

Corporate Social Responsibility Disclosure and Profitabilitas: Evidence From Indonesian Mining Companies

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Abstract

In non-mining companies, CSR patterns are numerous in the form of social assistance, scholarships, or the development of city facilities. However, for mining companies, the concept of CSR is patterned back to a time, namely the concept of renewal or natural care. This type of research is both descriptive and quantitative, and the method used for linear regression is simple. A sample of six mining companies with a total of 30 financial statements Mining companies in Indonesia. The result of the hypothesis means that H_0 is accepted and H_a is rejected; that is, CSR disclosure has no effect on the return on assets. The results of the coefficient of determination analysis (R square of 14.4%) show that CSR disclosure contributes to the return on assets with a contribution of 14.4%. The organization manages its legitimacy according to the type of its social contract with society. Another factor for CSR disclosures to mining companies in Indonesia is the presence of political costs. Another form of contract fees that can be explained is the attitude of managers towards disclosure of information.

Keywords: CSR, Legitimacy, Political Cost, Social Contract

Introduction

"Social responsibility" develops with the relationship between the company and the community (Sekulić & Pavlović, 2018). As a result of the development of science, has resulted in increased awareness and attention to the environment and has given rise to demands for corporate responsibility. increasing public knowledge to increase the openness of expectations. Corporate social responsibility is a concept of behavior that is used as a source of consideration for company leaders (Latapí Agudelo, et al., 2019). Social activities are directed at changing for the better the economy by showing changes in the quality of life, labor, and families. These activities are aimed at improving the quality of life of the community around the company's environment and the wider community.

Corporate Social Responsibility is a policy that requires a company to actively participate in changing the quality of the environment, the company's environment, and the environment of the surrounding community (Torres et al., 2012). The company has implemented a CSR program that reflects the contents of Article 74 of Law Number 40 of 2007 concerning Limited Liability Companies, which requires the company to show and report on the social activities it conducts and be evaluated on the company's financial year- end report (Arjaya et al., 2014).

The law requires businesses to participate in social activities. The development of a nation's infrastructure is determined not only by the government and industry but also by the people who live there. The government and industry are merely catalysts for people to improve economic growth. Companies gain from their CSR efforts. Profitability and improved financial performance are among the benefits. A company or industry is now concerned with social and environmental issues in addition to industrial financial records (Arjaya et al., 2014).

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The implementation of CSR in Malaysia focuses more on concern over and awareness of waste disposal. Oversight by the Malaysian government on the environmental impacts resulting from waste disposal, land burning, soil erosion, or environmental damage the company is required to disclose the state of the environment in its financial statements (Ahmad & Sulaiman, 2004). Malaysia recognizes the existence of a manufacturing company as shown by the recognition that having a manufacturing company will be able to meet domestic needs and be able to compete with other countries (Ratih & Setyarini, 2014). In 2002, the Pakistani government created a formula for adopting the concept of CSR through the 2002 Trade Policy, requiring companies to be of international standard. The case of slavery is in the world's spotlight in Pakistan, resulting in billions of dollars in losses to the carpet industry. The Pakistani government requires companies to meet the demands of international consumers to conduct CSR reporting (El Gammal et al., 2018; Ji et al., 2021; Khan, 2010).

Many business units give appreciation to companies that express their corporate social responsibility. This responsibility is a form of the company's concern for the environment and for the surrounding community. The good name of the company can be obtained from the aspect of social responsibility because it determines goodwill. Law number 40 of 2007 states that every entity carrying out its operational activities is directly related to the environment, so it is mandatory to report social activities. CSR does not have a direct impact on the company's finances in less than a year, but CSR activities will have a direct or indirect impact on the management of company assets in the long term. The investor invests his funds in a company that has a good image. CSR is a form of corporate investment and becomes the company's business strategy.

Business culture is the application of tribal or ethnic characters in the field of a business actor's personality. Indigenous tribes, ethnic Chinese, and other ethnicities make up the business community in Indonesia. In Indonesia, business culture is still influenced by Asian business patterns such as knowledge or management patterns, business psychologists, economic network culture (trust, kinship relations, regional similarities, origins, and others), and relationship patterns between government bureaucracies used by companies. The pattern of Asian business culture will appear to be distinct from the pattern of European business culture.

Mining in Indonesia became a phenomenon in the 70s to 97s. Now mining is stagnating or even declining. The government encourages expansion by maintaining a balance. The goal is to keep the balance sheet of mineral and coal resources positive. The government can regulate the use of mineral resources and prioritize the benefits of internal industries. The hope is that it can be the export quantity of deductible resources. Especially raw materials, so as to create a correlation and synergy of all the internal needs of the community. The impact is that the growth of the industry and the country's economy will become better. The development and increasing use of technology for human life will further increase the need for mineral supplies in terms of the number and types of minerals, namely rare earth elements (REE) and "critical raw materials/CRM". It needs a push towards the development of REE and CRM exploration, which is already very urgent implementation.

The mining sector is one of the sectors listed on the Indonesia Stock Exchange. There were 52 mining companies listed on the Indonesia Stock Exchange from 2016-2020. There are only six companies that publish financial statements that contain complete information about CSR. In the face of global competition, entrepreneurs in the mining sector have begun to pay attention to the implementation of CSR activities. Abundant reserves of natural gas, petroleum, and other naturally excavated materials and rich flora and fauna can be utilized by mining companies, both at home and abroad, and have provided so many benefits. The mining sector is a sector that provides benefits to the Indonesian economy. The negative impact of mining activities has begun to be felt. The company has taken advantage of the results of natural wealth in Indonesia. They compensate by carrying out activities that show concern about environmental sustainability. a form of their responsibility to the environment around the mining area. The following are the CSR activities carried out by mining companies on the IDX.

Table 1. CSR Activities of Mining Companies Listed on the IDX

No	Company Name	CSR Activities
1	Adro Energy Tbk	The Community Development Program is combined with an educational program through fauna conservation education (Bekantan) in collaboration with Lambung Mangkurat University.
2	Indika Energy Tbk	Community empowerment through the Small Micro Enterprises (SMEs) program for fertilizer production and the development of kideco education and tourism areas in the Arboretum conservation area.
3	Indo Tambangraya Tbk	Conducting PPM (Community Empowerment and development) programs: making roadmaps at mining operational locations. This program has 8 aspects of development (Education, economic independence, health, work, socio-cultural, environmental management, infrastructure development, and community independence community).
4	PT Bukit Asam Tbk	Establishment of Organizations, responsible persons and managers who have 7 core programs (Community Development, Regional Development, Partnerships, Small Business Development, Community Development, Management of Community Development funds, and Management of CSR Information Systems).
5	Petrosea Tbk	Implementing a 4-pillar program in the company's CSR activities, namely: education, health, economic empowerment, environment.
6	TBS Energy Utama	Community empowerment through MSME assistance programs, hydroponic training with PKK mothers, Joint Business Groups (KUB).

Source: Annual report of a mining company listed on the Indonesia Stock Exchange (2022)

Based on the Global Reporting Initiative (GRI) standard (KPMG, 2011), which is the most widely used standard by companies to create a sustainable framework for reporting and increase the credibility of social disclosures carried out by companies. According to the GRI, the standard, in improving the transparency and accountability of the organization, it is necessary to understand the economic, environmental, and social impacts. Standards are needed to provide quality information on environmental impacts and comparisons globally. The GRI has so far been considered to have represented continuous reporting. According to (Lamberton, 2005; Michelon et al., 2015; Thomson & Bebbington, 2005), it is usually supplemented with narrative information and qualitative disclosure to measure economic, environmental, and social outcomes. It takes a single report to be able to communicate with stakeholders on social and environmental responsibility (Flower, 2015; Thomson & Bebbington, 2005).

Brown and Dillard (2014) and Milne and Gray (2013) expressed concern about stakeholder management actions rather than conducting accountability. According to Rowbottom and Locke (2016), many people believe it is impossible to reconcile two perspectives on the disparity between maximizing shareholder value and societal welfare, resource preservation, and labor costs. The alignment and integration of businesses throughout the community and stakeholders results in legitimacy. As an extension of stakeholder theory, the legitimacy perspective defines legitimacy as operational resources used to manage relationships with stakeholders (De Villiers & Van Staden, 2006; O'Donovan, 2002). Management is assumed to have control over the legitimacy process and to rely on various methods, techniques, or actions to influence the organization's legitimacy.

Mining companies have a variety of CSR programs. The program aims to improve the well-being of the community surrounding the mining environment while also preserving nature. Every company does not take actions that can harm the company's financial performance; therefore, careful planning is required to improve the company's performance. The owner primarily desires a high profit for his company; this has a positive impact on the company's finances because high profits entice investors to invest in the company. The profitability ratio emphasizes the company's profit or loss. Return on Asset (ROA), Return on Equity (ROE), and Earnings per Share are three ratios used to assess a company's profitability (EPS). This study uses the Return on Asset Ratio (ROA) to measure the

profitability of mining companies.

ROA assesses a company's ability to earn a profit on all current and fixed assets (assets). The higher the return or income obtained, the better the company owner's position. Table 1 shows that the return on assets (ROA) of mining companies fluctuates or has ups and downs.

CSR activities, while having a positive long-term impact on the company, increase the costs that must be paid by the company and reduce the amount of profit obtained by the company. Companies whose operational activities are directly related to nature must practice CSR. In Indonesia, natural resource management is based on efforts to meet investment needs. The impact caused by the company's operational activities is excluded. This policy describes a natural resource arrangement that is better understood in an economic context and has not been considered or led to in an ecological or sustainable sense. The application of natural resources regulation does not consider the limitations of the concept of natural resource carrying capacity, as well as the welfare of local communities, workers, and environmental damage. They only prioritize investment requirements in order to maximize profits.

Mining companies are those whose operations are directly related to natural resources. Every year, the mining sector is the largest tax contributor in Indonesia. Many businesses disregard the state of the environment in their operational activities. The mining industry sector helps to grow the national economy. The economy is steadily and rapidly improving, but the country's economy is moving at a slow pace. The mining industry must absorb more employees from the local community in order to eliminate the internal workforce, which is generally educated and has limited skills.

According to Pramiana and Anisah (2018), CSR disclosures have no impact on the profitability of companies listed on the Indonesia Stock Exchange. The coefficient of determination between the independent variable (CSR Disclosure) and the dependent variable (Profitability as measured by ROA, ROE, and NPM) had only a 12.6% effect. The rest is influenced by other factors. In contrast to the findings of Diah (2012) asserted that CSR disclosures have a positive effect on the profitability of high-profile companies listed on the IDX from 2009 to 2011. Researchers are interested in researching the impact of CSR on mining companies' profitability based on the differences in the study's results.

Diah research has positive implications for the application of CSR in businesses, demonstrating that companies that implement CSR can increase company profitability (Diah, 2012). Meanwhile, according to Felyn (2012) research, CSR disclosure has an impact on ROA, ROE, EPS, and NPM. According to Pradina's research, corporate social disclosure improves ROA and market performance as measured by Tobin'Q (Pangestika & Widiatmoko, 2021).

Fitriana's research compares a company's financial performance to its social performance as measured by the GRI index using the ratio of return on assets (ROA), return on equity, size, leverage, and asset growth. According to the findings of this study, ROA, ROE, size, leverage, and asset growth have a positive relationship with social performance as measured by GRI (Fitriana, 2019). Meanwhile, Nur Anisah asserted that CSR disclosure has no impact on the profitability of companies listed on the Indonesia Stock Exchange. The coefficient of determination between independent and dependent variables had a 12.6% effect (Pramiana & Anisah, 2018).

Corporate Social Responsibility (CSR) promotes the concept of corporate goodwill, then develops business strategies and is at the heart of company success (Carroll & Shabana, 2010; KPMG, 2011; Luo & Bhattacharya, 2009), with CSR cited as an important component of a "corporate strategy" (Isaksson & Storbjörk, 2012; McWilliams & Siegel, 2011; Noland & Phillips, 2010). To be successful when implementing CSR integration into the concept of business strategy, UN-ESCAP (United Nations-Economic and Social Commission for Asia and the Pacific) defines it as a form of corporate responsibility. The future of a company's business is when social causes are prioritized and minimized.

CSR will always be ingrained in the organization (Kitthananan, 2010). Meanwhile, according to Visser (2010), the ability to contribute to society is the core concept of CSR. It is hoped that CSR will change the world for the better, specifically through companies developing and designing sustainable business concepts. Management scientists have differing perspectives on business strategy and CSR. According to Kamil, strategic management is a process that begins with the formulation, implementation, and implementation, evaluation, and control of strategies in order to achieve strategic goals. CSR is a tool that can be used to achieve the strategy's objectives (Kamil & Herusetya, 2012).

Carroll Pyramid implements CSR projects to the final level, where the company contributes to the philanthropy of responsibility required by society and the environment (Carroll, 2016). This theory

describes CSR in the form of a pyramid, which is similar to Maslow's hierarchy of needs theory. Starting with the concept of Philanthropy CSR, which is an understanding of social conditions in order to create a company image. The second type of CSR is ethical CSR, which focuses on how to provide comfort to the community. It emphasizes legal and economic responsibility in the third and fourth layers. It emphasizes how the company has complied with the rules set by its peers and avoided sanctions at this level. and how businesses can play an economic role in the community.

CSR has evolved to refer to a company's strategy to improve its image in society. According to research conducted in Indonesia, CSR disclosures have an impact on a company's reputation (Chusaeri et al., 2019). CSR disclosures have an impact on company reputation, which is proxied by share price (Sulistiana, 2017). Another study discovered that the company's reputation (stock price) in Indonesia was influenced by ROE results (Utomo, 2019). However, there are studies that contradict the impact of a company's reputation on CSR disclosure. According to Hendrayani et al., CSR has no effect on a company's reputation (share price) in Indonesia (Hendrayani et al., 2019).

CSR theories, such as stakeholder theory, social contract theory, and legitimacy theory, explain how businesses can practice CSR. Most current CSR theories center on four major aspects: meeting long-term profit goals; using business power responsibly; integrating social demands; and contributing to a good society by doing what is ethically right. This aspect is most relevant to CSR and related concepts, which are divided into four categories: instrumental theory, politics, integrative, and value. The instrumental theory focuses on achieving goals through social activities and sees CSR as merely a means to an end. Political theory focuses on business's social power and the responsible use of force in the political arena. According to the integrative social contract theory, there is a social contract between business and society. The integrative theory focuses on the integration of social demands so that businesses function in accordance with social values. Finally, the ethical theory that the relationship between business and society is embedded with ethical values focuses on aspects of universal rights, sustainable development, and the common good of society.

CSR in Indonesia is centered on long-term development. There are no standard rules governing the types of CSR practiced by manufacturing companies. Implementation of CSR programs with an emphasis on the environment is still less than 50%. Many companies in Indonesia use the "CSR Peduli" form. Basic food aid packages and health posts are examples of training and reactive activities to provide health services in disaster areas. The company conducts this CSR activity with the concept of a promotional strategy, conducting advertising campaigns on social media and mass media to provide a positive image of the company. Another thing with the purpose and motive of reducing conflicts in the community by embracing the community by means of community empowerment.

Elkington (1994) in his book "Cannibals with Forks: The Triple Bottom Line of 21st Century Business". This TBL theory divides the concept of CSR into three groups of performance dimensions, namely: economic, social, and environmental. a). In the economic dimension, the focus is not on seeking profit but on how the company can survive and get profits continuously, although not the maximum profit. In this dimension, the company always evaluates the market and calculates operational costs and taxes, business trends, benchmarks, and maximum risk threats. b) Social Dimension: Social obligations are balanced against financial obligations. problems like unemployment, human rights, labor force, gender, health services, and education services are identified, then the company determines the policy direction of implementing CSR focus to overcome those problems. c). Environmental Dimensions: Suppression of the output of each company's performance. Green economics is the goal of all companies today.

This study contributes by emphasizing the significance of improving Corporate Social Responsibility (CSR) activities in Indonesian mining companies.

Hypothesis

Ho: CSR significantly has no effect on ROA in mining sector companies listed on the Indonesia Stock Exchange

H1: CSR significantly affects ROA in mining sector companies listed on the Indonesia Stock Exchange

Methods

This study uses a regression method where Corporate Social Responsibility (CSR) is a free variable (independent) symbolized by variable X, while profitability as measured by Return on Asset (ROA) as a bound variable (dependent) is symbolized by variable Y. The population is all mining

sector companies listed on the IDX in 2016-2020. The criteria used in determining the sample are: a) Mining companies listed on the Indonesia Stock Exchange from 2016 to 2020: up to 52 companies. b) From 2016 to 2020, 37 mining companies did not trade on the Indonesia Stock Exchange. c) There are up to six mining companies that have complete CSR information. The sample used was six mining companies using the financial statements for the 2016-2020 period. Total data used: 30 financial statements from 6 companies for the 2016-2020 period.

Results and Discussion

CSR is an infinite social investment, or social capital, in this business. Corporate Social Responsibility (CSR) guarantees all parties are happy, both the company and its stakeholders and the environment. Vogel argues that CSR can make a company's profits increase, which is still questionable because empirical data does not yet exist. CSR companies carry out promotional actions so that some have an impact and some succeed in their promotions. So, CSR does not provide any benefits at all. There needs to be empirical evidence that states that, under certain conditions, CSR plays a role in boosting company profits.

Table 2. Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
CSRD	.3205	.3974	.363782	.0298217
<i>Return on Asset</i>	.0100	.1540	.052665	.0468551

Source: Data Processed (2023)

Corporate Social Responsibility (CSR) is a must, along with the many organizational demands on the company. The company realizes that its success in achieving its goals is not determined by internal factors of the company but by the community around it. CSR becomes the company's business strategy to maintain or improve the company's image and reputation. These two things are competitive advantages for companies that are difficult for competing companies to imitate.

Table 3. Analysis CSR Disclosure

SPSS Results	Value	CSR Disclosure
Mean	0.36	Only revealed 28 items out of a total of 78 items to be disclosed
Highest Value (Maximum)	0.39	CSR disclosure of 31 items out of a total 78 items

Source: Data Processed (2023)

The most widely disclosed indicators are environmental indicators. Mining companies utilize existing natural resources and do not forget their obligations to protect the natural environment. Andaro Energy Tbk. CSR activities carried out are the conservation of proboscis monkey fauna. The program is carried out in collaboration with Lambung Mangkurat University. Different programs are carried out by Indo Tambangraya Megah Tbk. through the PPM (Empowerment and Community Development) Program, which is used as a roadmap in each location. There are 8 aspects that are the focus of these CSR activities, including aspects of community development and education.

Program CSR PT. Bukit Asam formed an organization that manages 7 core programs, including: Community Development, Regional Development, Partnerships, Small Business Development, Community Development, Management of Community Development Funds, and Management of CSR Information Systems. Meanwhile, Petrosea Tbk's CSR activities are divided into 4 pillars, namely: the pillars of education, health, economic empowerment, and the environment. Indika Energy Tbk's environmental CSR is the development of Kiderco's education and tourism area in the Arboretum conservation area. Conservation of the Arboretum or Botanical Garden of the region where the plants are preserved so that they do not become extinct.

CSR From the Islamic perspective, there is the principle of Al-Adl. This principle is the fair applicability of the company or business actors in doing business. Utilizing the abundant natural resources in Indonesia, these companies also pay attention to environmental rights around the mining company area. Through CSR activities, environmental aspects carried out by mining

companies have improved the living standards of the surrounding environment and endangered flora and fauna. Al-Ihsan's principle is a good deed in terms of humanity. Mining companies through social activities carry out Community empowerment activities, such as those carried out by TBS energy Utama Tbk, carry out empowerment programs for the surrounding community through MSME Assistance and the formation of a Joint Business Group (KUB) for the community around the company.

Social activities can be classified as components of a financial report. focused on the standards of the book regulating the concept of reporting the social activity of the enterprise. This has led to the diversity of forms of social disclosure carried out by the company. Company policies vary according to the characteristics of the company. Many factors affect social responsibility, such as company size, profitability, board of commissioner's size, and profile as estimating variables in corporate social responsibility (CSR) in financial statements.

Table 4. Return on Asset

Name	Adro	Indika	Indotambang	Bukitasam	Tbs energy	Petrosea
Total Profit	159	75.4	37.828	14976	240.7927	32.5
Total Asset	6382	489.6	1158.6	194859	24056.76	529.7
ROA	0.025	0.154	0.0326	0.07686	0.010009	0.061

Source: Data Processed (2023)

Return on Asset (ROA) is a profit ratio that influences Corporate Social Responsibility (CSR). In addition to the profitability ratio, there are still several factors that are considered as estimating variables that affect corporate social responsibility (CSR), including the size of the company and the size of the board of commissioners. The relationship between variables and the influence of CSR on profitability was measured using Return on Asset (ROA), statistical tests with simple linear regression, partial tests (t-tests), and determinant coefficient tests.

Table 5. Simple Regression

Model	B	t	Sig	R
Constant	0,135	0,582	0,582	0,144
CSR	-0,226	0,355	0,734	

Source: Data Processed (2023)

The simple linear regression equation is obtained as follows equation:

$$Y = 0,135 - 0,226 X_1 + e$$

Information:

Y = ROA

α = Constant

X = CSR

e = Error term

There was no significant influence between the CSR Disclosure variable and ROA, because the t-count value the t-table (0.355<1.8595). There is no influence between the variables X and Y, or in other words, H₀ is accepted and H_a is rejected. Based on the R-value, the contribution of variable X was 14.4%, while the rest was 85.6%, determined by other factors outside the model that were not detected in this study. The CSR disclosure variable has no effect on the return on asset variable.

When the value of CSR falls, the return on assets will also fall. Obtained the Sig-signification value. (X) and the return on assets of 0.734 > 0.005, so that there is no correlation between the variable (X) Corporate Social Responsibility (CSR) and the variable (Y) profitability measured using Return on Asset (ROA). To find out whether or not there is an influence and significance of Corporate Social Responsibility (CSR) on Return on Asset (ROA), researchers tested the hypothesis through a partial test (t-test) and obtained a significant value of 0.355 where the value 2,042. The decision-making from the results of this test is that H₀ is accepted and H_a is rejected, meaning that CSR (Variable X) has no effect on profitability as measured by Return on Asset (ROA).

Table 6. Result ROA and CSR Index Value (2016-2020)

Company Name	ROA CSR	Index Value	Lowest	Value (Minimum)
Adro	Increase	Decrease	0.025	(2020)
Indika	Increase	Decrease	-0.025	(2016)
Indotambang	Increase	Decrease	0.030	(2020)
Bukit asam	Increase	Decrease	0.099	(2020)
Petrosea	Increase	Decrease	0.019	(2016)
Tbs energy	Increase	Decrease	0.050	(2020)

Source: Data Processed (2023)

All mining companies show that the CSR Index Value is declining even though the ROA is rising in value. It shows that there is no opinion that if the company's profitability goes up, CSR will also increase. Diah (2012) found that CSR has a positive effect on ROA and ROE, but CSR does not affect EPS. Different results were found in a study conducted by Nur Anisah (2017), which found that there was no influence between CSR and ROA, ROE, and NPM. The difference between research on the influence of corporate social responsibility (CSR) and company profitability can be caused by other variables outside the variables studied. Profitability can be measured using other variables in addition to Return on Asset (ROA), such as Return on Equity (ROE) and Earnings per Share (EPS). Mining companies show that the concept of CSR has been carried out with various themes that have been carried out. If you pay attention to mining companies, the concept of implementing CSR is different from the concept of CSR in companies that are not mining. In non- mining companies, CSR patterns are numerous in the form of social assistance, scholarships, or the development of city facilities. However, for mining companies, the concept of CSR is patterned back to a time, namely the concept of renewal or natural care.

The company, in making decisions about the development of the company, is very dependent on one thing: seeing the profitability that has been achieved. Companies usually use profitability ratio information, which is the ratio used to measure the company's ability to use all existing assets to generate profits by using their sources, such as assets, capital, or company sales (Sudana & Arlindania, 2011). One of them is Return on Asset (ROA). ROA is to see the extent to which investments that have been made are able to provide a return on profit as expected (Fahmi, 2015). Yulia (2017) notes that mining companies are able to provide large, long-term profits for investors when financial statements are taken into consideration. Bowman and Haire (1976) stated that the higher the level of profitability of the company, the greater the disclosure of social information that the company makes. Corporate Social Responsibility will increase the value of the company as the company's profitability increases.

Research by Dahlia and Siregar (2008) indicates that the company's ethical behavior is in the form of social responsibility to the surrounding environment and has a positive impact. In the long run, it will be reflected in the company's profits and improved financial performance. Companies can provide reliable financial information and reduce uncertainty regarding the upcoming prospects of a company (Wolk, 2000). The company's performance has a positive correlation with CSR (Siddiq & Javed, 2014). Meanwhile, profitability is also positively correlated with company performance (Ferrell et al., 2008). In another study, testing consumer goods sector companies, showed that profitability and CSR have a significant positive influence on the value of the company (Saridewi et al., 2016). Social responsibility (CSR) has no influence on company value; profitability proxied with ROA has a significant positive effect; and ROE does not affect the value of the company (Primady & Wahyudi, 2015). The research enriches the results of existing research suggesting that CSR disclosures in mining companies have no influence on the profitability proxied by ROA.

The results of this study support research from Deery and Vinola (2021) that profits or profitability in manufacturing companies in Indonesia have no influence on CSR disclosures. Rejecting the results of the study (Suhardjanto et al., 2017), variable disclosure of CSR, DER, and company size to ROA and company value show the same results, namely having a significant influence. As a result, employees and customers have a positive impact on CSR disclosure. In addition, there is no significant influence between shareholders, managers, and creditors on CSR disclosures.

A preliminary study of non-financial reporting was to use quantitative methods to test the relationship between environmental performance and disclosure (Deegan, 2002; Guidry & Patten, 2012). The results revealed weak statistical correlations and the socio-political perspective of corporate reporting states that companies use information in annual reports or sustainability reports as part of the process of managing the legitimacy of the organization (De Villiers & Van Staden, 2006; Guthrie &

Parker, 1989). Patten (2002) found a positive relationship between adverse levels of environmental performance and environmental reporting. The results show that larger companies with high environmental impacts face increased public scrutiny. The actual or perceived threat to legitimacy is addressed by providing more environmental disclosures.

Mining companies in Indonesia are not only the result of the economic and technological strength available, but also of strong social and cultural pressures. The organization manages its legitimacy according to the type of its social contract with society. This legitimacy is dynamic and can be influenced by various actions of the organization. Another factor for CSR disclosures to mining companies in Indonesia is the presence of political costs. Another form of contract fees that can be explained is the attitude of managers towards disclosure of information. Watts and Zimmerman (1978) assert that external groups such as interest groups, politicians, and governments have the power to influence the redistribution of corporate wealth by imposing corporate regulations or taxes and engaging in product boycotts.

Corporate governance mechanisms are allowed to provide oversight of managerial decisions and to ensure the efficient operation of the company on behalf of shareholder companies. Disclosure of the company is a means for investors to supervise managerial actions. The corporation uses a number of control mechanisms to ensure agents act in the interests of principals. From an institutional perspective, voluntary disclosure is a monitoring mechanism for addressing information asymmetry.

Conclusion

The company allows lower reporting to avoid public scrutiny and maintain legitimacy. Companies in the legitimacy process use non-financial reporting to maintain or correct legitimacy. In order for companies to produce high-quality sustainability or integrated reports, it is necessary that the system be designed and supported by the involvement of organizational stakeholders to achieve high accountability.

Companies must have their own superior programs to improve the living standards of the surrounding environment. Adro Energy Tbk has a superior program, which is to educate the surrounding community about proboscis monkey conservation. Different things are done by PT. Bukit Asam Tbk. One of the programs carried out is related to socio-cultural aspects, through the SIBA (Songket and Batik Kujur Industrial Center) program. In addition to the literacy of community empowerment activities through the PPM (Community Empowerment and Development) program, which is divided into 8 aspects. They also carried out the construction of the Lamin Long House in East Kalimantan as an effort to preserve culture. The results of the hypothesis through partial tests obtained a t-count, which means that H_0 is accepted and H_a is rejected, that is, CSR disclosures have no effect on return on assets. (ROA).

This research only focuses on testing the company's profitability with ROA proxies, while profitability can be proxied with ROE. CSR disclosure is only focused on mining companies listed on the IDX, as many as 6 companies, while the number of mining companies on the IDX is larger. CSR disclosure is based only on GRI with 78 assessment items. It can be developed with CSR disclosures other than with GRI.

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