International Journal of Social Science And Human Research

ISSN(print): 2644-0679, ISSN(online): 2644-0695

Volume 06 Issue 01 January 2023

DOI: 10.47191/ijsshr/v6-i1-73, Impact factor- 5.871

Page No: 554-564

The Effect of Corporate Social Responsibility on the Persistence of Financial Performance

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ABSTRACT: The company's financial performance, especially reported earnings, is not an independent variable to influence investors' decisions. A number of studies have shown evidence that investors' responses to financial performance are greater when companies have high concern for social and environmental problems. This study aims to obtain evidence that the fulfillment of economic-socio-ecological responsibilities is a determinant that can drives financial performance sustainability. This study took a sample of 69 public companies in Indonesia with an observation period of 10 years. Multiple univariate regression model was applied to test the research hypothesis. The results of the study indicate that the fulfillment of economic-socio-ecological responsibilities triggers the sustainability of the company's financial performance. The results of this study have implications for business practices. First, it is important for companies to fulfill their economic-socio-ecological responsibilities to gain legitimacy and stakeholder support. Second, the fulfillment of economic-socio-ecological responsibilities is important to be disclosed to the public so that stakeholders can assess the risks and prospects of the company based on social and environmental factors. Fulfillment of economic-socio-ecological responsibilities is important to disclosed to the public to assess the risks and prospects of the company based on social and environmental factors.

KEYWORDS-economic responsibility, social responsibility, ecological responsibility, financial performance sustainability

I. INTRODUCTION

The company's financial performance, especially reported earnings, is not an independent variable to influence investors' decisions. A number of studies have shown evidence that investors' responses to financial performance are greater when companies have high concern for social and environmental issues; on the other hand, investor response weakens if the company shows low concern for social and environmental problems[1]–[3]. The results of these studies can be used as an explanation that investors have the awareness and belief that financial performance, which will manifest as a return on investment, is not a temporary goal, but must be sustainable in the long term.

The return on investment will be sustainable in the long term if managers can focus on managing the company without being disturbed by social and environmental problems that can cause instability in the company's operations. Managers and stakeholders have confidence that the sustainability of financial performance in the long term, either directly or indirectly, is influenced by social and environmental stability.[4]. As stated(CH Cho, Freedman, & Patten, 2012), that investors hope that the company's profit which will manifest as a return on investment will not only last for a moment, but will last persistently. Statement(CH Cho et al., 2012) This is evidenced by several studies which reveal that investors, creditors and other stakeholders give a positive response to companies that express concern for economic responsibility, social responsibility, and ecological responsibility (see for example [6]–[10]. The positive response of investors, creditors and stakeholders to the company's concern for economic-socio-ecological sustainability is logical, because several studies have found empirical evidence that economic-socio-ecological concerns have a positive effect on the company's financial performance (see for example[11]-[14].

The results of the research above indicate that investors, creditors, and other stakeholders have expectations of the sustainability of financial performance. The results of these studies also indicate an expectation that economic-socio-ecological sustainability is one of the determinants of the sustainability of a company's financial performance. Is it true that the company's concern for economic-socio-ecological responsibility can trigger the sustainability of financial performance? This question will be answered through this research.[15]defines the sustainability of financial performance as the company's ability to meet financial needs and obligations in a sustainable manner in the long term. Furthermore,[15] explained that the sustainability of the company's financial performance is reflected in the sustainability of earnings, namely the company's ability to generate profits repeatedly in the long term, or to generate profits consistently (see also Schneider, 2015).

There have been many studies examining the determinants of earnings persistence, both determinants originating from accounting and non-accounting variables. Determinants of earnings persistence from accounting variables that have been studied, for example: cash flow volatility[17];earnings management practice [18]; and capital structure and leverage[19]. While the determinants of earnings persistence from non-accounting variables, for example: company location advantage[20]; corporate governance [21].

This study aims to examine the determinants of the company's earnings sustainability as proxied by earnings persistence based on non-accounting variables that have not been carried out in previous research, so that the findings of this study are the latest and first on the development of earnings sustainability determinants. The determinant of profit sustainability tested in this study is the company's concern for fulfilling its economic, social and environmental responsibilities. Previous studies are still limited to examining the effect of corporate social responsibility (especially economic-socio-ecological responsibility) on financial performance, most of which are proxied by return on assets (ROA) or return on equity (ROE) (see for example Lin, 2017; Mathuva & Kiweu, 2016; Platonova et al., 2018). This study seeks to examine the company's concern for economic-socio-ecological responsibility that can trigger earnings sustainability, because there has never been a literature that has done so.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A. Economic Responsibility and Financial Performance Sustainability

The company's economic responsibility (GRI 200 Economy) includes 6 main indicators and 12 specific indicators that reflect the economic responsibilities that companies should disclose to the public, both for positive and negative things. The company does not only have economic responsibilities to employees (related to salary standards and pension plans), but also economic responsibilities to suppliers (related to the proportion of expenditures for local suppliers), as well as economic responsibilities to the community and other stakeholders (related to operational risks due to corruption anti-trust, and monopoly). Although these specific indicators are only mandatory disclosures, these indicators can be used as considerations for management to carry out good corporate governance.

Several studies reveal that the fulfillment of the company's economic responsibilities affect the perceptions and decisions of stakeholders, for example, the more satisfied employees are with the compensation received, the higher their performance and the lower the tendency to leave work[22]; cases of fraud and corruption in the company have a negative effect on investors' perceptions of good corporate governance and reduce their trust in the company[23]; Disclosure of employee salary (remuneration) policies has a positive effect on the company's social reputation(Kanapahippillai, Mihret, & Johl, 2019); financial and corporate scandals have a negative effect on the company's image and reduce customer intention to buy[25]. These empirical facts are sufficient to confirm that the fulfillment of economic responsibilities to stakeholders is a necessity for companies to increase trust.

Stakeholders, either directly or indirectly, will provide support to the company's operations that can be trusted. according to[26], stakeholders will share responsibilities with the company, if the company also shares responsibilities with stakeholders. This stakeholder support can prevent managers from problems that can disrupt company operations, such as employee strikes, supply cuts from suppliers, loss of customers, and even lawsuits. With the support of stakeholders, managers' attention can remain focused on corporate governance to improve financial performance in a sustainable manner. Sustainability of financial performance is the main goal of the company that must be accountable to investors and creditors, each of which provides funds in the form of investment and funding.

With concern for the fulfillment of economic responsibilities, it is logically possible to trigger the sustainability of financial performance, in the sense that profits can be generated by the company repeatedly (repetitively) in the long term (sustainable), not as unusual earnings or transitory earnings or profits generated temporarily. . Although there are no studies that have examined the effect of economic responsibility on the sustainability of financial performance, several studies have given signals about the effect of economic responsibility on the sustainability of financial performance ([27]– [29]. From the aspect of corporate governance,[21]obtained evidence that good corporate governance has a positive effect on earnings quality, namely earnings that are persistent (sustainable). Given that the fulfillment of economic responsibilities is manifested in programs that reflect good corporate governance, logically economic responsibility can also trigger (drive) the sustainability of financial performance in the future. Therefore, the research hypothesis is formulated as follows:

H1 : Fulfillment of economic responsibilities has a positive effect on the sustainability of financial performance

B. Ecological Responsibility and Financial Performance Sustainability

The company's ecological responsibility (GRI 300 Environment) includes 8 main indicators and 33 specific indicators that reflect the environmental (ecological) responsibility that companies should disclose to the public, both positive and negative. Although these specific indicators are only mandatory disclosures, these indicators can be used as considerations for management to implement good corporate governance related to ecological sustainability, so that companies avoid negative ecological sustainability disclosures. This logic is in line with research[30] who found evidence that the obligation to disclose environmental issues has encouraged companies to manage water resources wisely. Palmer & Walls (2017) also found evidence

that the obligation to disclose environmental information has encouraged companies to carry out their responsibilities in ensuring environmental (ecological) sustainability of their operations, especially operating activities that impact energy, air, water, and biodiversity resources.

Environmental issues are crucial issues for companies, because negative environmental problems caused by companies can affect the perceptions and decisions of stakeholders ([32], [33]. This is proven by[34] which revealed that negative issues regarding carbon emissions in Indonesia received a negative response from the public, and had a negative effect on the decisions of suppliers and investors.Hidayat, Offermans, & Glasbergen (2018) also revealed that the violation *Indonesian Standard for Sustainable Palm Oil (ISPO)* has forced the Indonesian government to revoke palm oil certification of several companies. Likewise, negative issues regarding natural resource exploration in the mining industry are responded negatively by investors[36], while positive issues of forest conservation in the agricultural and plantation industries were responded positively by investors [37]. These empirical facts are sufficient to confirm that the fulfillment of ecological responsibility to stakeholders is a necessity for companies to increase trust.

Stakeholders, either directly or indirectly, will provide support to the company's operations that can be trusted to ensure ecological sustainability[26]. This stakeholder support can prevent managers from problems that can disrupt the company's operations, such as lawsuits by the community for forest destruction, air and water pollution, or community demands for loss of water sources. Suppliers and customers who have concerns about environmental sustainability may also stop supplying and stop consuming products or services produced by the company. With the support of stakeholders, managers' attention can remain focused on corporate governance to improve financial performance in a sustainable manner.

With concern for the fulfillment of ecological responsibilities, it is logically possible to trigger the sustainability of financial performance, in the sense that profits can be generated by the company repeatedly (repetitively) in the long term (sustainable), not as unusual earnings or transitory earnings or profits generated temporarily. Although there has been no research examining the effect of ecological responsibility on the sustainability of financial performance, several studies have given signals about the effect of ecological responsibility on the sustainability of financial performance.[38]– [42]found evidence that corporate ecological responsibility has a positive effect on financial performance. Although these studies found a positive effect of ecological responsibility on financial performance in the context of a momentary time, but if the company fulfills its ecological responsibility in a sustainable manner, it can be assumed that financial performance will also be sustainable. Therefore, the research hypothesis is formulated as follows:

H2: Fulfillment of ecological responsibilities has a positive effect on the sustainability of financial performance

C. Social Responsibility and Financial Performance Sustainability

Corporate social responsibility (GRI 400 Social) includes 19 main indicators and 34 specific indicators that reflect the social responsibility that companies should disclose to the public, both for positive and negative things.Based on the sustainability disclosure standards of the Global Reporting Initiative, the company's concern for social sustainability is reflected in the disclosure of specific indicators related to the efforts made by companies to maintain and manage social stability, such as work safety, workers' rights, age of workers, and other related indicators. with corporate social impact (GRI 2011). Although these specific indicators are only mandatory disclosures, these indicators can be used as considerations for management to implement good corporate governance related to social sustainability, so that companies avoid negative social sustainability disclosures.

This logic is in line with research [43] who found evidence that the obligation to disclose social issues has encouraged companies to practice good corporate governance (see also Kumaza & He, 2018; Sahut, Peris-Ortiz, & Teulon, 2019).The obligation to disclose social responsibility has also encouraged companies to establish policies to protect human rights. Conduct supplier selection with social criteria[46] set labeling standards and product and service information (YN Cho, 2015), avoiding negative social impacts in the supply chain[48], [49], operations involving local communities[50], committed to avoiding all forms of discrimination[26], committed to avoiding forced labor and employing underage employees[51].

The research findings above are sufficient to serve as a basis for affirming that the 2011 GRI social sustainability disclosure standards are not only seen by the company as an obligation, but are also seen as a guide to fulfilling social responsibilities to avoid negative impacts from the company's operations. If the company can avoid the negative impact of the company's operations, then the company will be able to disclose positive things related to its social responsibility. Disclosure of positive things about corporate social responsibility will not only have a positive effect on stakeholder perceptions of the company's reputation[32], but it will also have a positive effect on the managerial process, so that managers will be able to focus attention on corporate governance to improve financial performance for which they are responsible[41].

Cohen, Holder-Webb, & Khalil (2017), stated that investors have confidence that social stability can affect the company's ability to improve financial performance in the long term. Determinant for investors in investing, because they perceive that financial performance is not a stand-alone determinant, it means, investors believe that the company's financial performance in the long term is influenced by the company's concern for social sustainability ((Al-Hajri & Al-Enezi, 2019; SY Cho & Lee, 2019; Du Toit, E. & Lekoloane, K., 2018; Gocejna, 2016; Najul & Santi, 2017; Riyadh, Sukoharsono, & Alfaiza, 2019; Xie et al., 2019). Although these studies found a positive effect of social responsibility on financial performance in the context of a

momentary time, but if the company carries out the fulfillment of social responsibility in a sustainable manner, it can be assumed that financial performance will also be sustainable. Therefore, the research hypothesis is formulated as follows:
H3: Fulfillment of social responsibilities has a positive effect on the sustainability of financial performance

III. METHODOLOGICAL APPROACH

A. Sample

This research was conducted by taking 69 samples of public companies in Indonesia which are included in 5 (five) industrial sector categories as follows:

Table 1. Sample profile by industry sector

No.	Industrial Sector	Amount	%
1.	Consumer Goods	13	18.84
2.	Various machinery industries	11	15.94
3.	Basic and chemical industry	12	17.40
4	Agriculture and farming	10	14.49
5.	Mining	23	33.33
Amount		69	100.00

IDX grouped public companies in 9 (nine) industrial sectors, but 4 (four) industrial sectors were excluded from the sample of this study. The four industrial sectors are the financial sector, the trade, services and investment sector (trade, service, and investment), the infrastructure, utilities and investment sector (infrastructure, utility and investment), and the property, real-estate and investment sectors. construction (property, real-estate and construction). Companies engaged in the four industrial sectors were excluded from the sample with the consideration that the direct impact of company operation on social and environmental issues is relatively low, so the socio-ecological sustainability programs run by the companies are also very low.

The sample as presented in Table 1 was selected from companies that consistently implement sustainability disclosures based on the GRI 2006 and GRI 2011 disclosure standards. The observation period is 10 years, namely 2008-2017 which is grouped into two 5-year periods, namely the 2008-2012 period (implementation of GRI standard 2006) and the period 2013-2017 (implementation of GRI standard 2011).

B. Dependent Variable

The dependent variable in this study is the sustainability of financial performance. Sustainability of financial performance proxied by the persistence of accounting earnings (earnings persistence) and measured using the regression coefficient between the current period's accounting profit and the previous period's accounting profit as follows:

$$Eit = \beta_0 + \beta_1 Eit\text{-}1 + \varepsilon_{it}$$

in this case:

Eit : accounting profit *(earnings)* after corporate tax i in year t
Eit-1 : accounting profit *(earnings)* after corporate tax i before year t
β_1 : FPSUS (financial performance sustainability or profit persistence)

The sustainability of the financial performance (earnings persistence) is calculated in two 5-year observation periods, namely period 2008-2012 (implementation of GRI tandard 2006) and period 2013-2017 (implementation of GRI standard 2011).

C. Independent Variable

The independent variables of this study include 3 (three) variables, namely: (a) the company's fulfillment of economic responsibilities; (b) the company's compliance with social responsibility; and (c) the company's compliance with ecological responsibilities. Fulfillment of economic-socio-ecological responsibilities of each company are proxied by the Economic Sustainability Disclosures Index (ECSDI), Social Sustainability Disclosures Index (SOSDI) and Environmental Sustainability Disclosures Index (ENSDI) as required by the 2006 and GRI 2011 Standards.[3], each independent variable is measured as follows:

$$ECSDIin = \frac{(ECSDit / ECSDGRI)\ n\ years}{n}$$

$$ENDIin = \frac{(ENSDit / ENSDGRI)\ n\ years}{n}$$

$$SOSDIin = \frac{(SOSDit / SOSDGRI)\ n\ years}{n}$$

in this case:
ECSDIin : Average *Economy Sustainability Disclosure Index* company i for n years
ENDIin : Average *Environment Sustainability Disclosure Index* company i for n years
SOSDIin : Average *Social Sustainability Disclosure Index* company i for n years
ECSDit : *Economy Sustainability Disclosure* company i in year t
ENSDit : *Environment Sustainability Disclosure* company i in year t
SOSDit : *Social Sustainability Disclosure*company i in year t
ECSDGRI : Amount *Economy Sustainability Disclosure* based on GRI Standard
ENSDGRI : Amount *Environment Sustainability Disclosure* based on GRI Standard SOSDGRI: Amount *Social Sustainability Disclosure* based on GRI Standard
n : observation period (i.e. 5 years in 2 segment observation period)

D. Hypothesis Test

The hypotheses in this study were tested using univariate regression expressed in different models (with an error tolerance of 5%) as follows:

Model 1 : $FPSUS = \alpha + \beta_1 ECSDI + \varepsilon$
Model 2 : $FPSUS = \alpha + \beta_1 ECSDI + \beta_2 ENSDI + \varepsilon$
Model 3 : $FPSUS = \alpha + \beta_1 ECSDI + \beta_2 ENSDI + \beta_3 SOSDI + \varepsilon$

in this case:
FPSUS = Financial Performance Sustainability or earnings persistence
ECSDI = Economiy Sustainability Disclosure Index
ENDI = Environment Sustainability Disclosure Index
SOSDI = Social Sustainability Disclosure Index
ε = Error Term

Model 1 is used to test H1 which is the effect of fulfilling economic responsibilities (*Economy Sustainability Disclosure Index*-ECSDI) on financial performance sustainability (FPSUS). Model 2 is used to test H2, namely the fulfillment of ecological responsibility (*Environment Sustainability Disclosure Index*-ENSDI) on the sustainability of financial performance (Financial Performance Sustainability-FPSUS) by re-entering the ECSDI variable into the model as a control variable. Model 3 is used to test H3 namely the fulfillment of social responsibility (*Social Sustainability Disclosure Index*-SOSDI) on the sustainability of financial performance (Financial Performance Sustainability-FPSUS) by re-entering the ECSDI and ENSDI variables into the model as control variables.

IV. ANALYSIS AND DISCUSSION

A. Descriptive statistics

Table 2. Descriptive statistics on financial performance sustainability and fulfillment of economic-socio-ecological responsibilities

Variable	N	Min.	Max	Mean	Std. Dev.	L-Test[1)]	K-S[2)]
FPSUS	138	0.02050	0.43800	0.24820	0.39876	0.097	0.150
ECSDI	138	0.89848	0.98954	0.91482	0.19740	0.106	0.154
ENDI	138	0.78200	0.93820	0.85324	0.19876	0.098	0.168
SOSDI	138	0.84476	0.95387	0.91487	0.18129	0.411	0.091

[1)] ***Levene-****Test* (Heteroscedasticity Test)
[2)] *Kolmogorov-Smirnov Test* (Data Normality Test)

Table 2 shows that the lowest sustainability of the sample company's financial performance (FPSUS) is 0.05050 from the GRI standard, and the highest is 0.43800, with a mean of 0.24820. The FPSUS average of 0.24820 indicates that the level of sustainability of the sample companies' financial performance is relatively high. The average economic responsibility variable (ECSDI) of 0.91482 indicates that the level of fulfillment of economic responsibility by sample companies is relatively high. The average ecological responsibility variable (ENSDI) of 0.85324 indicates that the sample companies in this study are companies with a relatively high level of fulfillment of their ecological responsibility. Similarly, the average social responsibility variable (SOSDI) is 0, 91487 shows that the sample companies are companies with a relatively high level of social responsibility fulfillment. The results of the heteroscedasticity test in Table 5 show that the significance of the Levene-Test is entirely greater than (0.05), so that the regression model is free from heteroscedasticity problems. All data used in the regression model are also normally distributed. This is shown from the results of the Kolmogorov-Smirnov test which all show the above significance value (0.05).

B. Correlation Between Variables

Table 3. Correlation between research variables

Variables		ECSDI	ENDI	SOSDI
FPSUS	r	0.572*	0.582*	0.651*
	Sig.	0.008	0.039	0.031
ECSDI	r	1,000	0.354	0.118
	Sig.		0.091	0.207
ENDI	r		1,000	0.291
	Sig.			0.088
SOSDI	r			1,000
	Sig.			--

Table 3 shows that variables of economic-socio-ecological responsibility (ECSDI, ENSDI, and SOSDI) are quite strongly correlated with the financial performance sustainability variable (FPSUS), which is indicated by each r value ranging from 0.572 to 0.651 with a significance level respectively less than 0.05, even less than 0.01. Table 3 also shows that the correlation between the variables of fulfilling economic-socio-ecological responsibilities (ECSDI, ENSDI, and SOSDI) is very weak, not even statistically significant. This means that the univariate regression model does not contain multicollinearity problems.

C. Multiple Univariate Regression Model

Hypotheses 1, 2, and 3 were each tested using univariate regression with multiple models, namely Models 1, 2, and 3. Table 4 presents the results of the feasibility tests of these regression models, and presents the regression results for each model.

Table 4 shows that the univariate regression model (Model 1 to Model 3) is fit, which reflects that the change (variation) of the independent variables in each model can explain the change (variation) of the dependent variable. This is indicated by the Durbin-Waston F-value in each model which is significant at p-value < 0.05. Thus, the use of each univariate regression model for hypothesis testing can be continued.

Table 4. ***Multiple univariate regression models*** **for FPSUS and ECSDI, ENSDI, SOSDI**

: $FPSUS = \square + \beta_1 ECSDI + \varepsilon$

: $FPSUS = \square + \beta_1 ECSDI + \beta_2 ENSDI + \varepsilon$

: $FPSUS = \square + \beta_1 ECSDI + \beta_2 ENSDI + \beta_3 SOSDI + \varepsilon$

	Model 1	Model 2	Model 3
R^2	0.327	0.339	0. 423
Adjusted R^2	0.125	0.194	0.193
F-statistics	29.011	28.420	28.428
Sig. F-statistics	0.011	0.027	0.031
Durbin-Watson			
F-value	12.270	11.499	10.313
Sig. F-value	0.001	0.000	0.000
Constant	0,1590	0.2901	0.1861
Beta value and sig.:			
ECSDI	0.4912	0.3936	0.3892
Sig.	0.023*	0.033*	0.029*
ENSDI		0.2822	0.3871
Sig.		0.003**	0.029*
SOSDI			0.2536
Sig.			0.008**

* significant at p-value < 0.05; ** significant at p-value < 0.01 (1-tailed each)

1. Economic Responsibility as a Trigger for Sustainability of Financial Performance

Hypothesis 1 (H1) states that the fulfillment of economic responsibilities has a positive effect on the sustainability of financial performance. Table 4.3 shows that, from Model 1, the regression coefficients for the variable fulfillment of economic responsibilities (ECSDI) is 0.4912 with a p-value of 0.023 which means it is significant at 0.05. The results of this analysis indicate that H1 is accepted, and provides evidence that the fulfillment of economic responsibilities is positive trigger the sustainability of the company's financial performance. These results logically support the research results [3], [27]–[29], [59]. Their research reveals that social responsibility (including economic responsibility) is a driver of financial performance, in the

sense that the higher the level of fulfillment of economic responsibilities, the higher the financial performance. Although these studies found a positive effect of economic responsibility on financial performance in the context of a momentary time, the results of this study are consistent with this study, in the sense that if companies fulfill their economic responsibilities in a sustainable manner, their financial performance will also be sustainable.

The results of this study indicate that the sustainability of financial performance is positively triggered by the fulfillment of the company's economic responsibilities. The clearer and more relevant the company's strategies and programs to fulfill economic responsibilities, the stakeholders who will directly or indirectly support the process of creating financial performance. Thus financial performance can be achieved in a sustainable or repetitive manner, not generated temporarily or transitory. The higher the fulfillment of economic responsibilities, the higher the stakeholder support for the company. In this context, financial performance will be persistent (sustainable) if the company implements concrete programs and strategies, and will manifest as a concrete return on investment as well. Good corporate programs and strategies to achieve economic performance are part of good corporate governance, particularly related to accountability and responsibility aspects (GRI 2006 and 2011). It is also recognized Kim et al., (2018) which states that the company's awareness to implement programs and strategies to fulfill economic responsibility cannot be separated from the company's awareness to implement good corporate governance.

The findings of this study support and strengthen the argument of GRI (2006 and 2011) that corporate concern to fulfill economic responsibilities is needed so that companies are able to achieve sustainable financial performance in the long term. Programs and strategies companies to fulfill these economic responsibilities, such as infrastructure and service provision programs, determination of fair employee remuneration, concern for local suppliers, controlling operations that have a risk of corruption, establishment of anti-competitive policies, anti-corruption policies, and anti-monopoly policies. The results of this study indicate that the implementation of concrete programs and strategies to fulfill economic responsibilities can trigger (drive) the sustainability of financial performance.

2. Ecological Responsibility as a Driver for Sustainability of Financial Performance

Hypothesis 2 (H2) stated that the fulfillment of ecological responsibility has a positive effect on the sustainability of financial performance.Table 4.3 shows that, from Model 2, the regression coefficients for the ecological responsibility fulfillment variable (*Environment Sustainability Disclosure Index* - ENSDI) is 0.2822 with a p-value of 0.003 which means it is significant at 1%. The results of this analysis indicate that H2 is accepted, and provides evidence that the fulfillment of ecological responsibilities is positivetrigger the sustainability of the company's financial performance.

The results of this study logically support the results of the study [39]–[41], which obtained evidence that the fulfillment of environmental responsibility by companies has a positive effect on financial performance. This research also supports the research results[3], [38], [42]. Their research reveals that the fulfillment of environmental responsibility is a driver of financial performance, in the sense that the higher the level of fulfillment of environmental responsibility, the higher the financial performance. Although these studies found a positive effect of ecological responsibility on financial performance in the context of a momentary time, the results of these studies are consistent with this study, in the sense that if companies fulfill their ecological responsibilities in a sustainable manner, their financial performance will also be sustainable.

The results of this study indicate that the sustainability of the company's financial performance is positively triggered by the fulfillment of ecological responsibilities. The clearer and more relevant the company's strategies and programs are to show concern for fulfilling ecological responsibilities, the stakeholders who are directly or indirectly involved in the profit creation process will support the company's program. Thus, financial performance can be achieved in a sustainable or repetitive manner, not generated temporarily or transitory. The higher the ecological responsibility of the company, the higher the stakeholder support for the company. In this context, financial performance will be persistent (sustainable) if the company implements concrete programs and strategies for fulfilling ecological responsibilities.

Good corporate programs and strategies to fulfill ecological responsibilities are part of good corporate governance, particularly related to accountability and responsibility aspects (GRI 2006 and 2011). In this context, stakeholders who are directly or indirectly involved in the process of achieving financial performance will provide support to companies that seek to achieve financial performance without exploitation and ecological destruction, but instead maintain ecological balance and sustainability. Company awareness to maintain ecological sustainability and sustainability is a driver for the sustainability of the company's financial performance in the long term. Good corporate programs and strategies to achieve financial performance by considering ecological sustainability are also part of good corporate governance, particularly related to accountability and responsibility aspects (GRI 2006 and 2011). This is also recognized by[3] which states that the company's awareness to carry out programs and strategies to fulfill ecological responsibility cannot be separated from the company's awareness to implement good corporate governance.

With the acceptance of H2 in this study, the argument of GRI (2006 and 2011) is supported. GRI (2006 and 2011) argues that concern for ecological sustainability is needed so that companies are able to achieve sustainable financial performance in the long term while ensuring environmental sustainability. In the view of stakeholders, the existence of a company must essentially provide benefits to the environment, not only to maintain sustainability, but also to change the environment for the better.

Company concern to fulfill ecological responsibilityThis is reflected in the disclosure of specific indicators related to the efforts made by the company to protect and manage the environment. These ecological responsibilities include: control of input materials, control of energy consumption, control of water use, handling of waste and pollution, maintenance of biodiversity, and ecological revitalization policies (GRI 2006 and GRI 2011).

The results of this study indicate that the sustainability of financial performance is positively triggered (drive) by the company's concern for fulfilling the ecological responsibilities required by GRI 2006 and GRI 2011. The higher the company fulfills the ecological responsibility as required by GRI 2006 and 2011, the more persistence the financial performance. The company's concern for ecological sustainability is a good signal about the sustainability of financial performance in the future[3], [39]–[41].

3. Social Responsibility as a Trigger for Sustainability of Financial Performance

Hypothesis 3 (H3) stated that the fulfillment of social responsibility has a positive effect on the sustainability of financial performance.Table 4.3 shows that, from Model 3, the regression coefficients for the variablefulfillment of social responsibility (SOSDI) is 0.2536 with a p-value of 0.008, which means it is significant at 0.01 The results of this analysis indicate that H3 is accepted, and provides evidence that the fulfillment of social responsibility is positivetrigger the sustainability of the company's financial performance.

The results of this study logically support the results of the study (Al-Hajri & Al-Enezi, 2019; SY Cho & Lee, 2019; Du Toit, E. & Lekoloane, K., 2018; Gocejna, 2016; Najul & Santi, 2017; Riyadh et al., 2019; Xie et al., 2019) who obtained evidence that the fulfillment of social responsibility by the company has a positive effect on financial performance. Their research reveals that the fulfillment of social responsibility is a trigger for financial performance, in the sense that the higher the level of fulfillment of social responsibility, the higher the financial performance. Although these studies found a positive effect of social responsibility on financial performance in the context of a momentary period, the results of this study are consistent with this study, in the sense that if companies fulfill their social responsibilities in a sustainable manner, their financial performance will also be sustainable.

The results of this study indicate that the sustainability of the company's financial performance is positively triggered by the fulfillment of social responsibility. The clearer and more relevant the company's strategies and programs are to show concern for fulfilling social responsibilities, the stakeholders who are directly or indirectly involved in the profit creation process will support the company's program. Thus, financial performance can be achieved in a sustainable or repetitive manner, not generated temporarily or transitory. The higher the corporate social responsibility, the higher the stakeholder support for the company. In this context, financial performance will be persistent (sustainable) if the company implements programs and strategies to fulfill social responsibility in a concrete way.

Good corporate programs and strategies to fulfill social responsibility are part of good corporate governance, particularly related to accountability and responsibility aspects (GRI 2006 and 2011). In this context, stakeholders who are directly or indirectly involved in the process of achieving financial performance will provide support to companies that seek to achieve financial performance while still paying attention to social sustainability and being able to make social conditions better. The company's awareness to make social conditions better is a driver for the sustainability of the company's financial performance in the long term. Good corporate programs and strategies to achieve financial performance by considering social sustainability are also part of good corporate governance, particularly related to accountability and responsibility aspects (GRI 2006 and 2011). This is also recognized by Kiem et al. (2018) which states that company awareness to carry out programs and strategies to fulfill social responsibility cannot be separated from company awareness to implement good corporate governance.

With the acceptance of H3 in this study, the argument of GRI (2006 and 2011) is supported. GRI (2006 and 2011) argues that the company's concern for fulfilling social responsibilities is needed so that companies are able to achieve sustainable financial performance in the long term while ensuring the sustainability of social life and being able to make people's lives better. In the view of stakeholders, the existence of a company must essentially provide benefits to people's lives, even changing lives for the better. Company concern to fulfill social responsibilityThis is reflected in the disclosure of specific indicators related to the efforts made by the company to maintain social stability and efforts to change people's lives for the better. These social responsibilities include: transparency in employee recruitment, leave policies, occupational health and safety guarantees, agreements with trade unions, supplier selection with social criteria, non-discrimination, respect for human rights, empowerment of local communities, partnership programs, grants and assistance, and fostering people's businesses (GRI 2006 and GRI 2011).

The results of this study indicate that the sustainability of financial performance is positively triggered (drive) by the company's concern for the fulfillment of social responsibility required by GRI 2006 and GRI 2011. The higher the level of fulfillment of social responsibility as required by GRI 2006 and 2011, the more persistent financial performance. Kim et al. (2018) stated that the company's concern for social sustainability is a good signal about the sustainability of financial performance in the future(Al-Hajri & Al-Enezi, 2019; SY Cho & Lee, 2019; Riyadh et al., 2019; Xie et al., 2019).

V. CONCLUSIONS

This research obtain evidence that the company's concern in fulfilling its economic-socio-ecological responsibilities has a positive effect on the sustainability of financial performance. This shows that if the company implements concrete programs and strategies to fulfill its economic-socio-ecological responsibilities as reflected in the GRI Standard 2006 and 2011, stakeholders will provide legitimacy and support to the company's operations. With the support of these stakeholders, the company will be able to carry out its operations properly in order to achieve sustainable financial performance as expected by investors and creditors. Thus, it can be logically said that the company's awareness to fulfill its economic-socio-ecological responsibilities is a trigger for financial sustainability.

The results of this study have implications for corporate governance reporting, especially in the industrial sector Consumer Goods, various machinery industries, basic and chemical industries, agriculture and plantations, and mining, that is to seriously protect natural vegetation as a result of the company's operational activities. Companies in this sector need to be supervised and controlled by the government in order to manage their natural and environmental conditions in accordance with the surrounding natural cycles, in order to prevent natural disasters due to large-scale industrial activities. The indicators for measuring and assessing the corporate governance index actually need to be restructured so that old regulations that are not in accordance with current conditions can be renewed.

The limitation of this research is the measurement of the fulfillment of economic-socio-ecological responsibilities based on the standard disclosure index *Global Reporting Initiative (GRI).* Thus, the fulfillment of economic-socio-ecological responsibilities is measured from the aspect of the quantity of disclosure, not from the aspect of its quality. This study assumes that the disclosure of economic-socio-ecological responsibilities has been carried out honestly by the company, in the sense that all aspects disclosed by the company are in accordance with the facts. This study only measures the index based on the total disclosure of economic-socio-ecological responsibility by the company, and does not separate the disclosure of positive and negative things, which may have different impacts on stakeholder responses and decisions. Future research is expected to modify the measurement of concern for the fulfillment of economic-socio-ecological responsibilities by considering the existence of disclosures that are not in accordance with the facts, as well as considering the separation between the disclosure of positive and negative things.

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