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INTERVENTION OF ENVIRONMENTAL PERFORMANCE IN THE EFFECT OF MANAGERIAL OWNERSHIP, INDEPENDENT BOARD OF COMMISSIONERS, AND SOCIAL COSTS ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

Nitya SUKHANI[1], Hanif ISMAIL[2]

[1]Nitya Sukhani, Accounting Study Program, Institut Bisnis dan Informatika Kwik Kian Gie, Indonesia. Corresponding Author. Email: nitya.sukhani@gmail.com

[2]Hanif Ismail, S.E., M.M., M.Ak. Accounting Study Program, Institut Bisnis dan Informatika Kwik Kian Gie, Indonesia. Email: hanif.ismail@kwikkiangie.ac.id

Abstract: *Concerning the social and environmental effects of economic action, corporate social responsibility disclosure has become a phenomenon. Good corporate governance (GCG), which includes managerial ownership, company characteristics like the percentage of independent commissioners, extra costs incurred by the company, and media exposure like environmental performance, are some of the variables that affect a company's disclosure. This study's ideas include the signaling theory. According to the signaling theory, businesses want to lessen the information gaps between them and their stakeholders by being transparent about the social activities they support and engage in. The manufacturing companies that took part in PROPER and are registered on IDX in 2019-2021 are the subject of this study. Purposive sampling was the technique that was employed. There are 30 companies that meet the requirements, and a total of 90 companies were obtained. The SPSS 26 program was used to perform the data analysis techniques, including the comparison of coefficients (pooling), hypothesis testing analysis using descriptive statistical analysis, the classical assumption test, multiple linear regression analysis, simultaneous signification test (F test), significant test of individual parameters (t test), coefficient of determination test, and mediation hypothesis testing analysis. This hypothetical result demonstrated that only environmental performance has a positive and significant effect on corporate social responsibility disclosure, demonstrating the need for the government to enact regulations requiring companies to take part in PROPER.*

Keywords: Corporate Social Responsibility Disclosure, Managerial Ownership, Independent Board of Commissioners, Social Costs, Environmental Performance

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1. INTRODUCTION

The start of the industrial revolution in Indonesia has had a significant effect on both the environment and its society. The quality of living for people has increased because of the industrial revolution. However, the industrial revolution also brough about a great deal of societal and environmental harm, including air pollution, factory waste, and overuse of Indonesia's natural resources. This is demonstrated by numerous instances involving Indonesian corporations that disregarded Corporate Social Responsibility Disclosure (CSRD). For instance, on May 29, 2006, PT. Lapindo Brantas in Sidoarjo, East Java, was the site of a case concerning environmental harm brought on by the company's operations. The corporation was shut down at the end of due to excessive harm that greatly upset the public. Additionally, there were unfavorable effects of mining operations in the Papua region, such as the erosion of leftover rocks which led to several accidents. These effects were a result of PT Freeport's mining activities carried out in Papua.

To define corporate self-regulation incorporated into a business model that includes the many dimensions of corporate activities, the term Corporate Social Responsibility (CSR) was created (Perrini and Tencati, 2006). Various meanings of CSR have been put forth in the literature. According to Matten and Crane (2006), CSR accepts the obligations to be financially successful, to follow the law, to be charitable, and to uphold one's moral obligations to society. A wide range of competitive advantages, including higher profits, easier access to money and markets, improved firm name and brand image, greater customer loyalty, and many more, can be brought about by CSR for the company. Some skeptics contend that a substantial redefinition of corporates' functions could be harmful to the firm's financial stability (Walley and Whitehead, 1994).

Stakeholders need information on corporate social responsibility because, with this crucial piece of knowledge, they can use the information revealed to assess whether the company is deserving of their business. Similar to how customers can completely satisfy their preferences when engaging with a business, such as when they buy a product or accept a job offer, social disclosure can help with the efficient allocation of resources. Increased corporate transparency on social issues can help the public hold corporates responsible on a larger scale. People frequently have expectations of the company that go beyond purely financial objectives, but without additional information that is probably only accessible from the company itself, it may be difficult for them to determine whether the company lives up to these expectations. Social disclosure is thus a tool for public scrutiny of corporate behavior and a guarantee of public confidence in the company.

The vast majority of corporates are profit-driven, and profit-driven corporates have just one primary objective: maximizing earnings for the corporate. As a result, the business will make an effort to prevent situations that could lower its profits. A corporate will also take out all elements that have nothing to do with the company's ability to generate profit. These considerations span a wide range of topics, such as public safety, environmental harm brought on by businesses' operations, labor, global warming, and much more. Natural resources are still a top priority in Indonesia when it comes to providing for the requirements of the community's members, so in this case, arrangements for resource management are a top concern. Given that not all Indonesians depend on farmland and the service sector for their livelihood, good governance is crucial in this country. For the majority of them, the continuation of human life still significantly depends on the availability of natural resources (Rudito and Famiola, 2019).

In 1930, there were widespread public protests against corporate practices that had no respect for the local community, which gave rise to the idea of CSR. Only the corporates are given access to all information, and there has also been a severe global recession that has led to numerous business failures and skyrocketing unemployment rates. Companies

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in this period faced a global shortage of capital for their manufacturing inputs. As a result of being forced to cease working, many people became unemployed. When businesses were irresponsible and demonstrated no moral obligation to care for their employees, the public became outraged.

Content analysis is typically the technique used to gauge CSR success. The technique transforms qualitative data into quantifiable data so that statistical analysis can be done on it. Information standards from the Global Reporting Initiative's Sustainability Reporting Guidelines are required for this measurement. 73% of the 250 largest corporates in the world use the GRI Index, which is one of the most well-liked CSR metrics. In 2000, GRI version 1 (also known as GRI G1) was released, and several nations, including Indonesia, started to implement it.

There has been a thorough evaluation of the research on different social and environmental responsibility disclosures. Good corporate governance is one of many elements that affect a company's transparency. Sutedi (2009) asserts that GCG (Good Corporate Governance) is a concept that corporates use to increase their value, boost their contributions and performance, and ensure their long-term viability.

Managerial ownership significantly improves the disclosure of corporate social responsibility disclosure. This assertion is supported by Agashi (2017), which claims that managerial ownership has a favorable and significant impact on CSR disclosure. Accordingly, the study finds that the more managerial ownership a company has, the more motivated it is to disclose its corporate social responsibility activities. The findings of Ningrum (2015) demonstrate that managerial ownership has no bearing on the disclosure of corporate social responsibility in industrial firms listed on the Indonesia Stock Exchange between 2011 and 2013.

Because the corporate is thought to be able to improve the effective monitoring carried out by the board of commissioners, the monitoring effectiveness is approximated by independent commissioners. The findings of Trie (2021) demonstrate that independent commissioners have an impact on corporate social responsibility disclosure and firm value.

Social costs are generally related to employment, consumers and the products or services produced, society, and the environment around the company. Disclosure of these social costs is carried out in financial statements or annual reports. The findings of Indah (2014), which shows the societal costs have an indirect impact on corporate social responsibility disclosure.

A company's environmental performance is poor if its operations cause a high amount of environmental harm, and vice versa. The performance of a business cannot be separated from its disclosure, so one of the most important elements that must be revealed is its environmental performance. Owners are required to provide transparent and impartial reports on the social impact of their business. Using 28 businesses in the non-financial sector as a sample of the study, Artamelia (2021) found that environmental performance had a favorable and significant effect on corporate social responsibility disclosure.

Because of the company's degree of concern for the economic, environmental, and social effects of its operations, corporate social responsibility disclosure can send a signal that the company is superior to others. Since the government hasn't yet established standards for corporate social responsibility disclosures in yearly reports, there are still a variety of variables that can influence how comprehensive a disclosure is. The best financial performers are represented by the corporates listed on the LQ45 index IDX. But what about the corporate social responsibility disclosure aspect? This research aims to investigate how corporate characteristics affect the disclosure of corporate social responsibility in companies that are listed on the LQ45 index IDX. In this study, researchers hypothesized that elements like managerial ownership, independent board of

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commissioners, social costs, and environmental performance could affect a company's corporate social responsibility disclosure.

2. REVIEW OF RELATED LITERATURE

2.1. Signaling Theory

The owner is told of managerial success or failure using signals, according to signaling theory. The advantage of the signaling theory is that it separates businesses with positive news from those without by informing the market of their circumstances. The market won't accept a company's signal of strong future performance if its prior financial performance has been below par (Wolk & Tearney, 1997). The signaling theory is one of the fundamental ideas for understanding financial management. The signal is typically seen as a message sent by the company, typically by the management department, to outside parties such as investors. These signals can manifest in a variety of ways, from those that demand instant attention to those that demand further research. How businesses communicate to users of their financial statements is suggested by the signaling theory. A positive message about the company's future prospects and commitment to sustainable development can be conveyed to the public by management with the aid of appropriate CSR disclosure that is in accordance with stakeholder expectations.

2.2. Corporate Social Responsibility Disclosure

There are two different definitions of corporate social responsibility. First, it's a general term for any corporate theory that places equal emphasis on the obligation to produce revenue and the obligation to interact morally with the community. Second, corporate social responsibility is a specific interpretation of the duty to maximize profits while advancing larger societal welfare concerns. Corporate social responsibility, according to Kotler and Lee (2004), is a company's dedication to enhancing community well-being through independent business practices and contributions of corporate resources. A firm must fully accept responsibility for the effects of its business activities on the community and the environment in which it operates, according to the definition of CSR.

According to Kartini (2013), the definition of Corporate Social Responsibility Disclosure is a way of providing information and accountability from companies to stakeholders. It expands the company's responsibilities beyond its traditional role of providing financial reporting to capital owners, especially shareholders. This expansion assumes that the company has broader responsibilities than just pursuing the interests of its shareholders.

2.3. Managerial Ownership

In a situation known as managerial ownership, the manager simultaneously serves as the company's owner and also holds shares of the business. When managerial proprietorship is considered in light of the agency theory, it takes on an intriguing quality. Because the management is involved in the company's shareholding structure, managerial ownership is very beneficial to the business. As a result, the manager will work harder to raise the company's value because they will also profit from it.

2.4. Independent Board of Commissioners

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The monitoring system is always operated efficiently and in compliance with laws and regulations thanks to the independent commissioner's presence within the organization. An independent commissioner is a committee member who has no business or other connections that could compromise their ability to act independently and who is not connected to the board, other committee members, or the controlling shareholders.

2.5. Social Cost

Environmental costs, product costs, employee costs, and community costs are all examples of social costs, which also include costs linked to social accounting. Therefore, it can be said that the price of employee benefits can influence employee productivity, raise work satisfaction, and affect the organization's ability to generate income.

2.6. Environmental Performance

The ability of a business to create a healthy environment is referred to as its environmental performance, according to Bahri (2016). The company's commitment to the climate is worse the more significant the environmental harm. The Ministry of Environment and Forestry has been contracted to implement the Company Performance Rating Assessment Program (PROPER) which demonstrates how essential the Indonesian government views environmental performance. Government strategy known as PROPER aims to enhance a company's environmental management performance in accordance with the rules and laws that have been established. PROPER is an example of Indonesia's environmental management system being transparent and democratic.

2.7. The Effect of Managerial Ownership on Environmental Performance

The stakeholder theory states that the existence of managerial ownership is an effort by the company to establish good relations with stakeholders because the manager is also the owner of the company. Managers who own shares in companies or become shareholders of companies are motivated to improve performance, and this is also expected by shareholders. The company's environmental performance is an effort by managers to increase their responsibility to the environment in order to build a corporate image. One of the ways that management can do in increasing firm value is by increasing concern for environmental performance. Previous research by Esita and Yanto (2016) shows that managerial ownership has a positive impact on environmental performance. Thus, the more shares owned by the managers in a company, the better environmental performance results are observed from the companies as managers that are also stakeholders in a company tend to make decisions based on increasing firm value to benefit themselves as well by showing concern for environmental performance.
H1 : Managerial Ownership has a positive effect on the company's Environmental Performance

2.8. The Effect of Independent Board of Commissioners on Environmental Performance

The existence of an independent board of commissioners can make the monitoring carried out by the board of commissioners more effective because the independent commissioners will be neutral in carrying out their duties. Independent commissioners are the best position to carry out monitoring functions in order to create a company with good corporate governance stated by (Fama and Jensen, 1983). Companies that have a larger independent board of commissioners will of course be more effective in supervising

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management's actions in carrying out their operational activities. The results of research conducted by Villiers et al.c. (2009) states that independent boards tend to critically assess management decisions on environmental activities and prevent actions that may lead to environmental violations to create better environmental performance. Thus, the greater the proportion of independent commissioners, the greater the company's monitoring ability and reduce irregularities committed by agents and the greater the pressure on management to carry out environmental performance.
H2 : Independent Board of Commissioners has a positive effect on the company's Environmental Performance

2.9. The Effect of Social Costs on Environmental Performance

The theory of legitimacy assumes that the acceptance of the company in the middle of the community, if the company wants to follow the social values that already exist in the community. The company's strategy to be able to gain legitimacy from the community, namely by allocating social costs for corporate social activities. The social costs incurred by the company are seen as an investment for the future of the company because social costs are used to finance activities related to social responsibility. This result is aligned with research conducted by Pomering and Johnson (2009) which shows that social costs have a positive effect on the environmental performance of a company. Environmental performance in their research was measured based on the Corporate Image Index (CII) score as a weighted average of the four measurement dimensions, namely quality, performance, social responsibility, and attractiveness. Companies with Corporate Image Excellent (CIE) predicate have a high CII score above the industry average. The greater the allocation of social costs, the higher the company's CII score.
H3 : Social Costs has a positive effect on the company's Environmental Performance

2.10. The Effect of Managerial Ownership on Corporate Social Responsibility Disclosure

The disclosure of the company's social and environmental activities is an effort by the management to meet the information needs needed by stakeholders, because stakeholders not only need financial information but also non-financial information. Agency theory assumes that problems between principal and agent will increase when the manager holds little equity in the company. This will make managers act opportunistically (Jensen and Meckling, 1976). Based on this theory, the relationship between management and shareholders is prone to cause problems so that with managerial ownership in the company, it is expected to be able to minimize problems arising from the delegation of principal authority to agents. Research conducted by Amal (2011) shows the results that managerial ownership affects the social and environmental disclosure of the company.
H4 : Managerial Ownership has a positive effect on Corporate Social Responsibility Disclosure

2.11. The Effect of Independent Board of Commissioners on Corporate Social Responsibility Disclosure

The implementation of the idea of good corporate governance (GCG), whose guiding principles include, among other things, that businesses need to pay attention to their stakeholders' interests, in accordance with the law, and establish active cooperation with stakeholders for the long-term survival of the company, logically leads to disclosures. In addition, it is also stated that governance mechanisms and structures in companies can be used as supporting infrastructure for Corporate Social Responsibility Disclosures in

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Indonesia and independent board of commissioners is one of the indicators used to assess a company's governance mechanism through their monitoring activities. When information asymmetry occurs, it is very likely that adverse selection and moral hazard will occur as well, with the consequence that the company does not carry out corporate social responsibility disclosures (Utama, 2007). The results of research conducted by Putri and Wahyuningrum (2021) and Kalsum (2021) show that independent commissioners are positively related to corporate social responsibility disclosure. Thus, the greater the proportion of independent commissioners, the greater the company's monitoring ability and disclose more information related to corporate social responsibility activities.

H5 : Independent Board of Commissioners has a positive effect on Corporate Social Responsibility Disclosure

2.12. The Effect of Social Costs on Corporate Social Responsibility Disclosure

The allocation of social costs by the company is a form of the company's concern for its environment for the impact that the company has on its operational activities. The theory of legitimacy underlies the relationship of social costs to the social and environmental disclosures of companies. Where the company's efforts in fulfilling the social contract with its society require social costs that it uses to carry out social activities and is then disclosed in the company's annual report.

Research conducted by Indah (2014) that social costs have a positive effect on corporate social responsibility disclosure, so it can be concluded that the greater the allocation of social costs, the wider the disclosure of corporate social responsibility because the company thinks that the company has made considerable sacrifices by spending money to finance social activities and care for the environment in order to build a corporate image.

H6 : Social Costs has a positive effect on Corporate Social Responsibility Disclosure

2.13. The Effect of Environmental Performance on Corporate Social Responsibility Disclosure

Based on the theory of legitimacy that the company needs to disclose its operational activities including social and environmental activities so that external parties of the company can know that the company has made an effort to be able to fulfill the social contract with the environment and the surrounding community. Companies that implement good environmental performance can be sure to make environmental disclosures because they will certainly be more extensive in disclosure.

Research conducted by Setyaningsih (2014) shows that there is an influence between environmental performance and disclosures made by companies.

H7 : Environmental Performance has a positive effect on Corporate Social Responsibility Disclosure

2.14. The Effect of Managerial Ownership on Corporate Social Responsibility Disclosure through Environmental Performance

Managerial ownership is considered to be able to affect the performance of the company's environment because the company's management is also a shareholder in the company, so that the management can understand what kind of things the stakeholders want or expect, one of which is the shareholders. According to Susanti and Riharjo (2013), problems between managers and shareholders may be reduced if the manager has an understanding with shareholders and the actions he takes are in accordance with the wishes of shareholders. In addition to expecting good company performance, stakeholders also

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expect the company to have good environmental performance as well. There are several studies that reveal a positive and significant influence between environmental performance and social disclosure including Rakhiemah & Agustia (2009).

H8 : Managerial Ownership has a positive effect on Corporate Social Responsibility Disclosure through Environmental Performance

2.15. The Effect of Independent Board of Commissioners on Corporate Social Responsibility Disclosure through Environmental Performance

The existence of monitoring carried out by the board of commissioners is considered to be able to influence the company to carry out its environmental performance and disclose it in the form of reports. This is supported by research conducted by Putri and Wahyuningrum (2021) and Kalsum (2021) which showed that the composition of the independent board of commissioners has proven to significantly affect the disclosure of corporate social responsibility. There are several studies that reveal a positive and significant influence between environmental performance and social disclosure including (Suratno et al.c. 2007).

H9 : Independent Board of Commissioners has a positive effect on Corporate Social Responsibility Disclosure through Environmental Performance

2.16. The Effect of Social Costs on Corporate Social Responsibility Disclosure through Environmental Performance

The environmental performance carried out by the company is inseparable from the allocation of costs for the implementation of these activities. Social costs are costs used by companies to support the company's social and environmental activities. The company's activities are then disclosed in the company's annual report so that it can be known by external parties of the company and as management's responsibility to its stakeholders.

There are several studies that reveal a positive and significant influence between environmental performance and social disclosure including Wardhani and Sugiharto (2013). Indah (2014) shows that the social costs incurred by companies affect the improvement of environmental performance and the availability of widespread social disclosure.

H10 : Social Costs has a positive effect on Corporate Social Responsibility Disclosure through Environmental Performance

3. RESEARCH METHOD

The manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2021 period served as the sample for this study, which was selected using the purposive sampling technique. Consequently, 30 of its 222 manufacturing firms can be used as samples. The following criteria were used to select the sample:

a. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) that have issued annual reports and become participants in the PROPER 2019-2021.
b. Manufacturing companies that report the costs incurred to carry out social activities and show concern for the environment and society.
c. Manufacturing companies that have complete data on research variables that can be further analyzed.

Corporate social responsibility disclosure was the dependent variable in this study while the independent variables consisted of managerial ownership, independent board of commissioners, and social costs and environmental performance acted as an intervening

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variable to analyze its influence over the relationship of the independent variables towards the dependent variable used in this study.

3.1. Research Variables

3.1.1 Corporate Social Responsibility Disclosure

To calculate the Corporate Social Responsibility Disclosure score using GRI can be through the following methods:

a. Map the standards used by the company, as stated in the annual report or in force in the year,
b. Check each indicator listed in the GRI in the company's annual report,
c. Provide a score of 1, if the corresponding indicator has been disclosed by the company, and 0 if not,
d. After all is finished being analysed, the final score calculation is carried out with the following calculations:

$$\mathrm{CSED}a = \frac{\sum \mathrm{X}a}{\mathrm{n}a}$$

Information:

CSEDa = Corporate Social and Environmental Disclosures Index of company a
∑Xa = Number of items successfully disclosed by company a
na = Total items, na = 82

3.1.2 Managerial Ownership

Managerial ownership is a situation where the manager owns shares of the company or in other words the manager at the same time has the role of a company holder. In this case there are shareholders who concurrently serve as members of the board of directors or management team of the company. In this study, managerial ownership variable was treated as a dummy variable as measure by 1 for companies that have managerial ownership, and 0 for which there is no managerial ownership.

3.1.3 Independent Board of Commissioners

Independent Commissioners have a role, namely ensuring the implementation of company strategy, supervising company management in managing the company, and implementing accountability. In this study, the variable of independent board of commissioners is measured by a comparison between the independent board of commissioners and the total board of commissioners of the company.

The formula of this variable can be described as follows:

$$\text{Independent Board of Commissioners} = \frac{\text{Independent Commissioners}}{\text{Board of Commissioners}}$$

3.1.4 Social Costs

Social costs are costs that are related to social accounting including environmental costs, product costs, employee costs, and community costs. In this study, social costs are measured by comparing the costs incurred for the company's Corporate Social Responsibility activities with their profit. This is in accordance with the opinion of Babalola (2012) and Hadi (2017).

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The formula of this variable can be described as follows:

$$\text{Social Costs} = \frac{\text{Corporate Social Responsibility Costs}}{\text{Company Profit}}$$

3.1.5 Environmental Performance

The performance of the corporate environment can be defined as how a company impacts the surrounding environment with the use of their resources and from the company's operational activities. There is a program called PROPER, Public Disclosure Program for Environmental Compliance which aims to encourage companies in terms of environmental management. The PROPER performance rating is divided into 5 colors, each of which has their own criteria. Gold color describes very good with a score of 5, green describes excellent with a score of 4, blue describes very well with a score of 3, red describes bad with a score of 2, and black describes very bad with a score of 1.

4. RESULTS OF RESEARCH AND DISCUSSION

4.1. Results

Table 1
Pooling Tests Results Model I

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.419	.315		10.840	.000
MO	-.111	.203	-.109	-.546	.587
EM	-.212	.535	-.059	-.396	.693
SC	.112	.180	.079	.624	.534
D1	-.231	.455	-.215	-.507	.613
D2	-.082	.249	-.076	-.329	.743
D1MO	.146	.286	.110	.509	.613
D1EM	.204	.866	.090	.235	.815
D1SC	.034	.266	.016	.129	.897
D2MO	.104	.295	.078	.352	.726
D2EM	-.184	.408	-.068	-.451	.653
D2SC	.003	.024	.016	.134	.894

a. Dependent Variable: EP
Source: Secondary data processed using SPSS

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Table 2
Pooling Tests Results Model II

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.682	.154		4.431	.000
MO	-.115	.043	-.453	-2.710	.008
EM	-.038	.112	-.042	-.336	.738
SC	.054	.038	.151	1.430	.157
EP	.013	.039	.053	.341	.734
D1	-.331	.215	-1.239	-1.554	.124
D2	-.142	.203	-.529	-.700	.486
D1MO	.001	.060	.002	.014	.989
D1EM	.060	.180	.105	.332	.741
D1SC	-.076	.055	-.141	-1.375	.173
D1EP	.076	.057	.927	1.328	.188
D2MO	-.016	.062	-.048	-.258	.797
D2EM	-.039	.087	-.059	-.454	.651
D2SC	-7.770E-5	.005	-.002	-.016	.988
D2EP	.031	.058	.377	.531	.597

a. Dependent Variable: CSRD
Source: Secondary data processed using SPSS

The pooling test is carried out based on "Table 1. Pooling Tests Results Model I" against the intervening variable, environmental performance and "Table 2. Pooling Test Results Model II" against the dependent variable, corporate social responsibility disclosure which shows that all the variables used in this study can be pooled together and data testing can be done simultaneously.

Table 3
Fit Model Test

No	Description	Measurement Results	Measurements
1	APC	P value 0.001≤ 0.05	Model Fit

Source: Secondary data processed using WarpPLS 7.0, 2023

Table 4
Collinearity Test

No	Description	Measurement Results	Measurements
1	AVIF	1.026 < 3.3	No signs of multicollinearity
2	AFVIF	1.163 < 3.3	No signs of multicollinearity

Source: Secondary data processed using WarpPLS 7.0, 2023

The outer model test is carried out based on "Table 3. Fit Model Test" and "Table 4. Collinearity Test" which shows that all the variables passed all criteria of a fit model showing no signs of multicollinearity.

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Table 5
R Square Test

No	Description	Measurement Results	Results
1	R Square Environmental Performance	$0.01 \leq 0.25$	Weak
2	R Square Corporate Social Responsibility Disclosure	$0.26 \leq 0.45$	Moderate

Source: Secondary data processed using WarpPLS 7.0, 2023

Table 6
Q Square Test

No	Description	Measurement Results	Results
1	Q Square Environmental Performance	$0.013 > 0$	Predictive Relevance
2	Q Square Corporate Social Responsibility Disclosure	$0.276 > 0$	Predictive Relevance

Source: Secondary data processed using WarpPLS 7.0, 2023

Furthermore, based on "Table 5. R Square Test" showed that the independent variables to environmental performance produced a weak model while the independent variables to corporate social responsibility disclosure produced a moderate model. Based on "Table 6. Q Square Test" showed that this research model has predictive relevance or has a good observation value.

Figure 1
Inner Model Test Results

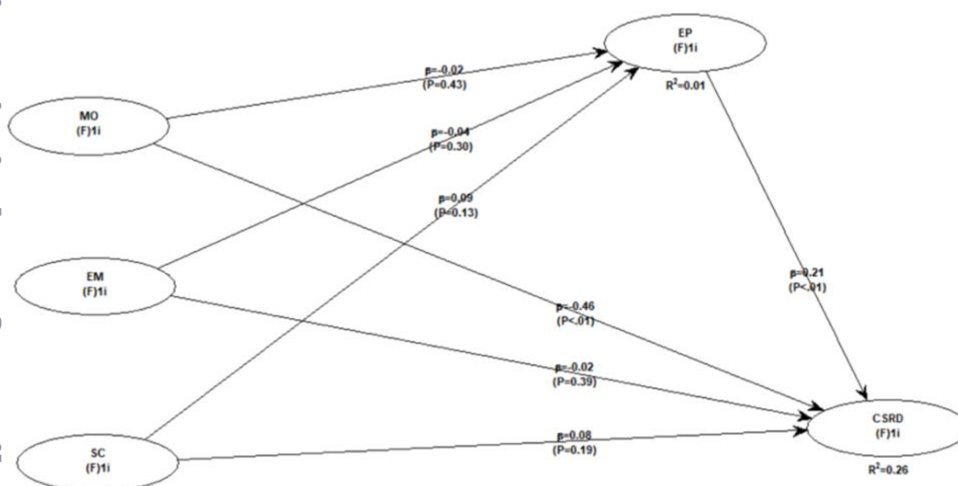

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Table 7
Effect Size Test

No	Description	Measurement Results
1	Managerial Ownership – Environmental Performance	0.000 < 0.02
2	Independent Board of Commissioners – Environmental Performance	0.002 < 0.02
3	Social Costs – Environmental Performance	0.008 < 0.02
4	Managerial Ownership – Corporate Social Responsibility Disclosure	0.210 > 0.15
5	Independent Board of Commissioners – Corporate Social Responsibility Disclosure	0.001 < 0.02
6	Social Costs – Corporate Social Responsibility Disclosure	0.008 < 0.02
7	Environmental Performance – Corporate Social Responsibility Disclosure	0.046 > 0.15

Source: Secondary data processed using WarpPLS 7.0, 2023

Table 8
Path Coefficient Test

No	Hypothesis	Effect	P-Value	Results
1	H1	Managerial Ownership – Environmental Performance	0.428 > 0.1	Rejected
2	H2	Independent Board of Commissioners – Environmental Performance	0.298 > 0.1	Rejected
3	H3	Social Costs – Environmental Performance	0.131 > 0.1	Rejected
4	H4	Managerial Ownership – Corporate Social Responsibility Disclosure	<0.001 < 0.1	Not Rejected
5	H5	Independent Board of Commissioners – Corporate Social Responsibility Disclosure	0.393 > 0.1	Rejected
6	H6	Social Costs – Corporate Social Responsibility Disclosure	0.194 > 0.1	Rejected
7	H7	Environmental Performance – Corporate Social Responsibility Disclosure	0.003 < 0.1	Not Rejected

Source: Secondary data processed using WarpPLS 7.0, 2023

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Table 9
Indirect Total Effect

No	Hypothesis	Effect	P-Value	Results
1	H8	MO – EP – CSRD	0.427 > 0.1	Rejected
2	H9	EM – EP – CSRD	0.298 > 0.1	Rejected
3	H10	SC – EP – CSRD	0.145 > 0.1	Rejected

Source: Secondary data processed using WarpPLS 7.0, 2023

Additionally, based on "Table 7. Effect Size Test" showed that only managerial ownership and environmental performance have a moderate effect on corporate social responsibility while the rest of the latent predictor variables shows a very weak effect on environmental performance and corporate social responsibility disclosure. Based on "Table 8. Path Coefficient Test" showed that only managerial ownership and environmental performance have significant effects toward corporate social responsibility disclosure. Based on "Table 9. Indirect Total Effect" showed that the intervening variable, environmental performance, was not strong enough to mediate any of the independent variables towards corporate social responsibility disclosure.

4.2. Discussion

Based on the results of the various testing done on the hypotheses present in this study, it can be concluded that:

4.2.1. The Effect of Managerial Ownership on Environmental Performance

The significance value of managerial ownership is 0.428 which is more than 0.10. Thus, statistically managerial ownership has no significant effect on environmental performance. Therefore, the first hypothesis in this study was rejected. The results of this study are also in line with research that has been carried out by Ulya (2014) which proved empirically that managerial ownership does not have the power to affect a company's environmental performance because since there is a low percentage of managerial ownership in the business, management does not actively participate in decision-making that might increase firm worth, such as through environmental performance.

4.2.2. The Effect of Independent Board of Commissioners on Environmental Performance

Independent board of commissioners showed a significance value of 0.298 which is greater than 0.10. Thus, statistically independent board of commissioners has no significant effect on environmental performance. Therefore, the second hypothesis in this study was rejected. The results of this study is in line with the studies conducted by (Yesika and Chariri, 2013) that the existence of an independent commissioner is not able to have a significant effect on environmental performance carried out by the company. This finding shows a discrepancy with the agency theory previously expressed that led to the conclusion of the higher the size of the independent commissioner, the higher the effectiveness of the oversight carried out by the board of commissioners which can lead to the improvement of the company's environmental performance. Rohmah and Amrizal (2017) stated that competence is a key factor in decision-making, so in addition to the independent board of commissioners' makeup, expertise and educational background are taken into account to enhance the standard of commissioner-level decisions relating to CSR initiatives.

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4.2.3. The Effect of Social Costs on Environmental Performance

The third hypothesis in this study is the effect of social cost on a company's environmental performance. Social cost shows a significance value of 0.131 which is greater than 0.10. This shows that social cost has no significant effect on environmental performance. Thus, the third hypothesis in this study was rejected. The results of this study are not in line with research that has been carried out by (Pomering and Johnson, 2009) which proved that social costs have a positive effect on the environmental performance of a company and that the greater the allocation of a company's social costs, the more it will improve the company's environmental performance. This may occur because, despite social costs incurred and reported by corporates, those costs could be related to past or future instances of poor environmental quality.

4.2.4. The Effect of Managerial Ownership on Corporate Social Responsibility Disclosure

The significance value of managerial ownership is <0.001 which is less than 0.10. Thus, statistically managerial ownership has a significant effect on corporate social responsibility disclosure. However, the coefficient value of managerial ownership was -0.460. Therefore, the fourth hypothesis in this study was rejected. The results of this study are consistent with those of Putra (2017), who found that managerial ownership has a negative impact on corporate environmental disclosure. This means that the size of managerial ownership does not affect environmental disclosures. They are both owners and employees, so management must balance the needs of shareholders with those of management. However, the managerial ownership's percentage within the organization is still relatively limited, so the manager's ownership cannot reconcile the interests of shareholders and managers.

4.2.5. The Effect of Independent Board of Commissioners on Corporate Social Responsibility Disclosure

Independent board of commissioners showed a significance value of 0.393 which is greater than 0.10. Thus, statistically independent board of commissioners has no significant effect on corporate social responsibility disclosure. Therefore, the fifth hypothesis in this study was rejected. The results of this study is in line with the studies conducted by Anugerah (2010) which states that the Independence of the Board of Commissioners does not significantly affect CSR disclosure. Many members of the Board of Commissioners do not have the ability, and cannot demonstrate their independence or are not truly independent, so the supervisory function does not work well (Vethanayagam, in Hashim and Devi 2008). Therefore, the proportion of independent Board of Commissioners cannot affect the implementation and disclosure of corporate social responsibility (CSR).

4.2.6. The Effect of Social Costs on Corporate Social Responsibility Disclosure

The sixth hypothesis in this study is the effect of social cost on corporate social responsibility disclosure. Social cost shows a significance value of 0.393 which is greater than 0.10. This shows that social cost has no significant effect on corporate social responsibility disclosure. Thus, the sixth hypothesis in this study was rejected. The results of this study does not support the research done by Hadi (2017) which has provided empirical evidence that to increase the legitimacy of stakeholders, companies need to

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increase social costs because social costs incurred in the context of implementing their social responsibility will motivate companies to make wider disclosures.

4.2.7. The Effect of Environmental Performance on Corporate Social Responsibility Disclosure

The effect of environmental performance on corporate social responsibility disclosure is the study’s seventh hypothesis. Environmental performance showed a significance value of 0.003 which is less than 0.10. Hence, environmental performance is proven to have a significant effect on corporate social responsibility disclosure. It also possesses a coefficient value of 0.208. Therefore, the seventh hypothesis in this study was accepted. The findings of this research demonstrate that environmental performance will motivate businesses to disclose their social responsibilities. The business can use its environmental performance as a tool to build positive relationships with its stakeholders. The results of this study support the research that has been carried out by Tunggal and Fachrurrozie (2014) that the environmental performance carried out will affect the extent of corporate social responsibility disclosure in the reports they publish.

4.2.8. The Effect of Managerial Ownership on Corporate Social Responsibility Disclosure through Environmental Performance

The intervening effect of environmental performance on the effect of managerial ownership on corporate social responsibility disclosure is the eight hypothesis. The indirect total effect of environmental performance on the relationship of managerial ownership to corporate social responsibility disclosure showed a significance value of 0.427 which is more than 0.10. Therefore, the eight hypothesis was rejected. The insignificant relationship between managerial ownership and environmental performance is predicted to be the cause of the inability of environmental performance to act as an intervening variable in influencing the relationship of managerial ownership to corporate social responsibility disclosures. Ulya (2020) showed that managerial ownership does not have the power to affect a company's environmental performance. However, testing managerial ownership on corporate social responsibility disclosure in the fourth hypothesis showed significant results, indicating that the company still thinks it is necessary to provide information for users.

4.2.9. The Effect of Independent Board of Commissioners on Corporate Social Responsibility Disclosure through Environmental Performance

The intervening effect of environmental performance on the effect of independent board of commissioners on corporate social responsibility disclosure is the ninth hypothesis. The indirect total effect of environmental performance on the relationship of independent board of commissioners to corporate social responsibility disclosure showed a significance value of 0.298 which is more than 0.10. The ninth hypothesis in this study is rejected due to the weak role of environmental performance as an intervening variable in influencing the relationship of independent board of commissioners to corporate social responsibility disclosure. This is due to the low number of independent commissioners in the board of commissioners in companies taken for sampling, the lack of maximum monitoring of environmental performance, and other factors outside of the variables in this study. Additionally, the independence of the Board of Commissioners is not efficient enough in overseeing the management to make decisions that can benefit the company's image and improve their environmental performance.

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4.2.10. The Effect of Social Costs on Corporate Social Responsibility Disclosure through Environmental Performance

The intervening effect of environmental performance on the effect of social costs on corporate social responsibility disclosure is the tenth hypothesis. The indirect total effect of environmental performance on the relationship of social costs to corporate social responsibility disclosure showed a significance value of 0.145 which is more than 0.10, thus the tenth hypothesis was rejected. This study suggests that companies have realized the importance of making corporate social responsibility disclosures in their efforts to gain legitimacy from society. The existence of social costs incurred by the company to finance its environmental activities will affect the results of the environmental performance carried out. Companies that incur high social costs will get better environmental performance, while companies with low expenditures in financing for activities related to the environment and social communities will get worse. This is done to maintain competition and build a positive image in the eyes of stakeholders.

5. CONCLUSION AND SUGGESTIONS

5.1.1. Conclusions

This study examines the intervention of environmental performance in the effect of managerial ownership, independent board of commissioners, and social costs on corporate social responsibility disclosure. The analysis was carried out using the outer model and inner model using the Warp PLS program version 7.0. Research was conducted on publicly listed companies that have participated in PROPER from 2019 to 2021.

Based on the test results and discussion explained, it can be stated that:

1. There is insufficient evidence that managerial ownership has a positive effect on environmental performance.
2. There is insufficient evidence that independent board of commissioners has a positive effect on environmental performance.
3. There is insufficient evidence that social costs have a positive effect on environmental performance.
4. There is sufficient evidence that managerial ownership has a negative effect on corporate social responsibility disclosure.
5. There is insufficient evidence that independent board of commissioners has a positive effect on corporate social responsibility disclosure.
6. There is insufficient evidence that social costs have a positive effect on corporate social responsibility disclosure.
7. There is sufficient evidence that environmental performance has a positive effect on corporate social responsibility disclosure.
8. There is insufficient evidence that managerial ownership has a positive effect on corporate social responsibility disclosure through environmental performance.
9. There is insufficient evidence that independent board of commissioners has a positive effect on corporate social responsibility disclosure through environmental performance.
10. There is insufficient evidence that social costs have a positive effect on corporate social responsibility disclosure through environmental performance.

5.1.2. Suggestions

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Suggestions that can be given based on the research that has been done are as follows:

1. Companies should have the existence managerial ownership so they can actively play a role in decision making which can lead to maximizing firm value like through environmental performance.
2. Companies should follow OJK Regulation No.33/ PJOK.04/ 2014 which states that the number of independent commissioners is at least 30% of the total board of commissioners owned by the company because high numbers of independent commissioners makes the monitoring activities carried out more effective.
3. Companies should implement the six alternative corporate social responsibility programs that they can choose from by keeping in mind that the main objective is to increase the company's environmental performance.
4. Companies should have the existence of managerial ownership as managers who do not have ownership of the company choose to engage in activities that directly generate profits rather than corporate social responsibility activities as these companies with the absence of managerial ownership shows a negative effect on corporate social responsibility disclosure.
5. Knowledge and educational background is important to improve the quality of decision making at the commissioner level related to corporate social responsibility activities.
6. Companies need to increase competent accountants in the field of social accounting to enlarge the extent of corporate social responsibility items being disclosed and reported in their annual reports.
7. The government through the Ministry of Environment should require all companies to participate in a company performance rating assessment program in the environmental sector, especially companies that contribute to environmental pollution because environmental performance is proven to positively affect corporate social responsibility disclosure.
8. Researchers should combine or add other variables that could affect corporate social responsibility disclosure because the independent variables in this study have a low contribution in influencing the intervening variable, thus environmental performance is unable to mediate their relationship. Other variables such as firm age or firm size could be added because the old or new company can certainly have an influence on the disclosures made by companies, as well as on large or small companies.

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Telah terima dari

Nama Mahasiswa / I : Nitya Sukhani

NIM : 38190170 Tanggal Sidang : 8 April 2023

Judul Karya Akhir : Intervention of Environmental Performance In The Effect of Managerial Ownership, Independent Board of Commissioners, and Social Costs on Corporate Social Responsibility Disclosure

Jakarta, 19 / April 20 23

Mahasiswa/I

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