The influence of environmental performance, environmental costs, and firm size on financial performance with corporate social responsibility as intervening variables (empirical study on manufacturing companies listed on the Indonesia stock exchange 2014-2018)

R Abdullah¹, D Mahmuda¹, E Malik¹, E T Pratiwi¹, M Rais¹, A Dja’wa², L O D Abdullah¹, Hardin¹, M Lampe³ and A P Tjilen⁴

¹Universitas Muhammadiyah Buton, Baubau, Indonesia
²Department of Development Economics, Faculty of Economic and Business, Universitas Halu Oleo
³Anthropology Department, Faculty of Social Sciences and Political Sciences, Universitas Hasanuddin, Makassar, Indonesia
⁴Department of State Administration Science, Faculty of Sosial Science & Political Science, Universitas Musamus, Merauke, Indonesia

Email: rudiabdullah@umbuton.ac.id

Abstract. This study aims to determine (1) the effect of environmental performance on financial performance, (2) the effect of environmental costs on financial performance, (3) the effect of firm size on financial performance, (4) the effect of Corporate Social Responsibility (CSR) on financial performance, (5) CSR as a mediator in the influence of environmental performance on financial performance, (6) CSR as a mediator in the influence of environmental costs on financial performance, and (7) CSR as a mediator in the influence of company size on financial performance. This research is included in comparative causal research. The population of this research is manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. By using a purposive sampling method, 52 companies meet the criteria with a total of 104 data sets. The data analysis technique used is a simple linear regression analysis and path analysis. The results of this study indicate that (1) environmental performance does not affect financial performance, (2) environmental costs negatively affect financial performance, (3) company size has a positive effect on financial performance, (4) CSR has a positive effect on financial performance, (5) CSR is able to mediate the influence of environmental performance on financial performance, (6) CSR is not able to mediate the relationship of environmental costs to financial performance, and (7) CSR is able to mediate the influence of firm size on financial performance.

1. Introduction
One way to assess the performance of a company is to look at the company’s financial performance. Financial performance describes how a company’s business activities are carried out and what has been achieved from business activities. The achievement of the company's business activities is
illustrated by generating profits. The ability of a company to generate profits is the main thing in evaluating the company's financial performance [1]. The use of profit as a parameter in measuring financial performance is based on profits that are needed by a company for the survival of the company [2].

The financial performance described by this profit is also an indicator of measuring the company's success in financial terms. With the measurement indicators, the company can conduct reviews and evaluations of the results obtained, so the company can see the prospects of the company in the next period and also as an effort to maintain the sustainability of the company. Thus financial performance also determines the life of a company. This is because the business process of the company can also run financial support for the company. On the other hand, the results of business processes interpreted with profit are also the main assessors in financial performance. Measurement of a company's financial performance must be based on financial statements published and made following generally accepted accounting principles. Therefore, it can be said that financial performance is one form of responsibility for the company [3].

The financial performance used by investors as a benchmark. Investors will analyze the company's financial performance in making investment decisions. When analyzing financial performance will be compared to the current period with the previous period, so that it can provide an overview of financial performance in the coming period. If the results of the analysis show that the company's financial performance is good, it will attract investors to invest their capital. Therefore, it can be said that financial performance is important for companies to get capital intake. But unfortunately, based on wanting to generate maximum profits and obtain capital intake, some companies still ignore the surrounding environmental impacts and the social impact of their activities. This is consistent with the opinion that the principle of profit maximization to seek maximum profit is violated by many companies, such as low environmental management, environmental performance, and low interest in environmental conservation.

Because of the proliferation of several companies that only maximize profits and do not pay attention to social impacts and environmental impacts, the current financial performance is not the only form of corporate responsibility. The public is now also aware of the social impact of companies that want to achieve maximum profit, so the community demands that the company pay attention to and overcome the social impacts it causes. At present, the company's responsibility is not only limited to financial performance but also social responsibility. This is also following the Government Regulation of the Republic of Indonesia Number 47 of 2012 concerning Social and Environmental Responsibilities of Limited Liability Companies. This social responsibility is often referred to as Corporate Social Responsibility.

Corporate Social Responsibility is a corporate responsibility both inward directed to shareholders and employees in the form of company profitability and progress, as well as outside responsibilities associated as taxpayers and job providers, improving people's welfare and competence, and maintaining the environment for generations future. Thus, companies can be useful not only for their business but also for other parties.

Corporate Social Responsibility is closely related to stakeholders. According to stakeholders, all parties, both internal and external, who have a relationship, are both influential and influenced, directly or indirectly by the company. As a party that has interests and goals, stakeholders in making decisions also consider a Corporate Social Responsibility run by a company. Angela (2015) revealed the transparency of CSR disclosures in financial statements to be important for users of financial statements or stakeholders to analyze the extent to which the company's attention and responsibility in running a business.

Companies in Indonesia that had the chance to pollute included PT Lapindo Brantas and PT Newmont Minahasa Raya. Drilling activities by PT Lapindo which caused unstable soil conditions under the initial location which resulted in the eruption of mud and were compounded by the occurrence of bursts of methane gas accompanied by water mixed with mud. Eventually, it began to inundate the area around drilling to settlement, agriculture and industry which resulted in 16 villages in three sub-districts submerged in the mud with a height of six meters, more than 25,000 people had to be evacuated, and infrastructure that became paralyzed. PT Newmont Minahasa Raya also recorded
environmental pollution in Buyat Bay, Bolaang Mongondow Regency, North Sulawesi. The Expert Team from Sam Ratulangi University stated that Newmont was proven to dispose of tailings containing hazardous toxic materials (B3) in Buyat Bay. The findings prove that the concentration of mercury and arsenic in seawater in Buyat Bay has exceeded the standard quality threshold. Companies that carry out pollution have injured their responsibility to stakeholders, especially the environment and the people who feel the direct impact of the pollution.

Companies that do pollution are seen as not having good environmental performance. Even though good environmental performance can indicate that the company can be relied upon and can give trust to stakeholders, with the existence of information about the environmental performance of the company will reveal how much the company's business in carrying out its responsibilities to overcome the environmental impacts caused.

To assess the company's environmental performance, the government, through the Ministry of Environment since 2002, has formed a Program to Assess Company Performance in Environmental Management (PROPER). This program is one of the efforts of the Ministry of Environment to encourage the structuring of companies in environmental management through information instruments. The company's environmental performance rating is divided into five color ratings, starting from the best gold, green, blue, red, to the worst black. The ranking uses color to facilitate the differentiation of ranking categories and forms of communication in delivering performance to the public so that they are more easily understood and remembered. With PROPER, the community can judge which companies have a good reputation in environmental management and which companies whose reputation is not good in environmental management.

But unfortunately the 13 years of PROPER have not been fully implemented, the results obtained as expected. This is because there are still companies that get red and black categories. PROPER results in the 2014-2018 assessment period amounted to 2137 companies with 61 companies not ranking. For ranking details, there are 12 companies in the gold rank (0.6%), 108 companies in the green rank (5.2%), blue in the rankings there are 1406 companies (67.7%), the red rank is 529 companies (25.5%) and black rank of 21 companies (1.0%).

The existence of companies that obtain black and red ratings is quite disappointing. This is because companies have not carried out environmental management according to legislation and even deliberately did not make efforts to manage the environment as required. This means that the company’s contribution to the environment is to do pollution. Good environmental management can avoid claims from the public and the government and improve product quality, which will ultimately increase the company's financial profit [4].

When managing the environment to overcome the impact it is caused, the company will allocate environmental costs. But unfortunately, the company considers that this environmental cost is only an additional expenditure for the company. On the other hand, the company considers that environmental costs will only be a profit-reducing account for the company. Even though the existence of cost allocation for environmental management shows the consistency of environmental care that is carried out by the company to build community trust in corporate social responsibility [5], this environmental cost can be said as a long-term investment of the company. This is because the funds issued at this time can give a good name to the company so that it can increase stakeholder trust in the company.

Stakeholders or investors in passing investment decisions sometimes also see the total assets of the company or often called the size of the company. Large-size companies have more access to outside sources of funding because it is said that large-sized companies have a greater chance of winning the competition or staying in the industry. Thus, investors will consider investing in large companies. Found a relationship between company size and financial performance. The difference in results from these studies makes the authors interested in re-examining the relationship between environmental performance, environmental costs, company size, Corporate Social Responsibility, and financial performance. Based on the background above, the researcher will make a study entitled "The Effect of Environmental Performance, Environmental Costs, and Firm Size on Financial Performance with Corporate Social Responsibility as an Intervening Variable". This research was conducted at manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.
Based on the background described above, the outline of the problem statement in this study is as follows: What is the influence of environmental performance on financial performance? What is the effect of environmental costs on financial performance? How does the size of the company influence financial performance? What is the effect of Corporate Social Responsibility on financial performance? How is the influence of environmental performance on financial performance mediated by Corporate Social Responsibility? How is the influence of environmental costs on financial performance mediated by Corporate Social Responsibility? How is the influence of company size on financial performance mediated by Corporate Social Responsibility?

2. Methods

The analysis tools in this study are as follows:

a. Descriptive analysis.

This study uses descriptive statistics. Descriptive statistics are statistics used to analyze collected data as they are without intending to make general conclusions [6]. The data used to be described with descriptive statistics that exist in this study are environmental performance, environmental costs, company size, financial performance and Corporate Social Responsibility. The measurements used in this study are minimum values, maximum values, mean, and standard deviation.

b. Classic assumption test.

The normality test aims to test whether in the regression model, the disturbing or residual variables have a normal distribution [7]. There are two ways to detect data that is normally distributed or not, namely by graph analysis and statistical analysis. In this study, Kolmogorov-Smirnov (KS) statistical analysis will be conducted to detect data and residual normality. This study uses a significance level of 5%, where if the significance value of the KS value is > 5%, then the data used in the study is normally distributed, whereas if the significance value of the KS value is < 5%, then the data used in the study is not normally distributed.

The multicollinearity test aims to test whether the regression model is found to correlate with independent variables. The existence of a perfect or near-perfect relationship between independent variables and other independent variables will show multicollinearity. While in a good regression model, there should not be a strong correlation between the independent variables. In this study, multicollinearity detection was carried out using the tolerance value method (α) and Variance Inflation Factor (VIF). The common cutoff value used to indicate multicollinearity is Tolerance > 0.10 or equal to VIF < 10.

The autocorrelation test aims to test whether, in a linear regression model, there is a correlation between the interfering errors in period t and the interfering errors in the t-1 period (before). In this study, the detection of autocorrelation was carried out by the Durbin-Watson test with criteria: 1) If the DW value is located between the upper bound (du) and (4-du). Then the autocorrelation coefficient is zero, meaning there is no autocorrelation. 2) If the DW value is lower than the lower bound (dl), then the autocorrelation coefficient is greater than zero, meaning there is positive autocorrelation. 3) If the DW value is greater than (4-dl), then the autocorrelation coefficient is smaller than zero, meaning there is negative autocorrelation. If the DW value is located between the upper (du) and the lower limit (dl) or DW is located between (4-du) and (4-dl), then the result cannot be concluded.

Linearity Test is used to see whether the specifications of the model used are correct or not. With the linearity test, the information will be obtained whether the empirical model should be linear, quadratic, or cubic. The linearity test used in this study using is the Lagrange Multiplier Test.

The H1, H2, H3 and H4 tests use simple linear regression. Simple regression is based on functional or causal relationships of one independent variable with one dependent variable [8]. The steps in simple regression analysis are as follows:
a. Make a simple linear line

$$Y = a + bX$$  \hspace{1cm} (1)

Where:
- \(Y\) = Subject in the predicted dependent variable
- \(a\) = Price \(Y\) when the price of \(X = 0\)
- \(b\) = Number of directions or regression coefficients
- \(X\) = Subject on an independent variable that has a value certain.

b. The coefficient of determination

The coefficient of determination or R\(^2\) is a value that shows the extent to which variable \(Y\) can be explained by variable \(X\). R\(^2\) (R Square) can be seen in the Model Summary table in the regression results. The amount stated is multiplied by 100 which means in the form of a percentage. Furthermore, the results listed in R\(^2\) which are already in the form of percentages mean values that indicate the extent to which variable \(Y\) can be explained by variable \(X\). The remainder (100-R\(^2\) (in percentage form)) is a value that indicates that the \(Y\) variable is explained by another variable, other than variable \(X\).

c. Partial regression test

To find out whether the hypotheses (H1, H2, H3 and H4) that have been determined are accepted or rejected, then a statistical test is performed using the t-test statistic. The formula does the t-test: 

\[
t_{\text{r}} = \sqrt{n - r - 1}
\]

Information : 
- \(t_{\text{r}}\) = correlation coefficient; 
- \(n\) = number. The t-test shows how far the influence of one variable individually in explaining the variation of the dependent variable. If \(t_{\text{r}}\) count is smaller than \(t_{\text{r}}\) table with a significance level of 5%, it has a non-significant effect. Conversely, if \(t_{\text{r}}\) count is greater or equal to \(t_{\text{r}}\) table at a significance level of 5%, then it has a significant effect. In addition, to determine the hypothesis is accepted or not and to determine the significance of the effect that occurs can be done by looking at the value of Sig. or the significance contained in the coefficients table as a result of data processing. If the value of Sig. Less than 0.05, the hypothesis is accepted significantly.

Use of this method is used to test H5, H6, and H7. Path analysis and Sobel test were used to test the hypotheses that have been proposed and to examine the effect of mediating variables (intervening variables) in mediating the independent variable on the dependent variable. Path analysis is an extension of multiple regression analysis, or in other words, path analysis is the use of regression analysis to estimate causality between variables that have been previously determined based on the theory.

Path analysis is only used to determine the pattern of relationships between three or more variables and cannot be used to confirm or reject the hypothesis of imaginary causality so that to do proof H5, H6, and H7 is used the Sobel test. The following shows a path analysis model: The number of variable Z variances that are not explained by variables \(X_1, X_2, \) and \(X_3\) is indicated by \(e_1\). Whereas \(e_2\) shows the number of variance \(Y\) which is not explained by variables \(X_1, X_2, X_3, \) and \(Z\).

### 3. Results and discussion

This study analyzes the influence of environmental performance, environmental costs, and firm size on financial performance through Corporate Social Responsibility in manufacturing companies on the Indonesia Stock Exchange for the period 2014-2019.

1. Results of descriptive statistics

Descriptive analysis of the data taken for this study is from 2014 to 2019 which is 104 observational data. Descriptions of variables in descriptive statistics used in this study include minimum values, maximum values, mean, and standard deviation.
Table 1. Descriptive statistics results

| Variable                        | N  | Min.    | Maks.    | Mean    | S.D     |
|---------------------------------|----|---------|----------|---------|---------|
| Financial Performance           | 104| 0.00076 | 0.4317   | 0.08348 | 0.08003 |
| Environmental Performance       | 104| 0.00029 | 1.1440   | 0.06789 | 0.19691 |
| Environmental Costs             | 104| 0.00076 | 0.4317   | 0.08348 | 0.08003 |
| Company Size                    | 104| 26.67   | 33.20    | 29.3824 | 1.50256 |
| Corporate Social Responsibility | 104| 0.16484 | 0.5714   | 0.31608 | 0.09194 |

Source: Secondary data processed

2. Classical assumption test results

a. Normality test

Table 2. Test results of corporate social responsibility and financial performance

| Variable  | Kolmogrov-Smirnov | Asymp-Sig. (2 tailed) | Ket       |
|-----------|-------------------|-----------------------|-----------|
| CSR       | Unstandardized Residual | 0.72 | 0.200 | Normal   |
| FP        | Unstandardized Residual | 0.82 | 0.115 | Normal   |

Source: Secondary data processed

b. Multicollinearity Test

Table 3. Test results of corporate social responsibility and financial performance

| Variable | Tolerance value | VIF value | Conclusion                        |
|----------|-----------------|-----------|-----------------------------------|
| CSR      | 0.821           | 1.218     | Multicollinearity does not occur   |
| FP       | 0.935           | 1.069     |                                   |
| CSR      | 0.811           | 1.233     | Multicollinearity does not occur   |
| EP       | 0.924           | 1.083     |                                   |
| CSR      | 0.575           | 1.740     |                                   |

Source: Secondary data processed

c. Autocorrelation test

Table 4. Test results of corporate social responsibility and financial performance

| R       | R Square | Adjusted R Square | Std. The error of the Estimate | Durbin-Watson |
|---------|----------|-------------------|--------------------------------|---------------|
| CSR     | 0.652    | 0.425             | 0.407                          | 0.07081878    | 1.879         |
| FP      | 0.761    | 0.580             | 0.561                          | 0.77871       | 2.085         |

Source: Secondary data processed
d. Heteroscedasticity test

| Variable | t hitung | Sig. | Keterangan          |
|----------|----------|------|---------------------|
| CSR      |          |      |                     |
| PE       | 1.566    | 0.121| There is no         |
| EP       | -0.920   | 0.360| heteroscedasticity  |
| FS       | -0.830   | 0.408|                     |
| PE       | -0.276   | 0.783|                     |
| FP       |          |      |                     |
| EP       | 1.919    | 0.058| There is no         |
| FS       | 0.805    | 0.423| heteroscedasticity  |
| CSR      | -0.223   | 0.824|                     |

Source: Secondary data processed

e. Linieritas test

|          | R       | R Square | Adjusted R Square | Std. The error of the Estimate |
|----------|---------|----------|-------------------|-------------------------------|
| CSR      | 0.652   | 0.425    | 0.407             | 0.07081878                    |
| PF       | 0.761   | 0.580    | 0.561             | 0.77871                       |

Source: Secondary Data Processed

3. Test the hypothesis

| H       | Variable | Hr and $r^2$ | H t  | Sig. | Koef. | Konst |
|---------|----------|--------------|------|------|-------|-------|
|         |          | R            | $r^2$| $t_{count}$ | $t_{table}$ |      |       |
| H1      | EP-FP    | 0.99         | 0.010| 0.969| 1.6607| 0.335| 0.710| -3.758|
| H2      | CZ-FP    | 0.478        | 0.229| -5.308| 1.6607| 0.000| -0.318| -4.373|
| H3      | FS-FP    | 0.246        | 0.060| 2.470| 1.6607| 0.015| 0.192| -8.631|
| H4      | CSR-FP   | 0.584        | 0.340| 7.003| 1.6607| 0.000| 7.462| -5.342|

Model | Unstand. Coef. s | Price t | Sig. | Price r and $r^2$ |
|------|-----------------|---------|------|-------------------|
|      | $B$ | S.E | $t_{count}$ | $t_{table}$ |       |       |
| H5   | (Constant)      | -0.040 | 0.052 | -0.773 | 1.6607 | 0.442 | 0.518 | 0.337 |
|      | PE              | 0.326  | 0.047 | 6.956  | 0.000  | 0.000 | 0.076 | 0.006 |
| H6   | (Constant)      | -0.004 | 0.005 | -0.740 | 1.6607 | 0.461 | 0.000 | 0.000 |
|      | PE              | -0.554 | 0.162 | -3.425 | 1.6607 | 0.001 | 0.484 | 0.234 |
| H7   | (Constant)      | 0.030  | 0.005 | 5.388  | 1.6607 | 0.000 | 0.484 | 0.234 |

Source: Secondary data processed

1. Effect of environmental performance on financial performance.

   Based on the results of the hypothesis test the results of the calculated t value show that 0.969 is smaller than the value of the t table (1.6607), with a significance of 0.335 (> 0.05), which means that there is no significant effect on environmental performance to financial performance, so the first hypothesis is rejected. Of the 104 data that were processed, the average researcher obtained a blue rating, which meant that the company made environmental management efforts only following those regulated by law. However, from the results of environmental performance which can be said to be sufficient, it cannot yet guarantee the results of good financial performance. This indicates that stakeholders or the community feel that the results are not in line with expectations.
They hope that the company can do environmental management than required by law, such as being able to utilize resources efficiently and implement 3R (Reuse, Reduce, Recycle).

Therefore, the results of the environmental performance of the PROPER rating have not been able to attract stakeholders to invest in the company. Even though the existence of capital intake can be used by companies both for operational activities and products which are intended to increase profits, on the other hand, to get a high color ranking in PROPER, of course, many requirements must be met by the company. To realize the many requirements, companies certainly also have to disburse a large number of funds. The expenditure of these funds for the company is a cost. Thus, PROPER activities that the company follows also require funds that can be considered by the company.

The results of the first hypothesis test are in line with the research conducted by Rakhiemah & Agustia (2009), Pujiasih (2013), and Angela (2015) which states that there is no influence between environmental performance and financial performance but the results of the first hypothesis test are contrary to Al's research -Tuwaijri et al. (2004), Fitriani (2013), and Tunggal & Fachrurrozie (2014).

2. Effect of environmental costs on financial performance.
   Testing the second hypothesis shows the results of the t value of -5.308 smaller than the value of t table (-1.6607), with a significance of 0.000 (<0.05), which means that the effect on environmental costs to financial performance is significantly negative, so the second hypothesis in this study was rejected.

   The environmental costs expected to be a long-term investment have not been proven in this study. This can be seen from the results of the study that there are significant negative influences. This means that if environmental costs increase, it will reduce the company's financial performance. This can happen because the environmental costs incurred by the company are indicated to be additional expenditure by the company. Fitriani (2013) revealed that sometimes, companies ignore the environmental costs incurred by the company, resulting in no visible results in the company's annual financial statements. If the company continues to ignore, the impact on the financial statements will deteriorate due to the swelling of environmental costs incurred.

   Also, the environmental costs incurred by the company are usually charged to the price of the product. This means that if the environmental costs are quite large, it is likely that the prices of products issued by the company will also increase. Of course, the more expensive the price of the product will not be accepted and burdensome to the community, so that in the end there will be a decrease in income.

   Environmental cost data found by the authors in this study were the majority in the low category. Moreover, the percentage of low category environmental costs is 95.88%, which is a very large percentage. This possibility is what makes environmental costs negatively affect financial performance in this study.

   The results of this second hypothesis test are not in line with the research conducted by Fitriani (2013) and Camilia (2016) who did not find a relationship between environmental costs and financial performance. Also, the results of the second hypothesis testing of this study also contradict the research of Al Sharairi (2005), which states that there is a positive influence between environmental performance and financial performance.

3. Effect of company size on financial performance.
   The testing of the third hypothesis shows that the value of t count is 2.470 greater than the value of t table (1.6607), with a significance of 0.015 (<0.05). This means that the effect on firm size to financial performance is significantly positive, so the hypothesis the third in this study is acceptable.

   Assessment of company size in this study uses total assets. Akbar (2013) revealed that the greater the total assets of a company, the greater the company's ability to generate profits where an increase in profit is an indication of improving the financial performance of the company.

   According to Sugiono & Christiawan (2013), large-sized companies have more access to external sources of funding, because it is said that large-sized companies have a greater chance of
winning the competition or staying in the industry. In other words, investors are more interested in investing in large companies. The results of the third hypothesis test are in line with the research conducted by Agrestya (2011) and Akbar (2013) which states that there is a significant positive effect between firm size and financial performance but the results of the third hypothesis test are contrary to the research of Fitriani (2013) and Rifan (2015) which found no relationship between company size and financial performance.

4. Effect of Corporate Social Responsibility on Financial Performance.

Testing the fourth hypothesis shows the value of t count of 7.003 is greater than the value of t table (1.6607), with a significance of 0.000 (<0.05) this means that the effect on Corporate Social Responsibility to financial performance is significantly positive, so the hypothesis the fourth in this study is acceptable. Good implementation of Corporate Social Responsibility has been seen by investors as good news. This good news can influence investors’ decisions in investing. Furthermore, the company will get a positive response from these investors to get additional capital that can be used to support operational activities and company finances.

The implementation of the Corporate Social Responsibility also shows the company’s concern for the community and the surrounding environment. Also, the implementation of Corporate Social Responsibility shows the company’s concern for the quality of the products produced. This can be known because one of the Corporate Social Responsibility activities also includes responsibility for the product. The company's concern for these matters can improve the image and reputation of the company. If the company’s image is getting better, customer and stakeholder loyalty will be even higher (Angela 2015). Along with the increase in loyalty for a long time, the company's sales will improve, and in the end by implementing CSR the level of company profitability also increases (Satyo, 2005 in Rahmawati, 2012). With the increase in profitability, the company's financial performance will also increase.

The results of the fourth hypothesis test are in line with the research conducted by Al-Tuwajri et al. (2004), Pujiasih (2013), and Rifan (2015) which states that there is a significant positive effect between Corporate Social Responsibility and financial performance but the results of the fourth hypothesis test are contrary to the research of Rakhiemah & Agustia (2009), Tunggal & Fachrurrozie (2014), and Angela (2015).

5. Effect of Environmental Performance on Financial Performance with Mediated Corporate Social Responsibility.

Environmental performance in this study cannot directly influence financial performance, but can indirectly affect financial performance through Corporate Social Responsibility as an intermediary or mediation. The magnitude of the direct effect is indicated by the value of path one which is equal to -2.600 while the indirect effect is 3.310. Based on these data, it is known that indirect effects outweigh the direct effects. The position of Corporate Social Responsibility as an intervening variable or intermediary for environmental performance and financial performance strengthens existing influences.

Testing the fifth hypothesis shows that the value of t arithmetic is 5.295 greater than t arithmetic 1.6607 with a significance value of 0.000 (<0.005). Based on these data, it can be concluded that the mediation relationship is positive and significant so that the fifth hypothesis can be accepted.

Environmental performance cannot be separated from the existence of Corporate Social Responsibility. This is because one of the implementations of Corporate Social Responsibility disclosed is environmental performance. Corporate Social Responsibility, which is usually reported in annual reports, often concerns stakeholders in decision making. This Corporate Social Responsibility activity can increase the legitimacy of many parties to be able to enhance the company's positive image which will also impact the sustainability of the company (Pujiasih, 2013). The positive image obtained by the company will certainly get a positive view from the stakeholders. This positive response will ultimately improve the company's financial performance both from increasing sales and increasing profits or getting additional capital.
The results of the fifth hypothesis test are in line with the research conducted by Rakhiemah & Agustia (2009), Rahmawati (2012) and Pujiasih (2013) which states that there is a significant positive effect between environmental performance on financial performance and mediated Corporate Social Responsibility but the fifth hypothesis test this is not in line with the research conducted by Tunggal & Fachruroz (2014) and Angela (2015).

6. Effect of Environmental Costs on Financial Performance with Mediated Corporate Social Responsibility.

Based on the results of hypothesis testing, environmental costs cannot influence indirectly on financial performance through Corporate Social Responsibility as an intermediary or mediation. The magnitude of the direct effect is indicated by the value of path one which is equal to \(-0.290\) while the indirect effect is \(-0.028\). Based on these data, it is known that the direct effect is greater than the indirect effect. The position of Corporate Social Responsibility as an intervening variable or intermediary for environmental costs and financial performance apparently cannot strengthen influence.

The sixth hypothesis testing shows that the value of t count is \(-0.789\) smaller than t count \(1.6607\) with a significance value of \(0.4647 (> 0.05)\). Based on these data, it can be concluded that there is no mediation relationship, so the sixth hypothesis is rejected.

The number of environmental costs incurred did not guarantee the number of Corporate Social Responsibility activities carried out by the company, especially the environmental cost data in this study was the lowest category. The quality of Corporate Social Responsibility activities also cannot be seen from the number of environmental costs. Even though good Corporate Social Responsibility can be a piece of good news for stakeholders and furthermore, it will be responded positively by stakeholders who can provide benefits for the company, especially in financial terms. With no significant influence from environmental costs on Corporate Social Responsibility, this proves that the indirect influence of environmental costs on financial performance through Corporate Social Responsibility does not have a strong influence. The results of the sixth hypothesis test are contrary to the research conducted by Tunggal & Fachruroz (2014) which states that there is a significant positive effect between environmental costs on financial performance and mediates Corporate Social Responsibility.

7. Effect of Company Size on Financial Performance with Mediated Corporate Social Responsibility.

The size of the company can directly influence financial performance, but it can also indirectly affect financial performance through Corporate Social Responsibility as an intermediary or mediation. The amount of direct effect is indicated by the value of path one which is equal to \(-0.037\) while the indirect effect is \(0.233\). Based on these data, it is known that indirect effects outweigh the direct effects. The position of Corporate Social Responsibility as an intervening variable or intermediary for company size and financial performance strengthens existing influences.

Testing the seventh hypothesis shows the value of t arithmetic of \(4.339\) greater than t arithmetic \(1.6607\) with a significance value of \(0.000 (<0.005)\). Based on these data, it can be concluded that the mediation relationship is positive and significant so that the fifth hypothesis can be accepted.

The acceptance of Corporate Social Responsibility as a mediation between the influence of company size on financial performance proves that the more the number of assets (company size), the more CSR disclosure will be made by the company (Nur & Priantinah, 2012). The existence of Corporate Social Responsibility as a mediating variable also strengthens existing influences. This is because in addition to large companies that are considered relatively stable and able to generate high profits (Aprianingsih 2016), large companies will also get more attention by stakeholders (Yao et al., 2011). Thus stakeholders will see that the company is not only an attractive company in financial terms but also from the social and environmental aspects of the company. The existence of a positive view from stakeholders will certainly provide benefits for the company, which ultimately will increase the company's financial performance.
4. Conclusion
Based on the results of data analysis through proof of the seven hypotheses proposed in this study regarding the influence of environmental performance, environmental costs, and firm size on financial performance with Corporate Social Responsibility as an intervening variable with empirical studies on manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018, then the conclusions from this study are: a) Environmental performance has no effect on financial performance. Thus, this proves that environmental performance is not able to influence the financial performance of a company. b) Environmental costs have a negative and significant effect on financial performance. Thus, this proves that the more environmental costs incurred, the financial performance of a company will decline. c) Company size has a positive and significant effect on financial performance. Thus, this proves that the greater the size of a company, the higher the financial performance of the company. d) Corporate Social Responsibility has a positive and significant effect on financial performance. Thus, this proves that the more Corporate Social Responsibility activities carried out by the company will also increase the company's financial performance. e) Corporate Social Responsibility as an intervening variable can mediate the influence on environmental performance to financial performance. g). Corporate Social Responsibility as an intervening variable is unable to mediate the effect on environmental costs on performance.

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