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THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY AND GOOD CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE AND COMPANY VALUE

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ABSTRACT: *The aim of this research is to examine the influence of Corporate Social Responsibility and Good Corporate Governance on financial performance. Testing the influence of Corporate Social Responsibility and Good Corporate Governance on company value and testing the influence of financial performance on company value. The population in this study are manufacturing companies in the Energy and Mineral Sector listed on the BEI from 2019-2023. The sample in this study was 18 manufacturing companies in the Energy and Mineral Sector listed on the IDX. The data analysis used is PLS-SEM or variant-based Path SEM Modelling with the help of the Smart PLS 4 program in data processing. These findings indicate that corporate social responsibility (CSR) has a positive and significant effect on financial performance as measured by ROE. Corporate social responsibility (CSR) has a positive and significant effect on company value as measured by Tobin's Q. Good corporate governance (GCG) which consists of institutional ownership, independent board of commissioners and board of directors shows a negative and insignificant effect on financial performance as measured by ROE. Good corporate governance (GCG) also has a negative and insignificant effect on company value as measured by Tobin's Q. Financial performance as measured by ROE has a positive and significant effect on company value as measured by Tobin's Q.*

Keywords: Corporate Social Responsibility, Good Corporate Governance, Financial Performance, Company Value, Return on Equity (ROE), Tobin's Q

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I. INTRODUCTION

The role of the mining sector as a provider of energy resources is very important for economic growth, because this sector is one of the pillars of a country's economy. Mining companies are companies that manage human resources and utilize resources directly, with the risk of environmental damage, Malik et al., (2023). On the other hand, mining companies are characterized by very high investment costs (intensive in capital), long-term and risky, and cause great uncertainty, so that financing is the main problem related to the development of the company. Investors are competing in investing in the mining sector, both local investors and foreign investors. As attention is paid to the importance of the role of foreign direct investment in developing countries, there are concerns that these companies are exploiting the social and environmental conditions in these countries. Therefore, effective control of the company is needed, both internal and external control.

The company's external control is the Company's responsibility to the surrounding public who are affected by the company's operational activities such as corporate social responsibility (CSR) which has the goal of prospering the community around the company so that it has a good impact on the company. Companies that are consistent in corporate social responsibility (CSR) in their activities in the long term will benefit in the form of trust from their stakeholders (corporate image) in the company concerned. So that this condition has become a serious concern from the business world, both domestic and international.

Corporate Social Responsibility (CSR) is one of the efforts made by the company to have a positive impact on the community for the company's operational activities that have been carried out. In addition, for shareholders, the CSR program that has been carried out provides information that can be used to assess the

company's future survival. If a company implements a CSR program or CSR disclosure regularly and continuously, the market will indirectly increase the stock price thereby increasing the company's value (Riyadh et al., 2022).

A company is said to have a good value if the company's performance is also good. The value of a company can be reflected in its share price. If the value of the stock is high, it can be said that the value of the company is good, because the main purpose of the company is to increase the value of the company, improve the welfare of owners or shareholders, (Malik et al (2023). It is important to assess the company's financial performance both by management, investors and the government. The purpose of the company's financial performance assessment is to motivate employees in achieving organizational goals and in complying with pre-set standards of behavior, in order to obtain the desired actions and results Rimardhani et al., (2016). In addition, the assessment of the company's financial performance will be one of the information that greatly influences investors to invest in the company. Investors can consider the company's performance by using the Tobin'Q ratio. This ratio indicates the company's future growth opportunities through investment policies, Riyadh et al., (2022). The higher tobin's Q number indicates that the company has good growth prospects. This can happen because the higher the market value of a company's assets, the greater the willingness of investors to sacrifice better for the sake of owning the company. Good financial performance is expected to increase the value of the company so that the prosperity of the shareholders increases and in the end the shareholders will invest their capital in the company.

Corporate governance or good governance is one of the key factors to increase efficiency and economic growth as well as investor confidence. Corporate governance encompasses a series of relationships between corporate management, board members, shareholders, and other stakeholders OECD, (2004). Corporate governance also provides a structure for setting company goals, procedures for achieving goals, and monitoring results. Having an effective management system in an organization or company, as well as financial problems in general, helps ensure the level necessary for the proper functioning of the financial sector, especially in the capital markets. Good governance is expected to improve financial performance and company value, Haryono & Paminto (2015).

Corporate social responsibility and good corporate governance are two very important aspects in the energy and mineral industry. There is some information related to phenomena in the energy and mineral sector related to CSR and GCG, the first of which focuses on sustainability. Many energy and mineral companies have increased their focus on sustainable business practices, including paying attention to the environmental and social impacts of their activities. CSR is one of the company's ways to contribute to sustainable development in the company's operating area. Second, increasing transparency and accountability. GCG has become a key focus for many companies in recent years, including increased transparency in financial reporting and operational activities, as well as increased accountability to shareholders and other stakeholders.

The third information is innovation in CSR programs, energy and mineral companies are beginning to adopt innovative approaches in CSR programs. This includes involvement in local community development projects, investments in green technologies, and new approaches to waste management. The fourth information is technology for monitoring and evaluation. In an effort to improve the effectiveness of CSR and ensure compliance with GCG principles, many companies have adopted advanced technologies such as big data analysis and digital platforms for monitoring and evaluation. The fifth information is increased engagement with stakeholders. Energy and minerals companies are increasingly realizing the importance of engaging with stakeholders in decision-making While there is evidence to support this relationship, there is still debate and further research is needed to understand the deeper relationship between CSR, GCG, financial performance, and corporate value in the energy and minerals sectors. Other factors such as the size of the company, the characteristics of the industry, and external factors can also affect this relationship.

Dzingai & Fakoya (2017) found research results that show that corporate governance has a positive effect on financial performance. Effective monitoring by an independent and efficient board will motivate managers to work in the interests of shareholders, thereby increasing ROE. Sarpong-Danquah et al (2022) found the results of a study on the positive and significant influence of the size of the board of directors, the independence of the audit committee, and the size on the company's performance. Ullah et al (2017) found evidence that corporate governance has a positive effect on company performance in the cement company sector listed on PSX. In contrast to Velnampy's (2013) research, it shows that corporate governance has no effect on the company's value. And according to Wijesinghe et al (2019), the results of the study found that corporate governance does not make a significant contribution to improving the performance of company value.

In the context of agency theory, the party most interested in management actions is the owner (shareholder). The commissioners are formed for the benefit of the owners so that the owners can ensure through good governance that the management manages the company very well. With the right good corporate governance (GCG) mechanism, management is expected to be able to fulfill its obligations related to the interests of owners.

In addition to internal problems, there are also external problems, namely the problem of government and community demands on the impact of company activities. Corporate Social Responsibility (CSR) is one of

the activities that companies need to be aware of even though there are changes and difficulties related to social responsibility. Corporate Social Responsibility (CSR) can be interpreted as the obligation of a company to account for the impact of its activities or activities in social, economic, and environmental aspects while ensuring that the impact provides benefits to the community and the surrounding environment.

Social responsibility emphasizes the greater responsibility of the company regarding its activities and business that affect several people, communities and the environment in which the company conducts its business. Negatively, companies must comply with their business activities in such a way, so that it will not have a bad impact on certain parties in society. Positively, it means that the company must carry out its activities so that a better and more prosperous society can be carried out. Therefore, the regulation must be used as a reference for the implementation of social responsibility (CSR). The disclosure of social responsibility can affect the profitability of the company for the better through several important aspects, namely by increasing employee motivation and productivity, increasing product acceptance among customers, increasing acceptance among investors who support environmentally sensitive values. Corporate social responsibility (CSR) is one of the information that must be included in the company's annual report.

The responsibility and environmental law is regulated in Law of the Republic of Indonesia No. 40 of 2007 which requires companies whose business fields are engaged in or related to natural resources. With a strong legal basis, social responsibility reporting in the company's annual report, which was previously only a voluntary disclosure, that is, disclosure that is not required by regulations, becomes mandatory (mandatory disclourse).

Akben-Selcuk (2019) shows that corporate social responsibility has a positive relationship with financial performance. Riyadh et al (2022) show that CSR has an effect on company value. Rana & Asad (2018) showed that there is a significant positive impact between CSR and the financial performance of pharmaceutical companies in Pakistan. This shows that corporate social responsibility practices can contribute positively to the financial performance of pharmaceutical companies. Meanwhile, Kusumawati et al (2022) showed that CSR does not have a significant effect on financial performance.

From the description in the previous background, it can be concluded that there is a gap that is the basis for this research to be conducted, namely the first gap is the difference in research from Wijesinghe et al (2019) which states that corporate governance does not make a significant contribution to improving the performance of company values. The second gap of research from Kusumawati et al (2022) shows that CSR does not have a significant effect on financial performance.

The inconsistency of research results makes researchers interested in re-examining the variables of corporate social responsibility (CSR) and good corporate governance (GCG) on financial performance and company value. There are several differences in this study and the previous study. Different years of research as well as different company sectors allow obtaining different results as well. The index to measure CSR in this study uses the index that is most relevant to the research year, namely the 2021 standard CSR.

II. LITERATURE REVIEW

Financial Performance

According to Hanifah & Halim (2007:83) that financial performance is the ability of a company to generate profits at a certain level of sales, assets, and share capital. Interested parties urgently need the results of the disclosure of financial performance to be able to see the company's condition and the company's success rate in carrying out its operational activities. Meanwhile, according to Fahmi (2011:235) Financial performance is a ratio that measures the effectiveness of overall management as indicated by the size of the level of profit obtained in relation to sales and investments. According to Wahyudi et al., (2021) Financial performance is one of the factors that shows the effectiveness and efficiency of an organization in order to achieve its goals. Effectiveness if management has the ability to choose the right goal or the right tool to achieve the goals that have been set. Efficiency is defined as the ratio between input and output, namely with certain inputs obtaining optimal output.

Firm Values

The main objective of the company is to increase the value of the company through increasing the prosperity of the owners or shareholders. According to Brigham & Houston (2015:151). Firm value is measured by the price book value (PBV), the greater the value of the company. The ratio of a stock's market price to its book value gives an indication of investors' views on the company. The value of the Company can provide wealth to shareholders to the maximum if the stock price increases. The higher the stock price, the higher the shareholder wealth. If the company's stock value is high, it can be concluded that the company's value is good, because they look at the stock price and say that the company's value is good. The main goal of a company to increase its value can be achieved by increasing the level of prosperity of its owners or shareholders. Maximizing stock prices can be seen by looking at the performance of a company in the long term. If managers want to maximize the stock price, they need to know how it is determined. Because the company's share price will be an information reference for investors to decide whether to buy the company's shares or invest their capital in the company, because the

investor's assets are the number of shares he owns multiplied by the share price, investors should not be negligent in identifying or choosing what company to buy.

Good Corporate Governance

Andayani & Wuryantoro (2023), good corporate governance is a good system relationship consisting of the structure, rules and processes themselves. This aims to create an order that can regulate and take over the business world in order to fulfill the rights and obligations of stakeholders in a broad sense. Stakeholders are generally shareholders, management, creditors, government, employees, internal and external stakeholders in relation to binding rights and obligations. A good corporate governance system can provide added value for all parties involved if it is properly regulated, based on fairness, transparency, accountability and responsibility. In a narrow sense, it increases the company's value, financial performance, investor confidence, and reduces risk. Solihin (2020:115) "Corporate Governance" is a system to direct and control the company, the structure of Corporate Governance determines the distribution of rights and obligations among various parties involved in a corporation such as the board of directors, managers, shareholders, and stakeholders.

Corporate Social Responsibility

Rudito & Famiola (2013:106), corporate social responsibility is a business commitment to contribute to sustainable economic development, working with company employees, in order to improve the quality of life. Ambadar (2008:33) believes that Corporate Social Responsibility is a management concept that uses a triple bottom line approach, namely the balance between making profits, must go hand in hand and be in harmony with social functions and environmental maintenance for the realization of sustainable development. Karina & Setiadi (2020) Corporate Social Responsibility (CSR) is defined as the moral responsibility of a company to its stakeholders, especially the community or society around its work and operations. A company can be said to be socially responsible, if it has a vision for operational performance that not only realizes profits but can improve the welfare of the community or its social environment. Corporate social responsibility is a program that provides added value for all stakeholders, including improving the company's performance and added value in the long term.

Research Hypothesis Development

The Influence of Corporate Social Responsibility on Financial Performance

Maylina & Wuryani (2022) The concept and practice of corporate social responsibility (CSR) is no longer seen as a cost center but also as a corporate strategy that can spur and stabilize business growth in the long term. Therefore, it is important to disclose CSR in the company as a form of reporting social responsibility to the community. With CSR, the company is expected to increase attention to the environment, workplace conditions, public company relations, corporate social investment, and corporate image in the eyes of the public to be good, improve the company's financial performance and access to capital.

Research conducted by Akben-Selcuk (2019) found that CSR variables displayed better financial performance than non-CSR companies. The positive relationship between CSR and financial performance implies that Turkish companies should emphasize CSR activities, despite the costs associated with the implementation of the initiative. Furthermore, research conducted by Shutter & Asad (2018) The results of the study show that there is a significant positive impact between CSR and the financial performance of pharmaceutical companies in Pakistan. This shows that corporate social responsibility practices can contribute positively to the financial performance of pharmaceutical companies. Research conducted by Prayanthi & Budiarso (2022) The results of the study show that corporate social responsibility has a significant positive effect on return on equity. The larger the portion of social responsibility disclosure, the higher the company's financial performance as measured by return on equity.

H1: Corporate Social Responsibility has a positive effect and significant on financial performance.

The Influence of Corporate Social Responsibility on Company Value

According to Prayanthi & Budiarso (2022), legitimacy theory is one of the important factors in the long-term development of a company. Companies are obliged to communicate their responsibilities to the public and investors in order to give a positive response to the company. Legitimacy theory is seen as a perspective-oriented system, where a company can influence and be influenced by the society in the place where the company conducts its activities. Therefore, the theory of legitimacy is used as a foundation for companies to disclose their social responsibility activities.

Research conducted by Otoxsusilo et al., (2023) based on CSR statistical tests have a positive and significant impact on the company's value. The better the CSR disclosure, the more value the company will increase, and vice versa. CSR disclosure shows the ability to produce optimal financial performance to obtain a good reputation from the community so that it becomes an attraction and sends a positive signal to capital owners.

According to Riyadh et al., (2022) The results of the study show that CSR has a positive relationship with company value due to several factors. First, information related to social responsibility has been well received by investors. Second, the company has provided information that the CSR program is a long-term social investment. Third, management has realized CSR or social responsibility as a long-term investment. Fourth, management understands that its obligations go beyond shareholders. Fifth, CSR disclosure is an indicator that a company follows good corporate governance practices. As a result, a high level of corporate social responsibility can increase the company's value. According to Hasrullah, CSR variables have a positive and significant effect on the company's value. This shows that the more corporate social responsibility disclosure in a company, the higher the company's value. Research conducted by Suroso et al., (2023) shows that the significance value of the influence of corporate social responsibility on the value of the company. This shows that the corporate social responsibility variable simultaneously has a significant effect on the company's value. The ability of companies to assemble and utilize the right combination of resources can increase the competitive advantage and sustainable performance of the company. Research conducted by Prayanthi & Budiarso (2022) shows that corporate social responsibility disclosure has a significant positive effect on the value of Tobin's Q. The larger the portion of CSR disclosure, the company's financial performance as measured by the value of Tobin's Q will increase. Maylina & Wuryani (2022) The results of the study show that corporate social responsibility has a significant positive effect on the company's value. This shows that the higher the disclosure of corporate social responsibility, the higher the value of the company. This is due to the disclosure of corporate social responsibility, which will be responded positively by investors so that many investors invest in the company, which causes an increase in the firm value.

H2: Corporate social responsibility has a positive and significant effect on company value.

The Influence of Good Corporate Governance on Financial Performance

Good corporate governance is a good system relationship consisting of the structure, rules and processes themselves. This aims to create an order that can regulate and take over the business world in order to fulfill the rights and obligations of stakeholders in a broad sense. Stakeholders are generally shareholders, management, creditors, government, employees, internal and external stakeholders in relation to binding rights and obligations. A good corporate governance system can provide added value for all parties involved if it is properly regulated, based on fairness, transparency, accountability and responsibility. In a narrow sense, it increases the company's value, financial performance, investor confidence, and reduces risk. Andayani & Wuryantoro (2023).

According to Hasrullah (2019) The results of the study show that the good corporate governance variable has a positive and significant effect on financial performance. This means that the more good corporate governance is implemented in a company, the better it will be to improve financial performance. The implementation of good GCG in the company followed by the quality of the GCG implementation makes each party, both institutional ownership, independent commission board and board of directors work together in achieving the expected target. Ariesa et al., (2021) showed the results that GCG had a positive and significant effect on financial performance, because GCG with independent commissioners can optimize the company's financial performance by providing supervision, reducing fraudulent practices that may be carried out by company managers. Furthermore, because independent commissioners are components of commissioners that are not bound.

Wahyudi, Muawanah, Setia, et al (2021) showed that GCG consisting of managerial ownership, the size of the board of independent commissioners and the audit committee had a positive effect on financial performance. This shows that the high number of shares owned by management makes the motivation for management performance higher. Because with the management having the company's share capital, the expectation of consolidating high dividends will always motivate management performance. High share ownership by management will have a good impact on the company itself. In addition, the size of the independent board of commissioners has a significant positive effect on financial performance. The supervisory function carried out by the board of commissioners has a positive impact on management performance.

H3: Good Corporate Governance has a positive and significant effect on financial performance.

The Influence of Good Corporate Governance on Company Value

Good corporate governance can signify the alignment of interests between all stakeholders so as to reduce conflicts. In addition, company management can achieve company goals and increase company value. And good corporate governance will motivate the board and management to achieve goals in the interests of the company and shareholders. By implementing good governance, it can increase investor and creditor confidence. Good corporate governance will provide a positive response for investors to financial performance. Effective corporate governance can increase the likelihood of managers investing with positive value. Companies that have good corporate governance have better performance. Ferriswara, Sayidah, & Buniarto (2022).

Ferriswara et al., (2022) found the results of the research on the direct influence of Corporate Governance on Corporate Value. These results show that corporate governance is not a determining factor in the company's

value. Financial performance has a significant effect on the Company's Value. This means that JII companies with good financial performance are more attractive to investors than companies with poor financial performance. Therefore, JII companies with low financial performance pay more attention to the CG mechanism and the use of debt in the company's capital structure. These findings are in line with signal theory. The better the financial performance, it is considered a signal that the better the company's value. Financial performance has a significant positive effect on the company's value, which shows that profit has an effect on increasing the company's value. Wahyudi, Muawanah, Setia, et al (2021) The Good Corporate Governance mechanism represented by Managerial Share Ownership, the Number of Independent Board of Commissioners and the Number of Independent Audit Committees have a good impact on the company. This research shows that the higher the share ownership by management, the more management has a sense of ownership of the company, so that the management is motivated to work better which further makes the company's value even higher. In addition, it is because there is a non-monotonic relationship, namely the management effort to align interests with the ownership of foreign investors by increasing their share ownership so that the value of the company increases. According to Fajriah & Jumady (2022) shows that the Good Corporate Governance variable has a significant and positive effect on the Company's Value. This means that improving good corporate governance will increase the value of the company and vice versa. The implication is that the indicators of the appropriate corporate governance variables, namely managerial ownership, institutional ownership, independent commissioners, and audit committees, make the greatest contribution to good corporate governance.

H4: Good Corporate Governance has a positive and significant effect on company value.

The Influence of Financial Performance on Company Value

Fahmi (2011:235) Financial performance is a ratio that measures the effectiveness of overall management as indicated by the size of the level of profit obtained in relation to sales and investments. According to Wahyudi et al., (2021) Financial performance is one of the factors that shows the effectiveness and efficiency of an organization in order to achieve its goals. Effectiveness if management has the ability to choose the right goal or the right tool to achieve the goals that have been set. Efficiency is defined as the ratio between input and output, namely with certain inputs obtaining optimal output.

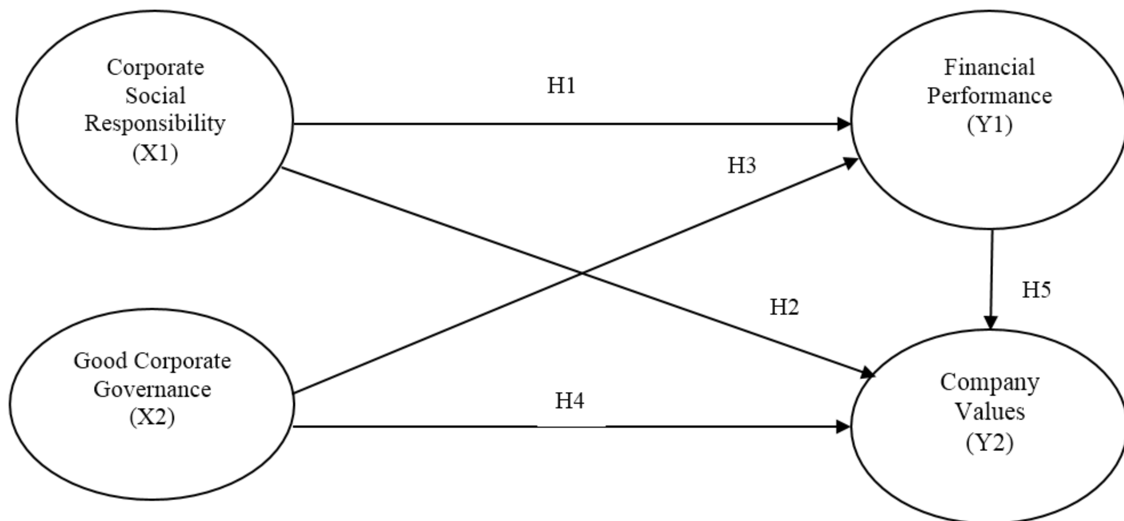
Haryono & Paminto (2015) found that financial performance has a significant positive effect on the company's value. The path coefficient is 0.513, with a tstatistic of 2.790 and a p-value of 0.005 (positive and significant). A positive path coefficient means that the better the financial performance, the higher the company's value will increase. Meanwhile, according to Hasrullah (2019) found the results of the analysis that financial performance has a positive and significant effect on the company's value (tobin'Q). This result shows that companies with high profitability will get enough funds so that financial performance can increase and will have an impact on increasing the company's value. Investors will be more interested in companies that can generate large profits/profits because the returns obtained are also large. Maylina & Wuryani (2022) found the results of the study that financial performance affects the value of the company. This indicates that the better the financial performance of the company's management in generating optimal income from the invested capital, the higher the profits achieved which will also increase the company's value. Return on Equity has a positive influence on the value of the company. This means that the higher the profit value obtained, the higher the company's value. Because high profits will give an indication of the company's good prospects so that it can trigger investors to participate in increasing stocks. Research Ferriswara, Sayidah, & Agus Buniarto (2022) The results of the study show that financial performance has a positive and significant effect on the company's value. This influence is significant with a positive sign which means that the more financial performance increases, the more the company's value will increase. These results show that financial performance is a determining factor in the value of a company.

H5: Financial Performance has a positive and significant effect on company value.

Conceptual Framework of the Research

Based on the description that has been stated earlier, the conceptual framework of the research that will be used by the researcher in this study is as follows:

Figure 1. Research Conceptual Model



III. RESEARCH METHOD

Operational of Definitions

1. Corporate Social Responsibility (X1)

Maylina & Wuryani (2022) The current concept and practice of CSR is no longer seen as a Cost Center but also as a corporate strategy that can spur and stabilize business growth in the long term. Therefore, it is important to disclose CSR in the company as a form of reporting social responsibility to the community. With CSR, the company is expected to increase attention to the environment, workplace conditions, community corporate relations, corporate social investment, and the company's image in the eyes of the public to be good, improve the company's financial performance and access to capital. Ningsih & Cheisviyanny (2019), CSR disclosure is seen from the sustainability report (Sustainability Report) which is based on the 2021 GRI standard To measure the narrative of disclosure Sustainability Reporting company, namely the category of each indicator in accordance with the items that refer to the GRI 2021 which was just issued in 2021.

a. Code 0 if it is not disclosed at all in the sustainability report.
b. Code 1 if there is one item disclosed in the sustainability report. Furthermore, the scores of each item are added up to obtain the overall for each company. CSR disclosure items are attached to the appendix.

2. Good Corporate Governance (X2)

Solihin (2020:115) Corporate Governance is a system to direct and control the company, the structure of Corporate Governance determines the distribution of rights and obligations among various parties involved in a corporation such as the board of directors, managers, shareholders, and stakeholders. The indicators that the author uses to measure the Good Corporate Governance (GCG) variables are:

a. Institutional Ownership

Boediono (2005:175) Institutional ownership is shares owned by the government, incorporated institutions, trust funds, foreign institutions, and so on that can monitor management in the management of the company. The institution is the majority shareholder who has large resources. Institutional ownership is measured by the percentage of the number of shares of the institution out of the total number of company shares. According to Febriana & Octrina (2022) The measurement of Institutional ownership is as follows:

$$\mathrm{KI} = \frac{\text{Number of outstanding shares owned by the institution}}{\text{Total outstanding shares}} \mathrm{X100\%}$$

Source: Febriana & Octrina, (2022)

b. Independent Board of Commissioners

Ujiyantho & Pramuka (2007:10) quoted by Rimardhani et al., (2016) The independent board of commissioners is a party that is not allowed to have any relationship related to the management of the company. The establishment of an independent board of commissioners is expected to protect shareholders. The existence of the independent Board of Commissioners has been regulated in the Decree of the Board of Directors of PT. Jakarta Stock Exchange (BEJ) Number: Kep-315/BEJ/06-2000 regarding Regulation No. I-A, in the regulation it is explained that companies listed on the JSE (now IDX) are required to have independent commissioners whose number of commissioners is proportional to at least 30% of the total number of commissioners. Independent

Commissioners in this study are measured by dividing the number of independent boards of commissioners by the total number of boards of commissioners Prasetya (2023).

$$\text{DKI} = \frac{\textit{Number of independent commisioners}}{\text{Total number of commisioners}} \text{X } 100\%$$

Source: Prasetya, (2023)

c. Directors of Board

According to the Guidelines General Good Corporate Governance in Indonesia in 2006, the board of directors as a corporate organization is tasked and responsible for managing the company. As stipulated in the Company's Law, members of the board of directors are appointed and dismissed by the General Meeting of Shareholders (GMS), while the decisions taken at the General Meeting of Shareholders (GMS) are based on a comparison of the number of votes of the shareholders. Voting rights in the General Meeting of Shareholders (GMS) are not based on one person and one vote, but are based on the minutes of the shares owned by them, Agoes & Ardana (2011:10). According to Prasetya (2023) The board of directors is measured, measured by the quantity of board members

$$\text{Direction of board} = \sum \textit{Member of board}$$

Source: Prasetya, (2023)

3. Financial Performance (Y1)

According to Fahmi (2011:235) Financial performance is a ratio that measures the overall effectiveness of management as shown by the size of the level of profit obtained in relation to sales and investment. The indicators that the author uses to measure financial performance variables are Return On Equity (ROE). According to Hanifah & Halim (2007:85) Return On Equity (ROE) is a ratio that measures a company's ability to generate profits based on a certain share capital. Return On Equity (ROE) is the tool most often used by investors in taking investments.

$$\text{Return on equity} = \frac{\text{Net profit}}{\text{Shares equity}} \text{X } 100\%$$

4. Company Value (Y2)

According to Margaretha (2014:7) The value of the company is already Go Public It is reflected in the market price of the company's shares, while the meaning of the value of a company that has not gone public is realized if the company is to be sold (total assets and prospects of the company, business risks, business environment and others). The indicator used for the company's value variable is tobin's Q. According to Brigham & Houston (2010:84) tobin's Q is the market value of a company listed on the financial market with the value of asset replacement (asset replacement value). The tobin's Q formula is as follows:

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

Information:

MVE : Market Value of Equity
D (Debt) : Book value of total debt
EBV : Book value of total assets

Population and Sample

The population in this study is manufacturing companies in the energy and minerals sector listed on the IDX during the research period, namely 2019-2023. Companies listed on the IDX are used as a population because in addition to the company having an obligation to submit the company's financial statements and annual reports to external parties, especially stakeholders, but also manufacturing companies in the energy and mineral sectors have more influence and impact on the surrounding environment around the company's operations. Sample selection is carried out using the purposive sampling method with the aim of obtaining representative samples according to the specified criteria. The criteria used to select the research sample can be explained as follows:

a. Manufacturing companies in the energy and minerals sector listed on the Indonesia Stock Exchange (IDX) in 2019-2023.
b. Provide annual reports and complete financial statements for the years 2019-2023.
c. Complete data for the research variables
d. Manufacturing companies in the energy and minerals sector that have suffered losses in one or more of the research year periods

Table 1. Procedure for Selecting Samples of Mining Companies Listed on the IDX in 2019-2023

It	Criteria	Number of Sample Objects During the 2019-2023 Peridoe
1	Manufacturing Companies in the Energy and Minerals Sector Listed on the Indonesia Stock Exchange in 2019-2023	33
2	Full annual report for the period 2019-2023 is not available	(3)
3	Manufacturing companies in the energy and minerals sector that have suffered losses in one or more research years	(12)
	Companies used as research samples	18
	Observation period	5 Years
	Number of observation data	90

Source: Indonesia Stock Exchange.

Based on Table 1 above regarding the sampling criteria and in accordance with the research population of mining companies listed on the Indonesia Stock Exchange from 2018 to 2022, the companies that are sampled can be seen in the table below.

Table 2. Names of companies used as research samples

No.	Code	Company Name	Sector
1	ADRO	Adaro Energy Indonesia Tbk.	Energy
2	AKRA	AKR Corporindo Tbk.	Energy
3	BYAN	Bayan Resources Tbk.	Energy
4	ELSA	Elnusa Tbk.	Energy
5	ENRG	Energi Mega Persada Tbk.	Energy
6	GEMS	Golden Energy Mines Tbk.	Energy
7	HRUM	Harum Energy Tbk.	Energy
8	ITMG	Indo Tambangraya Megah Tbk.	Energy
9	MYOH	Samindo Resources Tbk.	Energy
10	PSSI	IMC Pelita Logistics Tbk.	Energy
11	PTBA	Bukit Asam Tbk.	Energy
12	PTIS	Indo Straits Tbk.	Energy
13	PTRO	Petrosea Tbk.	Energy
14	KING	Rukun Raharja Tbk.	Energy
15	SHIP	Sillo Maritime Perdana Tbk.	Energy
16	SOCI	Soechi Lines Tbk.	Energy
17	WINS	Wintermar Offshore Marine Tbk.	Energy
18	TOBA	TBS Energi Utama Tbk.	Energy

Source: Indonesia Stock Exchange.

Data Analysis

In this study, data analysis uses the Partial Least Square (PLS) approach based on one var componentIan. According to Ghozali (2014:30) PLS is an approach that shifts from the covariant-based SEM approach, generally testing causality or theory. While PLS is more predivtive model. PLS is an analysis method that Powerful because it is not based on many assumptions. In addition to being used to confirm theories, PLS can also be used to explain the existence or absence of relationships between latent variables. PLS can simultaneously analyze constructed constructs formed with reflective and formative indicators.

IV. ANALYSIS AND DISCUSSION

Outer Model Evaluation

1. Outer Weight Test

In the formative relationship model, the estimated value (outer weight) for each indicator of the formative measurement model must be significant following the results of the outer weight test as shown in Table 3 below.

Table 3. Outer Weight Test Results

	Outer weights
CSR <- Corporate Social_Responsibility (X1)	1,000
DKI -> Good Corporate _Governance (X2)	-0,623
DR -> Good Corporate _Governance (X2)	1,144
KI -> Good Corporate _Governance (X2)	-0,130
ROE <- Performance _Financial (Y1)	1,000
TOBIN'S Q <- _Company Value (Y2)	1,000

Source: SmartPLS 4 Output (2024)

Based on Table 3, it is known that the outer weight value of the CSR indicator is 1,000. The outer weight value of the Independent Board of Commissioners (DKI) indicator for the GCG variable is -0.623. The outer weight value of the Board of Commissioners (DR) indicator for the GCG variable is 1,144. The outer weight value of the Institutional Ownership (KI) indicator for the GCG variable is -0.130. The outer weight value of the ROE indicator for the financial performance variable is 1,000 and the outer weight value of the Tobin's indicator for the company value variable is 1,000.

2. Multicollinearity Test

According to Ghozali (2014:43) Multicollinearity is a manifest variable in the block, it must be tested whether there is multicol. The Variance Inflation Factor (VIF) value can be used to test this. A VIF value above 10 indicates that there is a multicolon.

Table 4. Multicollinearity Test Results

	VIF
CSR	1,000
DKI	1,394
DR.	1,338
KI	1,063
ROE	1,000
TOBIN'S Q	1,000

Source: Smart PLS 4 Output (2024)

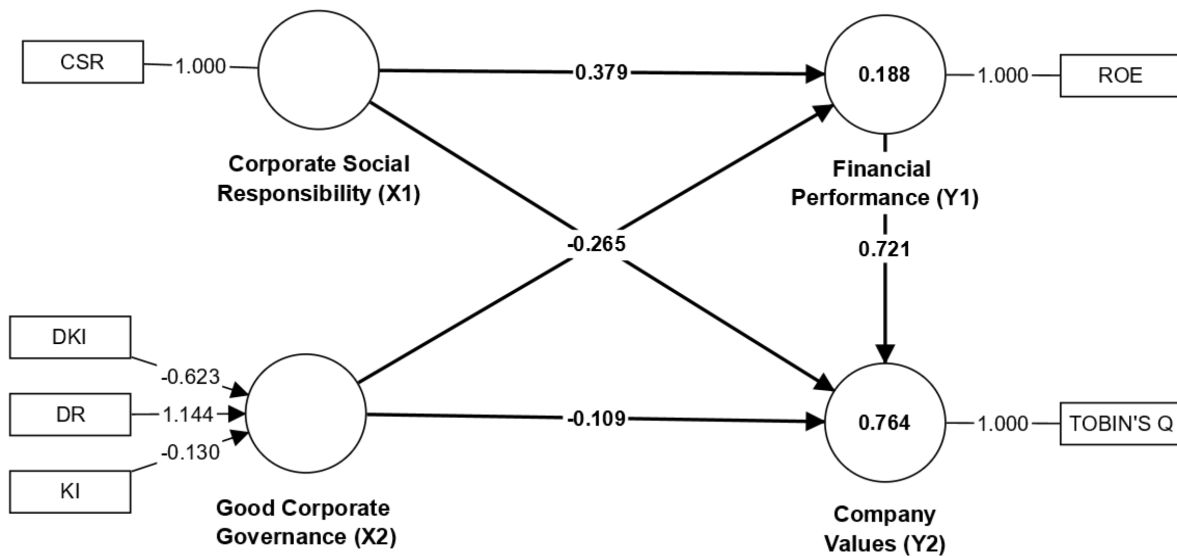
Based on table 4, it is known that the value of the CSR VIF is 1,000. The VIF value of the Independent Board of Commissioners is 1,394. The VIF value of the Board of Directors is 1,338. The value of Institutional Ownership is 1,063. The VIF ROE value is 1,000 and the Tobin's Q value is 1,000.

Inner Model Evaluation

1. Goodness of Fit Model Measurement

The Goodness of Fit measurement of this model is to predict causal relationships between latent variables through bootstrapping tests that can be seen using R-square. The R-square test is used to determine how much the independent variable model is capable of explaining independent variables. The results of the PLS Algorithm process for R-square results can be seen in Figure 2 below.

Figure 2. PLS Aligoritm Structural Model Track Diagram



Source: Smart PLS 4 Output (2024)

As shown in Figure 2, there is an R-Square value and an outer weight value. The following are the results of the goodness of fit test which is reflected in the R-Square value as shown in Table 5 below.

Table 5. Goodnes of Fit Model Results

Variable	R Square
Financial Performance (Y1)	0,188
Company Value (Y2)	0,765

Source: Smart PLS 4 Output (2024)

From table 5 above, the model examination can be explained Goodness of Fit can be seen from the value of R-Square. This means that the R-Square value for the latent variable of financial performance is obtained a value of 0.188 or 18.8%. This shows that the latent variables of CSR and GCG disclosure are related by 18.8% to financial performance. While the rest is explained by other variables that are not included in this study by 81.2%. The R-square value for the company value variable was obtained with a value of 0.765 or 76.5%. This shows that the latent variables of CSR disclosure and GCG implementation are related by 76.5% to the company's value. While the rest is explained by other variables that are not included in this study by 23.5%. The low R-square value is because the company's value is not only influenced by the disclosure of CSR and GCG information, but the increase in the company's value is influenced by other factors that cause the company's value to increase. Thus, Q^2 predictive relevance For the structural model, it can be calculated as follows:
Q2 = 1-(1-R21) (1-R22)
Q2 = 1 – (1-0,188) (1-0,764)
Q2 = 1- (0.188) (0.764)
Q2 = 0.856
The calculation results show that the Q^2 value is 0.856 or the Q^2 value is 85.6%, which is a prediction value in the large category. According to Ghozali (2014:42), the Q^2 value can be used to measure how well the observation value is generated by the model and also the estimation of its parameters. A Q^2 value greater than 0 (zero) indicates that the model is said to be good enough, while a Q^2 value less than 0 (zero) indicates that the model lacks predictive relevance. In this research model, the endogenous construct or latent variable has a Q 2 value greater than 0 (zero) so that the predictions made by the model are considered relevant.

2. Test Path Coefficients

After going through the outer weight test model, multicollinearity and goodness of fit model measurement, the next process is to conduct a hypothesis test. To find out the results of the hypothesis test, it can be seen in the path coefficients test table as follows:

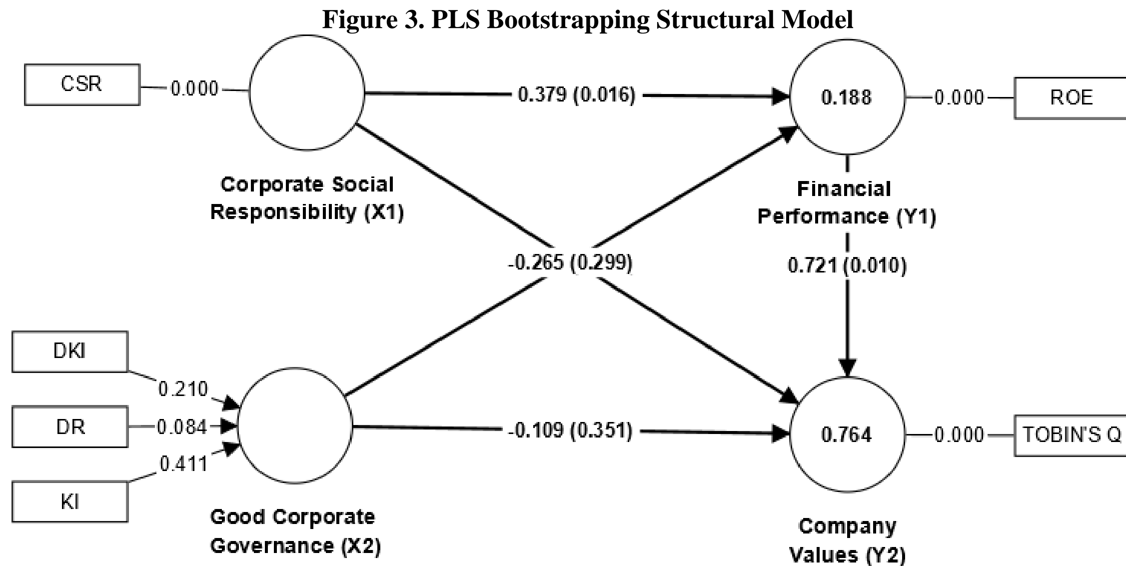
Table 6. Path Coefficients Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Corporate Social_Responsibility (X1) -> Financial Performance (Y1)	0,379	0,287	0,177	2,136	0,016
Corporate Social_Responsibility (X1) -> Company Values (Y2)	0,268	0,289	0,150	1,787	0,037
Good Corporate _Governance (X2) -> Financial Performance (Y1)	-0,265	-0,171	0,504	0,526	0,299
Good Corporate _Governance (X2) -> Company Values (Y2)	-0,109	-0,008	0,285	0,381	0,351
Financial Performance (Y1) -> Company Values (Y2)	0,721	0,612	0,310	2,330	0,010

Source: Smart PLS 4 Output (2024)

The results of the structural model estimation with all PLS estimation methods bootstrapping Showing the value of the path coefficient, namely through the t-stisticic test (>1.68) and p value (<0.10) between the construct variables, can be seen in the following figure.

Figure 3. PLS Bootstrapping Structural Model



Source: Smart PLS 4 Output (2024)

Discussion

1. The Influence of Corporate Social Responsibility (CSR) on Financial Performance

The results of the study show that corporate social responsibility (CSR) has a positive and significant effect on financial performance with return on equity (ROE) as its proxy, which means that the influence is unidirectional and supports the improvement of financial performance in manufacturing companies in the energy and minerals sector listed on the Indonesia Stock Exchange (IDX) during 2019 to 22023 which is listed on the Indonesia Stock Exchange. The results of these findings mean that companies that are more active in CSR activities tend to have better financial performance. This can be due to a variety of factors, including improved company reputation, customer loyalty, and better operational efficiency. Thus, investing in CSR not only fulfills social responsibility but also increases profits for shareholders. In addition, corporate social responsibility activities can have a positive impact on the company, whereby carrying out corporate CSR activities can increase public trust in the company's products, so that the company's reputation also increases in the eyes of the public. Through the theory of legitimacy, companies that carry out CSR play a greater role in increasing legitimacy which will affect consumer attitudes towards the company's products and will ultimately improve financial performance.

In accordance with research conducted by Prayanthi & Budiarso (2022), the disclosure of social responsibility has a significant positive effect on return on equity. The larger the portion of social responsibility disclosure, the company's performance measured by Return on Equity will increase. Then, another study by Akben-Selcuk (2019), CSR has a positive value and is statistically significant, meaning that CSR companies display better financial performance than non-CSR companies. These results are consistent with stakeholder theory and show that, despite the additional costs of engaging in CSR activities, companies benefit from CSR through improved relationships with stakeholders. The results are also consistent with resource-based theory and show that companies benefit from CSR through their indirect impact on internal resources and the company's external reputation.

2. The Influence of Corporate Social Responsibility (CSR) on Company Value

The results of the study show that corporate social responsibility (CSR) has a positive and significant effect on the value of the company with Tobin's Q as its proxy, which means that the influence is unidirectional and supports the increase in the value of manufacturing companies in the energy and minerals sector from2019 to 2023 which is listed on the Indonesia Stock Exchange. The findings suggest that CSR activities carried out by companies also have a positive impact on the value of companies as measured by Tobin's Q. This means that the market provides higher value to companies engaged in CSR practices, perhaps because they are seen as more sustainable, ethical, and have lower long-term risks. Thus, CSR not only improves financial performance but also market assessment of the company. In addition, the more corporate social responsibility disclosure in a company, the higher the company's value (Tobins'Q). Indonesian investors tend to invest in companies that pay attention to the long-term survival of the company. Investors prefer companies whose activities are sustainable so that shares invested in a company tend to be safe and controlled. The influence of CSR is a strategy that can be felt in the long term of the company in an effort to maintain the sustainability of the company so that consistent CSR disclosure will affect the company's value.

In accordance with research conducted by Karina & Setiadi (2020) shows that CSR has a positive influence on the company's value. This study proves that CSR has a significant positive effect on company value. The better the implementation of CSR by the company, the more the company's value will increase. This is expected to increase the company's awareness to carry out CSR activities and its disclosure. So that in the long run the company can enjoy good market performance which will later be enjoyed by the public in general. Then, other research from Prayanthi & Budiarso (2022) reinforcing that the disclosure of social responsibility has a significant positive effect on the value of Tobin's Q. The larger the portion of corporate social responsibility disclosure, the greater the company's financial performance as measured by the value of Tobin's Q.

3. The Influence of Good Corporate Governance (GCG) on Financial Performance

The results of the study show that good corporate governance (GCG) has a negative and insignificant effect on financial performance with return on equity (ROE) as its proxy, which means that the influence is not unidirectional and does not support statistically on the financial performance of manufacturing companies in the energy and mineral sectors during 2019 to2023 which is listed on the Indonesia Stock Exchange. The results of these findings are caused by various reasons, such as the high cost of GCG implementation or the ineffective implementation of GCG. These findings show that GCG does not necessarily directly improve the company's financial performance in the short term. Good corporate governance, consisting of institutional ownership, independent boards of commissioners, and boards of directors in energy and mineral companies listed on the Indonesia Stock Exchange during the 2019-2023 period, has a negative and insignificant effect. The negative influence of institutional ownership on profitability shows that institutional ownership through low supervision of the company and also institutional ownership is owned by many institutions. Different institutions have different interests which will cause company management to have difficulty fulfilling the wishes of various institutions so that the company's performance is not optimal. The independent board of commissioners has no effect on the profitability proxied by Return on Equity (ROE) in energy and mineral companies listed on the Indonesia Stock Exchange for the year 2019-2023. This means that the independent board of commissioners has not been able to become a factor in increasing profitability in energy and mineral companies listed on the Indonesia Stock Exchange in 2019-2023. The Indonesian market has not paid attention to the implementation of GCG in companies. Shareholders (investors) are less active in developing themselves so that their bargaining power is weak in front of management. Independent commissioners come from outside the company, so knowledge about the company is relatively limited and the board of directors does not pay attention to the input provided by independent commissioners. Based on the results of the description, GCG for the board of independent commissioners most of the entities observed have a fairly high proportion of independent board of commissioners. Then, for the board of directors, most entities have a good board of directors because there are more than 5 people. Meanwhile, for institutional ownership, most entities in companies in this sector have a very good level of institutional ownership because it is also more than 50%.

The results of this finding are contrary to research conducted by Hasrullah (2019) which shows good corporate governance have a positive and significant effect on financial performance. This means more and more applications good corporate governance in a company; it will improve financial performance. The implementation of good GCG in the company followed by the quality of the GCG implementation makes each party, both institutional ownership, independent commission board and board of directors work together in achieving the expected target. Then, other studies are also contrary to the research Ariesa et al., (2021) which GCG has a positive and significant effect on financial performance, because GCG with independent commissioners can optimize the company's financial performance by providing supervision, reducing fraudulent practices that may be carried out by company managers. Furthermore, because independent commissioners are components of commissioners that are not bound. companies can overcome problems if GCG does not have the expected positive impact on financial performance, especially ROE. Better implementation of good governance principles will help companies improve their overall performance.

4. The Influence of Good Corporate Governance (GCG) on Company Value

The results of the study show that good corporate governance (GCG) has a negative and insignificant effect on the value of companies with Tobins'Q as its proxy, which means that the influence is not unidirectional and does not support statistically the value of manufacturing companies in the energy and minerals sector recorded during 2019 to2023 which is listed on the Indonesia Stock Exchange. The results of these findings indicate that good corporate governance (GCG) consisting of institutional ownership; independent board of commissioners; and board of directors is not able to encourage an increase in company value because if GCG has a negative and insignificant effect on company value, it indicates that the current governance structure may not be effective or relevant in the context of the energy and mineral industry. Therefore, companies need to adjust and improvements to ensure that GCG can make a positive contribution to increasing the value of the company as measured by Tobin's Q. Companies need to conduct in-depth evaluations and make the necessary adjustments to ensure that

GCG can function effectively and have a positive impact on the value of companies measured by Tobin's Q. Through appropriate measures. Companies can increase the effectiveness of governance and ultimately increase the value of the company. The findings also show that the market has not fully appreciated the implementation of GCG or that the benefits of GCG are more visible in the long term and are not directly reflected in the short-term market assessment.

The findings of this study are contrary to the research conducted by Ferriswara et al.,(2022) which shows the results of direct influence Corporate Governance to the company's value. Then, the results of this study are contrary to the research conducted by Wahyudi, Muawanah, Setia, et al (2021) which indicates that the mechanism good corporate governance represented by Managerial Shareholding, Number of Independent Board of Commissioners and Number of Independent Audit Committee have a good impact on the company. Furthermore, this research is also contrary to the research conducted by Fajriah & Jumady (2022) which shows that Good Corporate Governance variable have a significant and positive effect on the Company's Value. This means that improving good corporate governance will increase the value of the company and vice versa. The implication is that the indicators of the appropriate corporate governance variables, namely managerial ownership, institutional ownership, independent commissioners, and audit committees, make the greatest contribution to good corporate governance.

5. The Influence of Financial Performance on Company Value

The results of the study show that financial performance with return on equity as a proxy has a positive and significant effect on the company's value with Tobins'Q as its proxy, which means that its influence is unidirectional in supporting the increase in the value of manufacturing companies in the energy and minerals sector recorded during 2019 to2023 which is listed on the Indonesia Stock Exchange. These findings show that good financial performance, measured by ROE, has a positive impact on a company's value. This means that companies that have better financial performance tend to be valued higher by the market. This is logical because good financial performance indicates high operational efficiency and profitability, which in turn increases investor confidence and market valuation of the company.

In accordance with research conducted by Haryono & Paminto (2015) shows that financial performance has a significant positive effect on the company's value. Then, research conducted by Maylina & Wuryani (2022) It also shows that financial performance affects the company's value. And, the next from Ferriswara, Sayidah, & Agus Buniarto (2022) revealed that financial performance has a positive and significant effect on the company's value. This indicates that the better the financial performance of the company's management in generating optimal income from the invested capital, the higher the profits achieved which will also increase the company's value. Return on Equity has a positive influence on the company's value. This means that the higher the profit value obtained, the higher the company's value. Because high profits will give an indication of the company's good prospects so that it can trigger investors to participate in increasing stocks.

V. CLOSING

Conclution and Reccomendation

Conclusion

1. Corporate social responsibility (CSR) has a positive and significant effect on financial performance as measured by ROE. This shows that manufacturing companies in the energy and minerals sector that actively carry out CSR activities can increase their profitability. Effective CSR not only improves the company's image in the eyes of the public but also contributes to operational efficiency and customer loyalty, which ultimately improves financial performance.
2. Corporate social responsibility (CSR) has a positive and significant effect on the company's value as measured by Tobin's Q. This indicates that investors and the market value companies that have a high commitment to social responsibility. Good CSR implementation increases the market's positive perception of the company, which increases the company's market value.
3. Good corporate governance (GCG) consisting of institutional ownership, an independent board of commissioners, and a board of directors shows a negative and insignificant influence on financial performance as measured by ROE. This could indicate that the current GCG mechanism may not be effective enough or less focused on improving the profitability of companies in the sector.
4. Good corporate governance (GCG) also has a negative and insignificant effect on the value of companies as measured by Tobin's Q. These findings show that the implementation of existing GCG may not have succeeded in increasing the value of companies in the eyes of investors. This can be due to a variety of factors, including regulatory complexity and operational challenges in the energy and minerals sectors.
5. Financial performance as measured by ROE has a positive and significant effect on the value of companies measured by Tobin's Q. This confirms that high profitability directly contributes to an increase in the value of the company. Companies that are able to generate high returns on their equity are more valued by the

market, which is reflected in Tobin's higher Q.

Recommendation

1. For the management of manufacturing companies in the energy and mineral sector
   a. The results of the study show that corporate social responsibility (CSR) has a positive and significant effect on the financial performance of manufacturing companies in the energy and mineral sector listed on the Indonesia Stock Exchange. If the managerial side wants to improve financial performance through ROE, then the company needs to strengthen and expand their CSR program. This will not only improve the company's image in the eyes of the public but also have the potential to improve the company's financial performance in the long term, concretely by allocating sufficient resources for CSR, involving more parties in CSR initiatives, and systematically measuring the impact of CSR on ROE.
   b. The results of the study show that corporate social responsibility (CSR) has a positive and significant effect on the value of companies as measured by Tobin's Q in Manufacturing Companies in the Energy and Minerals Sector listed on the Indonesia Stock Exchange. If the managerial side wants to maintain the company's value then management needs to consider integrating CSR into the long-term business strategy by expanding and deepening the CSR program that has a significant positive impact on the company's value which includes greater allocation of resources for measurable and sustainable CSR initiatives, focusing on projects that not only provide social benefits but also increase the company's value in the eyes of investors and other stakeholders.
   c. The results of the study show that good corporate governance (GCG) consisting of institutional ownership, independent board of commissioners, and board of directors shows a negative and insignificant influence on financial performance measured by ROE in manufacturing companies in the energy and minerals sector listed on the Indonesia Stock Exchange. If the managerial party wants to improve financial performance through ROE, then management needs to conduct an in-depth reevaluation of existing GCG practices. This includes considering strengthening the independence of the board of commissioners, increasing transparency in decision-making, and ensuring compliance with GCG principles across the board. This also includes the importance of adopting industry best practices and ensuring that GCG is not just formal compliance but is also capable of providing significant added value to the company and stakeholders.
   d. The results of the study show that good corporate governance (GCG) also has a negative and insignificant effect on the value of companies as measured by Tobin's Q in manufacturing companies in the energy and mineral sector listed on the Indonesia Stock Exchange. If the managerial side wants to increase the company's value through Tobins'Q, then management needs to optimize the integration of GCG into the overall business strategy. This includes ensuring that GCG principles are not only formally adhered to but also applied effectively in the company's strategic decision-making emphasising the importance of strengthening the role of the independent board of commissioners and the board of directors in ensuring proper risk management, operational transparency, as well as a strong focus on achieving sustainable long-term goals.
   e. The results of the study show that financial performance measured by ROE has a positive and significant effect on the value of companies measured by Tobin's Q in manufacturing companies in the energy and mineral sector listed on the Indonesia Stock Exchange. If the managerial side wants to maintain the company's value, then management needs to focus on developing a sustainable and value-oriented growth strategy. This includes improving operational efficiency, product innovation, and wider market penetration. This emphasizes the importance of leveraging the strengths of strong financial performance (such as high ROE) to invest more resources in projects that can increase the company's value in the long term, such as expanding into new markets or developing innovative products to increase loyalty through brand image. By making this courier service company the main choice compared to other delivery services.

2. For Further Research
   a. Further studies can examine more deeply the specific aspects of the GCG measured, such as the independence of the board of commissioners, the transparency of decision-making, or internal oversight mechanisms. Examining these variables in more detail can provide a better understanding of how each aspect of GCG contributes to a company's financial performance and value.
   b. The research may consider expanding the sample of companies, both in the energy and minerals sectors as well as in other industrial sectors. This expansion can provide a more comprehensive picture of the influence of GCG on financial performance and company value in various industry contexts.
   c. Subsequent studies can provide more specific recommendations for improving GCG implementation in companies, including strategies to increase the effectiveness of GCG in improving financial performance

and company value. These recommendations can be beneficial for management in taking concrete steps to improve GCG practices in their companies.

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