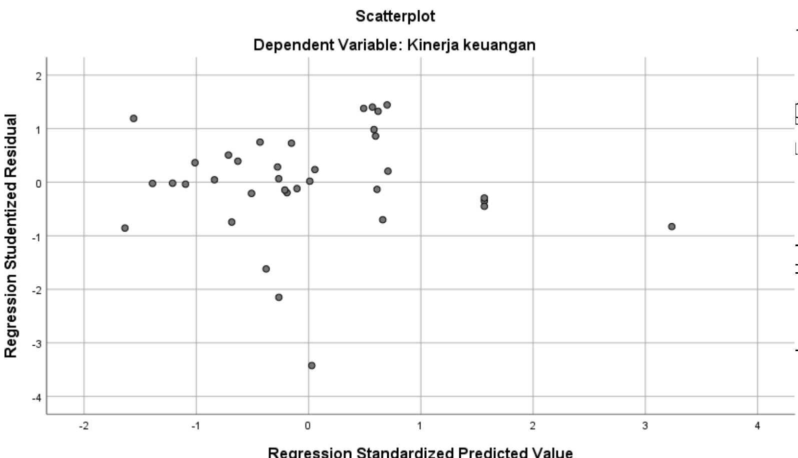
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.851a	.749	.729	2.783	2.478
a. Predictors: (Constant), Kinerja Lingkungan , Kinerja Sosial					

b. Dependent Variable: Kinerja keuangan

Source: Processed data (SPSS 26) 2024

Based on Table 4.5, it shows that the test results using the Durbin Watson test obtained a value of 2,478. If the Durbin-Watson statistical test value is greater than one or smaller than three, then the residual or error from the multiple regression model is not independent or there is autocorrelation. So based on the Durbin-Watson statistical test in this study it is above one and below three (2.478) so there is no autocorrelation.



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particular pattern either above or below
model does not have symptoms of

est Results

Model		Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.382	1.145		2.081	.045

Based on Table 4.6 above, it is known that the significant value of variable X1 (Social Performance) is 0.298 > 0.05, which means there are no symptoms of heteroscedasticity, variable

4. Hypothesis Testing

R^2 Test

The coefficient of determination (R2) test was carried out with the aim of measuring how far the model's ability to explain the dependent variables. In this research, the R2 test (R2 Square) is used to determine the percentage of Social Performance, Environmental Performance and Financial Performance.

Table 4. 7 Analysis Results

Model Summary[b]				
Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	.851[a]	.749	.729	2.783
a. Predictors: (Constant), Kinerja Lingkungan , Kinerja Sosial				
b. Dependent Variable: Kinerja keuangan				

Source: Data processed with SPSS 26 2024

From the calculation results, the determinant coefficient (R2) value is 0.749, meaning that 74.9 percent of the independent variables (Social Performance and Environmental Performance) can explain the dependent variable (Financial Performance), 100-74.9= 20.6 while 25.1% explained other variables not explained in this study.

B. Uji t (Persial)

The t-test (Persial) is used to test the hypothesis to determine the comparison between the two variables. The t-test is conducted to compare $thitung$ with $ttabel$ at a significant level of 5%, If $thitung > ttabel$ then the independent variable can be said to be significant, for more details can be seen in the following table:

Table 4.8 Results of t test analysis

Coefficients[a]						
Model		Unstandardize dCoefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.229	3.653		8.825	.001
	Kinerja Sosial	.148	.126	.372	3.136	.003
	Kinerja Lingkungan	.651	.047	.639	5.671	.000
a. Dependent Variable: Kinerja keuangan						

The Social Performance variable has a sig value of 0.03 <0.05 and a Tcount value of 3.136 > Ttable 2.014 which indicates that H1 is accepted or in the sense that financial performance has a significant positive effect on financial performance. In the mining industry, a company's social activities can influence its relationship with the environment and licensing processes. Good social performance can help companies maintain operational permits and reduce risks related to environmental disputes, which can have a positive impact on long-term financial performance. An inclusive and responsible social performance program can improve employee welfare. Happier and more productive employees tend to contribute better to operational performance, which in turn can influence a company's financial performance.

The Influence of Environmental Performance on Financial Performance.

The Environmental Performance variable has a sig value of 0.00 <0.05 and a Tcount value of 5.671 > Ttable 2.014 which indicates that H1 is accepted or in the sense that financial performance has a significant positive

effect on financial performance. Mining companies with good environmental performance tend to have a better reputation in the eyes of the public, regulators and other stakeholders. This can bring benefits such as support from local communities, policy stability from the government, and mitigation of legal or reputational risks that could affect long-term financial performance. Sustainable environmental practices often go hand in hand with more efficient operational practices. For example, more efficient energy use or better waste management can reduce overall operational costs, which in turn can improve financial performance.

c. F Test (Simultaneous)

The F test (simultaneous test) is used to determine whether the independent variables together have a significant influence on the dependent variable. The criteria used in this research are if the sig value is > 0.05 then there is no significant influence, whereas if the sig value < 0.05 simultaneously then there is an influence of environmental performance variables (X1), and CSR (X2) on company value (Y). Which can be seen in the table below:

Table 4.8 F Test Analysis Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2336.651	2	1168.326	121.502	.001[b]
	Residual	76775.654	33	2326.535		
	Total	79112.306	35			
a. Dependent Variable: Nilai Perusahaan						
b. Predictors: (Constant), CSR, Kinerja Lingkungan						

Source: Data processed with SPSS 26 2024

From the test results in table 4.8, it shows that the value obtained for Sig is 0.001 < 0.005, which indicates that the Environmental Performance (X1) and CSR (X2) variables have an effect on company value (Y).

5. Discussion

Based on the results of the hypothesis testing that has been carried out, the research results obtained are in accordance with the research objectives which will be discussed and interpreted as follows:

a. The Influence of Social Performance on Financial Performance.

Based on partial test results, the hypothesis of Social Performance on Financial Performance

(H1) is accepted. So it can be seen that Social Performance influences quality financial performance in a company. Good social performance can improve a company's reputation in the eyes of society, investors and the government. This can result in greater trust from stakeholders, which in turn can have a positive impact on the company's financial performance. Investors and financial institutions are increasingly paying attention to social and environmental factors in making investment decisions. Mining companies with good social performance may find it easier to gain access to capital and investments at better interest rates, as well as gain long-term investor support. keep in mind that the impact of social performance on financial performance is not always direct and can vary depending on the industry context, company size, and implementation of social performance programs. It is important to carry out in-depth analysis and empirical studies to understand the complex relationship between social performance and financial performance in the context of the mining industry. This is in line with research conducted by Novita (2021), and parahdila (2023)

b. Effect of Environmental Performance on Financial Performance.

Based on partial test results, the hypothesis of Environmental Performance on Financial Performance (H2) is accepted. So it can be seen that environmental performance influences quality financial performance in a company. A focus on environmental performance can encourage mining companies to develop and implement technologies and practices innovative practices that differentiate them from competitors. This can result in long-term competitive advantage and potential revenue increases. Mining companies often operate in environments that are vulnerable to natural disasters or other environmental problems. Through good environmental management practices, companies can reduce risks related to negative impacts, such as operational disruption or post-disaster recovery costs. It's important to note that the impact of environmental performance on financial performance also depends on contextual factors and appropriate implementation. In-depth analysis and empirical studies can help better understand the relationship between environmental performance and financial performance in the context of the mining industry. This is in line with research conducted by Kaat & Sofian (2023).

6 Conclusion

Based on the results of the analysis and discussion carried out, it can be concluded that:

The Social Performance variable has a positive and significant effect on the financial performance of Mining Companies Registered on BEI in 2020-2022. Good social performance practices in mining companies can have a significant positive impact on financial performance, through improved corporate reputation, better relationships with stakeholders, increased operational efficiency, and better access to capital and investment. This confirms that investing in social responsibility is not only for the good of society, but can also be a financially profitable strategy for mining companies.

The Environmental Performance variable also has a significant positive effect on the financial performance of Mining Companies Registered on BEI in 2020-2022. Sustainable environmental practices in mining companies can have a significant positive impact on financial performance, including increased operational efficiency, improved corporate reputation, innovation and differentiation, better risk management, and better access to markets and investments. This shows that a strong focus on environmental responsibility is not only important for environmental sustainability, but can also increase long-term value for mining companies.

7 Suggestions

There are several suggestions that need to be considered in research on Social Performance and Environmental Performance on financial performance in mining companies, including the following: It is hoped that future research will develop research on Social Performance and Environmental Performance on financial performance. Future research can use samples other than mines listed on the Indonesian Stock Exchange so that the desired results can be maximized.

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