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Financial Performance from The Perspective of Stakeholder Theory

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ABSTRACT: Corporate Social Responsibility (CSR) disclosure represents a manifestation of corporate commitment to environmental responsibility, mandated by legal requirements. Its significance lies in its dual role of enhancing company performance and serving as a pivotal aspect of social accounting. The implementation of CSR is crucial, given its potential to ameliorate social equilibrium and welfare within society. This study seeks to empirically examine the impact of profitability, leverage, and public ownership on CSR disclosure, incorporating the Company Size variable as a control. Employing nonprobability sampling, the research encompasses a sample of 60 companies within the basic materials sector, with data analysis conducted through multiple linear regression analysis. The findings underscore a substantial and statistically significant influence of Profitability, Leverage, and Public Ownership on CSR disclosure. Notably, the research introduces a novel element by integrating the control variable of company size into the research model, differentiating it from prior studies in this domain.

Keywords: Profitability, Leverage, Public Ownership, Company Size, CSR

I. INTRODUCTION

Subsequent to the enactment of Law No. 40 of 2007, Article 74, pertaining to Limited Liability Companies, the implementation of Corporate Social Responsibility (CSR) in Indonesia has garnered noteworthy attention. The operational endeavors of companies, as expounded by (Wijaya and Mursitama, 2023), engender direct or indirect engagements with the encompassing environment. This adherence aligns cohesively with Elkington's (1997) Triple Bottom Line theory, delineating the tripartite facets of corporate social responsibility—namely wealth generation (profit), societal empowerment (people), and environmental safeguarding (planet). The intrinsic sustainability of a company is intricately tied to the conceptualization of Corporate Social Responsibility (CSR), as underscored by (Batra, 2023; Claydon, 2011; Jamali and Mirshak, 2007; Latif et al., 2023; and Sánchez-Hernández et al. (2021).

The nexus between corporate social responsibility and the escalating intricacy of operational pursuits is subject to the influence of technological advancements and developments, encapsulating social responsibility considerations, as posited by (Sánchez-Hernández et al., 2021) and (Urip Wardoyo et al., 2023). This evolution has engendered an intensified exigency for companies to enhance Corporate Social Responsibility (CSR) disclosures, as elucidated by (Claydon, 2011) and (Ramdhony et al., 2023). In addition to the imperative to generate profits, companies are impelled to extend their purview towards societal welfare and environmental sustainability (Kriyantono, 2015; Metri et al., 2021; Pham & Tran, 2020; Siueia et al., 2019; Sumiyanti et al., 2021).

Disclosure of corporate social responsibility (CSR) has an important role in the sustainability and existence of a company(Clarke et al., 2010). A company's ability to remain sustainable depends on its ability to fulfill its obligations to its stakeholders and shareholders as well as the social and environmental aspects of the business environment in which it operates (Aminah, 2022; Liu & Lu, 2021; Pham & Tran, 2020). A company will receive an unfavorable response if it does not care about local economic, environmental, and social issues. (Balqiah et al., 2023; Siueia et al., 2019; Sumiyanti et al., 2021).

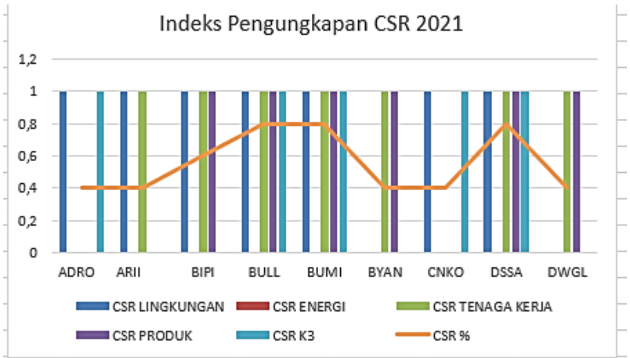
Companies that are responsible for the environment will have an impact on improving their reputation and of course, more investors will invest their capital (Fraj-Andrés et al., 2012; Urip Wardoyo et al., 2023). Apart from looking at the financial ratios regarding a company's performance, it can be seen through the annual report, then investors can also analyze the level of profitability (S. Astuti & Aminah, 2023). (Jogiyanto, 2000) states that data provided to the public will provide cues for information users in financial matters in making decisions. (Fahmi, 2015), explaining that the financial reports contain information that reflects the organization's financial performance. A financial report according to (Kasmir, 2012) is a report that shows the company's financial condition at the moment or in a certain period. Based on expert opinions, it can be seen that the financial reports provided by company management are very helpful for those who need financial information to make decisions and further describe the company's financial performance. (Kasmir, 2016). Expert assessments show that the financial reports provided by company management have significant benefits for individuals who need financial data for decision-making and provide further context for the company's financial performance. Financial ratios, which include growth, liquidity, leverage, activity, profitability, growth, and valuation ratios, are a comparison of the number of components contained in the financial statements for one or more periods. This comparison is then used as analysis material. These financial ratios describe the condition and financial performance of the company (Sumiyanti et al., 2021).

There is a relationship between financial performance and CSR disclosure. Good financial performance should be in line with the company's transparency in providing information (Permatasari & Widyawati, 2019). The strategy used by companies to satisfy stakeholders who demand accurate information about the operations they support is CSR disclosure. Higher CSR disclosure is usually associated with improved financial performance, thereby increasing firm value (Latif et al., 2023).

The augmentation of the company's financial performance, as posited by (Garanina and Kim, 2023), is intrinsically linked to an elevation in the company's value. The investigation into Corporate Social Responsibility (CSR) disclosure assumes paramount significance within the realm of research, considering its status as a pivotal element enshrined in the accounting conceptual framework. This framework, delineating the principles of accounting, occupies the third tier of the accounting conceptual framework (Kieso, 2018; Kieso et al., 2013, 2014). Enhancements in company performance are contingent upon the comprehensive provision of information, encompassing both financial and non-financial aspects, as elucidated by Garanina and Kim (2023). The dissemination of such information to the public and stakeholders becomes imperative with the overarching goal of ensuring company sustainability. This, in turn, contributes to the perpetual amelioration of the company's performance, fostering enduring trust and confidence among the public and stakeholders (Alatawi et al., 2023; Kahirudin & Dewi, 2015; Tarjo et al., 2022). Aligning with the universal objective of business organizations, (Yousefian et al., 2023) affirm that profitability is a paramount goal across all business endeavors. Given the substantial impact of operational activities on the surrounding environment, business organizations are impelled to actively partake in preserving the ecological balance, as advocated by (Aniktia and Khafid, 2015).

Indonesia, as a country with many mining sectors, certainly faces serious challenges related to increasingly pronounced environmental impacts. This situation can also be identified in the context of PT Vale, a company operating in Sorowako, East Luwu Regency, South Sulawesi. The negative impacts are mainly seen from waste transported via rivers during the mining process, which has damaged the Lake Mahalona ecosystem and caused the lake to shrink by up to 151 hectares. Apart from that, the decline in the population of Butini Fish (Glosogobius matanensis), a fish species endemic to Lakes Matano, Mahalona, and Towuti, is a serious problem for local fishermen who are now having difficulty catching fish. PT Vale Indonesia, with a land concession of 118,000 hectares, covers the Sumbitta Mountains, namely the area where indigenous peoples and local communities live, and should be maintained and protected from the impacts of mining (https://www.walhi.or.id/).

CSR Disclosure Index for 2021



Source: Data processed 2023

Based on an empirical inquiry encompassing mining companies listed on the IDX during the 2020-2021 period, it is deduced that the extent of CSR disclosures remains relatively limited. Notably, PT Adaro Energy Tbk, in 2021, divulged merely 0.4% of the comprehensive elements delineated in the Global Reporting Initiative (GRI) guidelines. Similarly, PT Buana Lintas Lautan's CSR disclosures for 2021 constituted a mere 0.8%, while PT Atlas Resource Tbk, in 2021, made disclosures amounting to a modest 0.4%. These findings underscore a notable deficiency in corporate social responsibility (CSR) disclosure among Indonesian companies, as corroborated by extant research (Studentaya, 2020).

The impact of CSR strategies on corporate financial performance has been extensively examined in prior studies, as exemplified by research conducted by (Pham & Tran, 2020); Saeidi et al., 2015; and Siueia et al., 2019). Commonly utilizing accounting metrics such as return on investment or return on equity, these investigations often scrutinize historical financial indicators, emphasizing objectivity and the informational value intrinsic to the underlying problem (Aritonang, R, 2022).

This research introduces a novel dimension by incorporating previously unexplored control variables into the evaluation of research models pertinent to CSR disclosure, setting it apart from antecedent studies.

II. LITERATURE REVIEW

Stakeholder Theory

The term stakeholder refers to individuals or organizations who have interference in a business, directly or indirectly. The definition of stakeholder has changed over time; Initially, the term was intended to refer to shareholders but was later expanded to include other members, such as governing bodies and those who have an interest in other parties (Tarjo et al., 2022). Internal Stakeholders and External Stakeholders are two categories of Stakeholder groupings (Odugbemi & Igbekoyi, 2022). The company values its stakeholders, who have an impact on how the business runs its operations (Balqiah et al., 2023). Good relationships and communication between the company and its stakeholders are needed so that business operations can run according to plan. The company and its stakeholders must have a positive working relationship and open lines of communication. (Yousefian et al., 2023). This is by stakeholder theory, which states that to receive support, a business must fulfill stakeholder requests so that business activities can continue to operate (Siueia et al., 2019).

The company's ability to produce good financial performance (profit) is something that is expected by stakeholders, who also expect the company to have a positive impact on society through social activities and disclose this information openly in the annual report (Siueia et al., 2019). According to (Yousefian et al., 2023) Stakeholder theory highlights that every stakeholder has the right to know how the organization's actions impact them. As a result, the company will inadvertently decide to voluntarily share information about all of its operations outside the scope of its mandated duties (Claydon, 2011; Yousefian et al., 2023). It is hoped that companies and their stakeholders can have a positive dialogue as a result of this voluntary social disclosure (Metri et al., 2021; Siueia et al., 2019; Yousefian et al., 2023).

More detailed information about company operations and their impact on the environment and social conditions can be found in CSR disclosures (Bataineh et al., 2018; Urip Wardoyo et al., 2023). When a company has met the expectations of its stakeholders, the company will get support from parties who have an impact on the company's ability to operate, especially activist groups who are very concerned about current issues (Bataineh et al., 2018; Fraj-Andrés et al., 2012; Sánchez-Hernández et al., 2021).

Profitability

As posited by (Yousefian et al., 2023), the profitability of a business, defined as the capacity to generate net profit from operational activities within a specific accounting period, is integral to its financial landscape. The term "profit" encapsulates the cumulative outcomes of a company's transactional processes over a delineated timeframe, as articulated by (Cahyono and Rachmaniyah, 2020). This metric serves as an evaluative tool employed by stakeholders to gauge the effectiveness of managerial oversight, as emphasized by (Heryanto and Juliarto, 2017). Proficiency in financial analysis relies on the application of profitability ratios, as underscored by (Saputri and Padnyawati, 2021), facilitating the assessment of a company's overall profitability.

(Parwoto, Agus Sunarya Sulaeman, 2021) elucidate that these ratios manifest the business's adeptness in profit generation. Profitability, beyond its financial implications, assumes strategic importance in fortifying the company's financial position, providing a conduit for management to execute and report comprehensive Corporate Social Responsibility (CSR) initiatives to stakeholders, particularly shareholders (Urip Wardoyo et al., 2023).

The postulation that a managerial approach is requisite to mitigate social reactions has led to the fundamental assumption that corporate CSR disclosure and profitability are intertwined. Consequently, as firm revenues ascend, a concomitant increase in the dissemination of social information is observed, exemplified by the assertions of (Heryanto and Juliarto, 2017). The pursuit of heightened profitability is underscored as pivotal for enhancing the company's survival security, as expounded by (Kristiana, Rispantyo, Kristiano, 2016).

(Van Horne and James; Machowicz, 2005) delineate profitability ratios into two categories: those describing profitability concerning sales, encompassing gross profit margin and net profit margin, and those delineating investment. Metrics such as Return on Equity (ROE) and Return on Assets (ROA) are instrumental in assessing investment profitability, with ROE specifically gauging a company's efficiency in capital utilization (Edinov et al., 2022; Pham & Tran, 2020). The positive influence of profitability, proxied by ROE, on CSR disclosure is empirically substantiated by studies conducted by (Edinov et al., 2022; Heryanto & Juliarto, 2017; and Pham & Tran, 2020).

$$ROE = \frac{NET\ PROFIT}{TOTAL\ EQUITY} \times 100\%$$

H1: Profitability has a positive effect on Corporate Social Responsibility (CSR) disclosure

Leverage

The ratio between the money used to finance the business or the ratio of funds contributed by the business owner to the company that is obtained by other businesses (creditors) is known as the financial leverage or leverage ratio (Rostami et al., 2022). This ratio shows the level of risk associated with bad debt by providing a summary of the company's capital structure (Li et al., 2020). As a result, businesses with higher leverage ratios are required to express themselves more widely when compared to those with lower leverage ratios (Parwoto, Agus Sunarya Sulaeman, 2021). Financial leverage and operating leverage are two different categories of leverage. According to (Houston; Brigham, 2006) Operating leverage refers to how much a company uses fixed costs to carry out its activities. Financial leverage is the amount of securities with fixed returns such as debt and preferred shares used in the capital structure. On the other hand, operating leverage can also be explained as the use of money at a predetermined cost in the hope that the application's revenue will cover the fixed and variable costs. (Pham & Tran, 2020). A study (Aulia & Setyorini, 2021; Dewi & Budiasih, 2021; Siswantaya, 2020) shows the results of the positive influence of leverage on CSR.

$$DAR = \frac{TOTAL\ DEBT}{TOTAL\ ASSETS} \times 100\%$$

H2: Leverage has a positive effect on Corporate Social Responsibility (CSR) disclosure

Public Ownership

According to (Metri et al., 2021) Public ownership can function as a management tool to prevent waste, as well as function as a business watchdog. The reach of the public oversight function is exemplified by businesses owned by the general public or community, which encourages such businesses to engage in more social responsibility initiatives and announce them to the public (Odugbemi & Igbekoyi, 2022). Stakeholder theory states that businesses function to fulfill the needs of a range of public oversight functions, exemplified by businesses owned by the general public or community (Metri et al., 2021; Siueia et al., 2019). Shares held by the public increase the company's supervisory role and, thus, increase corporate social responsibility disclosure (Odugbemi & Igbekoyi, 2022; Permatasari & Widyawati, 2019). A study (Rahayu & Anisyukurlillah, 2015) shows the results of the positive influence of public ownership on CSR disclosure.

$$Public = \frac{The\ number\ of\ shares\ owned\ by\ the\ public}{Total\ Shares} \times 100\%$$

H3: Public Ownership has a positive effect on Corporate Social Responsibility (CSR) disclosure

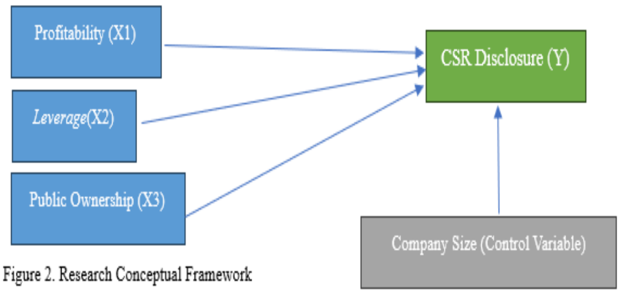


Figure 2. Research Conceptual Framework

III. RESEARCH METHODOLOGY

This research uses secondary data consisting of quantitative data. Quantitative data used is data obtained from companies in the basic materials sector on the Indonesia Stock Exchange (BEI) via www.idx.co.id in the 2020-2021 period. Purposive sampling was used in sampling in this study, by following the sample collection standards, namely:

a) The Company's basic materials sector is listed on the Indonesian Stock Exchange 2020-2021

b) Basic materials sector companies carry out CSR activities on 2020-2021 period

c) Basic materials sector companies that publish Annual financial reports with a period ends December 31, 2020-2021.

The data analysis approach in this study uses statistical techniques. As stated by Anshori (Anshori, 2019). The purpose of statistical testing is to test data using multiple linear regression and descriptive statistics. This approach aims to measure the extent to which the dependent variable is influenced by at least two independent variables (Riswan & Dunan, 2019). In testing Corporate Social Responsibility (CSR) using the Global Report Initiative (GRI) Index with a total of 91 indicators. This research is controlled by the variable company size, which is measured by the natural logarithm (Ln) of total employees. According to (Sugiyono, 2017) A control variable is a variable that is made constant or controlled to prevent external factors that are not studied from influencing the independent variable or dependent variable. The model for testing the hypothesis in this research is as follows:

MODEL 1
Y =α + β1 PROF1 + β2 LEV2 + β3 KP3 + ε

MODEL 2
Y =α + β1 PROF1 + β2 LEV2 + β3 KP3 + β4 UP4 + ε

Y : CSR disclosure
α : constant value
PROF1 : profitability variable

LEV2 : leverage variable
KP3 : public ownership variable
UP4 : company size control variable
: regression coefficient derived from the profitability variable
: regression coefficient derived from the leverage variable
: regression coefficient derived from the public ownership variable
: regression coefficient derived from the company size variable
ε *: standard error*

IV. RESULTS AND DISCUSSION

Descriptive statistical analysis provides insight into the nature of the research variables, especially regarding the lowest, highest, average, and standard deviation values. Information from the descriptive analysis can be found in Table

Descriptive Statistics

	N	Lowest	Highest	Average	Std. Deviation
Profitability	60	0.01	2.43	0.2998	0.26489
Leverage	60	0.04	2.33	0.5302	0.41989
Public Ownership	60	0.03	7.20	0.4782	0.12859
CSR	60	0.27	0.58	0.4820	0.05631
Valid N (Listwise)	60	0.33	2.00	0.8715	0.22199

Source: Data processed 2023

The outcomes of descriptive statistical assessments, as illustrated in Table 2, reveal pertinent insights into the variables under consideration. Specifically, the profitability variable, proxied by return on assets, manifests a range from a minimal value of 0.01 (as exemplified by PT Citra Tubindo Tbk in 2020) to a maximum value of 2.43 (as observed in PT. Borneo Olah Sarana Sukses TBK in 2021). The computed average profitability, characterized by a mean of 0.2998 and a standard deviation of 0.26489, indicates a proclivity towards lower profitability within the basic material companies.

Similarly, the leverage variable, quantified by the debt-to-equity ratio, spans from its nadir of 0.04 (as illustrated by PT. Bukit Asam Tbk - INCO in 2020) to its zenith of 2.33 (as observed in PT. Asiaplast Industries Tbk. in 2020). With an average leverage value of 0.5302 and a standard deviation of 0.41989, the overall leverage within basic material companies tends to be modest.

The public ownership variable exhibits a range from its minimum of 0.03 (illustrated by PT. Super Energy Tbk. in 2020) to its maximum of 7.20 (observed in PT. Indonesian Energy Exploitation in 2021). The computed average public ownership of 0.4782, with a standard deviation of 0.12859, denotes a prevailing tendency towards lower public ownership within basic material companies.

Furthermore, the variable representing corporate social responsibility disclosure, proxied by the Corporate Social Disclosure Index (CSRDI), spans from 0.02 (as depicted by PT. Astrindo Nusantara Infrastruktur Tbk in 2020) to 1.00 (as observed in PT. Adaro Energy Tbk. in 2020). The computed average corporate social responsibility disclosure stands at 0.4280, with a standard deviation of 0.05631, signifying a general inclination towards lower levels of corporate social responsibility disclosure among the sampled basic material companies from 2020-2021.

The investigation subsequently employed multiple linear regression analysis to assess the stipulated hypotheses, preceded by rigorous tests for heteroscedasticity, multicollinearity, autocorrelation, and normality. The normality test, in accordance with (Ghozali, 2005), sought to ascertain the normal distribution of both independent and dependent variables, as it forms a foundational element for the reliability and validity of multiple linear regression results. The confirmation of normality is imperative for the accuracy of subsequent findings, and (Mehta and Patel, 2015) emphasize that statistical or graphical analyses can be instrumental in evaluating the significance of the data distribution.

The classic assumption tests, confirming the adherence to assumptions, warrant the continuation of further analysis. Subsequently, multiple linear regression analysis, facilitated by SPSS version 26, was employed to scrutinize the interplay between variables (X1), (X2), and (X3) on the level of disclosure (Y). The nuanced findings of this analysis, detailed in Table 3, are accessible and offer insights into the intricate relationships between these variables within the ambit of Corporate Social Responsibility (CSR) disclosure. The utilization of SPSS version 26 ensures a robust analytical framework for exploring these complex relationships, thereby contributing to the empirical understanding of CSR disclosure dynamics.

Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		
1		B	t	Sig.
	Constant	0.555	87,887	0,000
	Profitability	0.016	2,095	0.041
	Leverage	0.114	14,033	0,000
	Public Ownership	0.016	5,122	0,000
2	Constant	-0.619	-37,863	0,000
	Profitability	-0.018	-2,769	0.008
	Leverage	-0.123	-16,512	0,000
	Public Ownership	-0.008	-2,312	0.025
	Company Size	-0.072	-4,194	0,000

Source: Data processed 2023

Based on regression analysis test results multiple linear can then be created equation as follows.

MODEL 1

$$Y = 0.555 + 0.016\ X1 + 0.114\ X2 + 0.016\ X3 + e$$

MODEL 2

$$Y = -0.619 - 0.018\ X1 - 0.123\ X2 - 0.008\ X3 - 0.072\ K + e$$

The relationship between profitability and CSR disclosure

The examination of the association between profitability and CSR disclosure yields data indicating a substantial and positive correlation, supporting Hypothesis 1 (H1). The research findings reveal a regression coefficient value of 0.016 for the profitability variable, attaining statistical significance at a level of 0.000, which is less than the predefined α of 0.05. This underscores the acceptance of H1, affirming the affirmative and statistically significant influence of profitability on CSR disclosure within the basic materials sector listed on the IDX during the 2020-2021 period. Consequently, this study concludes that a company's capacity to disseminate CSR-related information is subject to the impact of profitability, as gauged by Return on Equity (ROE). As posited by stakeholder relations theory, companies exhibiting profitability are inclined to demonstrate robust performance and accrue increased resources, thereby heightening stakeholder expectations regarding CSR information disclosure. This assertion finds resonance in prior research by (Ariswari & Damayanthi, 2019; DW Astuti, 2019; Dewi & Budiasih, 2021; and Hapsoro & Sulistyarini. Dwi, 2019), which consistently highlight the favorable and significant influence of profitability on CSR disclosure.

Upon introducing control variables into the analysis, the previously identified relationship between independent and dependent variables diminishes in strength. This attenuation is discernible through the unstandardized coefficient value of the profitability variable, transitioning from 0.016 to -0.018. This implies that small-sized companies exert a more pronounced influence. The observed trend suggests that smaller companies, with limited profit-generating capabilities, tend to disclose less information pertaining to CSR activities.

The relationship between leverage and CSR disclosure

The assessment of hypothesis H2 yields the inference that the leverage variable significantly influences the extent of Corporate Social Responsibility (CSR) disclosure within companies. This conclusion gains credibility from the substantial magnitude of the leverage regression coefficient, registering at 0.114, and its statistical significance at the 0.000 level, markedly below the confidence level α = 0.05. The acceptance of hypothesis H2 signifies the noteworthy role of leverage in shaping CSR disclosure among basic materials companies listed on the IDX during the 2020-2021 period. Consequently, this study corroborates the proposition that companies with elevated leverage consistently furnish more comprehensive CSR information. These findings align with previous research and offer a broader perspective on the intricate interplay between leverage and CSR disclosure practices within the basic materials industry. In accordance with stakeholder theory, firms with heightened leverage are predisposed to disclose more information due to heightened obligations to creditors and investors, assuring the latter of their rights during the capitalization process. These outcomes are congruent with prior studies (Aulia & Setyorini, 2021; Dewi & Budiasih, 2021; Yanti, Ni Kadek & Budiasih, 2016) highlighting the positive impact of leverage on CSR disclosure.

When introducing a control variable into the examination of the relationship between leverage and CSR, the outcomes are modest, reflected by an unstandardized coefficient ranging from 0.114 to -0.123. This suggests that as companies grow in size, escalating leverage levels contribute to an augmented challenge in CSR disclosure, attributable to heightened interest charges.

The relationship between public ownership and CSR disclosure

The regression coefficient for H3 is 0.016, indicating that public ownership has a significant effect on corporate social responsibility disclosure. The company's CSR disclosure is significantly influenced by public ownership, by the regression coefficient for H3, which is 0.016. Companies may be motivated to participate in activities that attract investors and build legitimacy or public trust because they demonstrate strength, especially through social activities. This is by the stakeholder principle which states that public companies tend to express a higher level of CSR than companies that are not publicly owned. The results of this research are supported by (Edinov et al., 2022; Hermawan & Gunardi, 2019; Rahayu & Anisyukurlillah, 2015) who state that ownership of the public has a positive influence on nondisclosure of social responsibility (CSR).

The use of the control variable function results in a weak relationship between the independent and dependent variables, this can be seen from the unstandardized coefficient value of the public ownership variable of 0.016 to -0.008, meaning that the greater the capital ownership owned by the public, the smaller the company's ability to disclose CSR due to the burden of dividend distribution.

Coefficient of Determination Test Results and Due Diligence Model

Model	R Square	F	Sig.
1	0.796	72,915	0,000
2	0.846	75,283	0,000

Source: Data processed 2023

The test results in Table 4 provide the results obtained the amount of adjusted R Square (coefficient of determination adjusted) on Model 1 regression is used 0.796. After control variables are used size of the adjusted R Square of is 0.846. This means variations in Disclosure of corporate social responsibility in basic materials companies listed in the Indonesia Stock Exchange 2020-2021 can be significant by the variable Profitability (X1), Leverage (X2), and Public Ownership (X3) were 84.6ipercent, while the remaining 15.4 percent is explained by other factors. Test results in the feasibility of the model (F test) in Table 4 show the calculated F value is 75.283 a significance value is a P value of 0.000 which is smaller than $\alpha = 0.05$, which means that the model in this research is worthy.

V. CONCLUSIONS AND SUGGESTIONS

Upon meticulous analysis and thorough discussion, the present study draws conclusive findings that underscore the positive and statistically significant influence of key variables, namely profitability, leverage, and public ownership, on corporate social responsibility (CSR) disclosure. This research yields a multifaceted understanding of the intricate relationships among these variables. The initial insight derived from this investigation accentuates that CSR, as manifested through profitability and leverage, contributes positively to overall company performance. The integration of CSR components not only fosters prosperity for diverse stakeholders but also serves as a mechanism for enhancing company performance. This positive correlation is observed through the financial implications of CSR activities and their subsequent impact on profitability and leverage. Moreover, the research elucidates that CSR implementation exerts a discernible impact on augmenting public ownership. This, in turn, amplifies the value of company shares and garners a favorable response from potential investors. The cascading effect of CSR on financial indicators underscores its strategic importance as a tool for market perception and shareholder engagement. The examination of CSR disclosure practices within Indonesian companies, particularly in the mining sector, reveals a prevalent tendency to adhere to regulatory requirements rather than manifesting voluntary awareness and concern. Notably, a gap is identified in the extent of CSR disclosure, suggesting room for improvement in aligning corporate practices with broader societal responsibilities. The study advocates for sustained CSR disclosure as a pivotal component for ensuring the ongoing viability and continuity (going concern) of companies. In light of future research avenues, it is proposed that additional independent variables, such as liquidity, foreign ownership, and institutional ownership, be explored to enrich the understanding of factors influencing CSR disclosure. Control variables, including company age, profile, and operational period, are anticipated to provide nuanced insights into the dynamics of CSR activities over time. Furthermore, the interplay of general company characteristics is acknowledged as a factor influencing the extent of CSR disclosure, warranting in-depth exploration to unravel the nuances of this relationship. Comprehensive analyses are recommended to unravel the complexities and dynamics inherent in the interactions between these variables and corporate CSR disclosure.

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