The Effect of Environmental Performance, Corporate Social Responsibility Disclosure, and Independent Commissioners On Financial Performance

Pryobudi Purbosanjoyo1*
Anindita Pratiantrie2
Tashia Egidia3
123 Fakultas Ekonomi dan Bisnis, Universitas Trisakti
*Korespondensi: pryobudip@yahoo.com

Abstract

The objective of this research was to examine the effect of environmental performance, CSR disclosure, and size of Independent Commissioners towards financial performance. The population of this research comprises companies registered as Manufacturing Consumer Goods listed at Indonesia Stock Exchange. Purposive sampling is used to determine the sample with an observation period 2015-2017. This study uses secondary data derived from annual reports and financial statements. Data analysis using a Multiple Linear Regression Analysis.

Research results show environmental performance, corporate social responsibility disclosure, and size of independent commissioners together had a relationship to all financial performance measurement namely Return on Assets (ROA), Return on Equity (ROE) and Net Profit Margin (NPM). CSR disclosure partially has a positive effect to financial performance, whereas environmental performance and size of independent commissioners have no effect to financial performance.

Keywords: Environmental Performance; CSR Disclosure; Independent Commissioners; Financial Performance.

Submission Date: 2019-07-11
Accepted Date: 2019-08-12

INTRODUCTION

A company is a form of organization where the operations and all the factors that support operational activities gathered. The company's goal to make a profit must be supported with sufficient funds to run a company's operational activities. For go-public companies, one of the many ways to obtain funds is to trade its shares on the Stock Exchange. Increasing competition in the business world push companies, especially go-
public companies, to further demonstrate their competitive advantages that the investors are interested in investing in these companies (Angelia & Suryaningsih, 2015). Financial statements are the source of a company's financial performance measurement. The type of financial statement analysis that will be used in this research is the analysis of financial ratio, which is proxied by ROA, ROE, and NPM.

Given the importance of financial performance to the company, this research described the factors that have an impact on financial performance. Environmental performance is the work done by the company in creating a good or green environment. Environmental performance can be measured using the PROPER (Program Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolaan Lingkungan Hidup) which produces rank that represents by colors: gold, green, blue, red, and black. Companies rated gold in Environmental Performance is the companies that showed environmental excellence. Companies that rated gold color of Environmental Performance will gain a higher appreciation of the community (Angelia & Suryaningsih, 2015).

Increasing public appreciation and loyalty bring an increase in sales of the product and/or service produced by the company. From the other side, the company received a gold ranking in environmental performance have applied the concept of ecoefficiency. Eco-efficiency is the concept of creating more goods and services by using fewer resources and create less waste and pollution as possible. The increase in sales followed by cost efficiency will increase the company's Earning Before Interest and Tax (EBIT). The subsequent impact of the increase in the EBIT of the company is increased ROA. Aside from consumers, investors also judge a company based on environmental performance carried out. Companies that have an environmental performance with gold and green ratings will be appreciated more by people. Increased public appreciation and loyalty result in increased sales of products and/or services of the company. With increasing sales, along with the application of the concept of ecoefficiency, the company's EBIT would have increased.

Along with the increasing company's profits, retained earnings also increased. An increased in retained earnings, the company can increase the ownership of the company (shareholders' equity) in the future. Retained earnings at most companies used to be reinvested in the segment that potentially generates profits for the company. Retained earnings that are used to be reinvested in that section will then generate returns from the increasing of income or raising revenue. The next impact is the revenue that constantly increases. Thus increasing the company's EBIT will have an impact on increasing ROE.

Companies that perform and disclose CSR in their financial statements will get a better response from the public. One indicator of CSR assessment is the safety and health of consumers in the use of the product. CSR disclosure convinced the public that the company produce a quality product and perform operations with ethical and responsible attitude (Angelia & Suryaningsih, 2015). Along with increase trust from the public, the company's sales levels will increase. In terms of the cost, the company can perform CSR by employing local labor as a form of expansion of jobs in the community. This form of CSR indirectly reduces labor costs to be incurred by the company because of the local workforce is cheaper compared to foreign labor. The increased level of sales, along with a decrease in costs, will increase the company's EBIT and positive effect on ROA.

Investors can also look at the performance of an enterprise from a social performance conducted by the company. With the disclosure of CSR, shareholders
learned that the company's employees are trained and educated through a training program that has been designed by the company. Also, shareholders received the understanding that the company continues to conduct a review of the performance and career development of its employees. This type of CSR disclosure would then lead to a sense of confidence of the various parties that the company producing the goods and/or services with good quality workers. Along with the increasing stakeholder confidence, level of sales will increase. In terms of costs, companies do CSR with their energy savings through conservation, and improved efficiency can be an indicator of a decrease in expenses to be incurred by the company. Increased sales of the company accompanied by decreasing operating costs will increase the company's net profit. Increased corporate profits will have an impact on the company's equity by means of increasing retained earnings. An increase in retained earnings, the company can increase the ownership of the company (shareholders' equity) in the future. Retained earnings at most companies used to be reinvested in the segment that potentially generates profits for the company. Retained earnings that are used to be reinvested in that section will then generate returns from the increasing of income or rising revenue. The next impact is an increase in net income constantly. Thus, increasing the company's EBIT will have an impact on increasing ROE. Previous research states that more disclosure of social responsibility activities in the annual report, the company will further enhance the company’s financial performance (Syahnez & Herawati, 2012).

The Independent Commissioner is an institution in charge of overseeing the running of the company led by the board of directors (Emirzon, 2006). Independent Commissioners can reduce agency problems and provide advice to managers and support the implementation of good corporate governance within the company through a supervisory function (Hermiyetti & Manik, 2016). Based on research conducted by (Hapsoro, 2008), the results show that the Independent Board of Commissioners has a positive effect on the company's financial performance. The research conducted by (Abdillah, Suhadak, & Husaini, 2015) shows that there is a significant influence between the composition of independent commissioners and disclosure of ROA as a proxy for financial performance.

The general objective of this study is to test and prove the positive influence of environmental performance, social responsibility disclosure, and size of independent commissioners toward corporate financial performance. The importance of this research includes verifying theories that have developed related to the influence of environmental performance, social responsibility disclosure, and size of independent commissioners and striving to prove that increasing environmental performance and social responsibility disclosure can be a component that improves the financial performance of the company. So that the results of this study can be a consideration for management to increase the environmental performance and social responsibility that financial performance continues to increase.

The related phenomenon is the 2018 Financial Performance Restated, Garuda Losses US $ 175.02 Million. PT Garuda Indonesia (GIAA) Tbk restatements the 2018 and I-2019 financial performance reports. This is related to the results of the decision of the Ministry of Finance, the Financial Services Authority (OJK) and the Supreme Audit Agency (BPK) so that the Garuda Indonesia 2018 financial report needs to be restated and follow up on the Indonesia Stock Exchange (IDX) decision so that Garuda Indonesia quarterly financial reports also presented again. The restatement caused many changes, compared to previously published financial statements. The most
significant thing in the restatement of Garuda Indonesia financial statements in 2018 was a net loss of US $ 175,028 million, compared to the previous report with a net profit of US $ 5,018 million. Garuda Indonesia Director of Finance and Risk Management Fuad Rizal said, restatement also resulted in changes in other operating revenues from US $ 278.8 million to US $ 38.8 million. While operating revenues remained at the level of US $ 4.37 billion. While the restatement of the quarterly performance report for 2019, Garuda posted a net profit of US $ 19.73 million, compared to the same period the previous year with a net loss of US $ 64.27 million.

The positive performance of Garuda Indonesia during the first quarter of 2019 was also supported by the scheduled flight service revenue line of US $ 924.93 million, a growth of 11.6 percent compared to the same period in the first quarter of 2018 of US $ 828.49 million. In addition, Garuda also recorded a significant growth in the performance of other operating revenues of 27.5 percent with revenues reaching USD 171.8 million.

According (Purnomo & Widianingsih, 2012) examined the effect of environmental performance on financial performance. The results showed that the independent variables of environmental performance as measured by proper had a positive effect on the company's financial performance. Research conducted by (Adam, Mukhtaruddin, & W Tantowi, 2013) regarding the effect of proper assessment on corporate financial performance, shows that environmental performance has a significant positive effect on financial performance. From the explanation (Jatmiko & Hidayat, 2016) regarding the effect of corporate social responsibility disclosure and environmental performance on the financial performance of the company having a significant influence on financial performance. (Jatmiko & Hidayat, 2016) regarding the effect of corporate social responsibility disclosure and environmental performance on the financial performance of the company having a significant influence on financial performance.

The results show that the independent board of commissioners has a positive effect on the company's financial performance, the research conducted by (Abdillah, Suhadak, & Husaini, 2015) shows that there is a significant influence between the composition of independent commissioners and disclosure of ROA as a proxy for financial performance.

LITERATURE REVIEW AND HYPOTHESIS

Legitimacy theory was used in this study. Legitimacy theory states that there is a relationship between social contracts between companies and communities. This social contract means that the company does not only advance the company but must be responsible to the community, one of them in terms of the environment around the company. (Rawi, 2010) states that the company will always strive to operate the company in accordance with the norms and rules that have been agreed with the surrounding community.

Legitimacy Theory This theory states that companies want to gain legitimacy or recognition from the public, that it has operated by not violating the norms and rules in society. Revealed that the operation of a company must be carried out in accordance with the limits and norms that apply in the community. (Deegan & Gordon, 1996) the existence of social contracts that occur between companies and communities. This social contract is related to that the stakeholders in which the company operates
demand for the welfare of their environment, both in terms of the economy and non-
economy. Examples are the company's responsibility for recycling waste, managing
factory waste, organizing training for the community, awarding scholarships, etc.
Companies that voluntarily are able and willing to transparently disclose their
environmental reports will automatically be recognized by stakeholders, that the
company has carried out its social responsibility well. The impact of this action is that
stakeholders increasingly trust the products produced by the company, so stakeholders
will buy the company's products. The results of many product purchases by customers
improve the company's financial performance.

The success of a company in generating profits can be measured by a certain
measure used by an entity called the company's financial performance. According
to (Jatmiko & Hidayat, 2016), company performance is a business carried out by a
compny to evaluate the efficiency and effectiveness of company activities that have
been carried out in a certain period. This information is not only useful for companies
but also provides management to stakeholders and investors. Financial statement
information is used by investors to obtain estimates about profit and dividends in the
future and help management to anticipate the risks to be taken. Financial performance
is directly a reference for companies regarding the company's financial condition,
whether they experience setbacks or progress. Financial performance in the broad sense
refers to the extent to which financial goals are being or have been achieved and are an
important aspect of financial risk management. Financial performance is the process of
measuring a company's policies and operations. This process is used to determine the
overall financial condition of the company in a certain period and can also be used to
compare financial conditions with similar companies in the same industry (Verma,
2012). Financial performance assessment can be done by applying financial ratios,
which are the main tools in analyzing and measuring financial performance. Financial
performance measurement can be done by calculation using financial ratio analysis
such as Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin
(NPM). The measurement is a profitability ratio to assess the company's ability to seek
profits (Kasmir, 2011).

Environmental performance is a measurable result of environmental management
systems, which are related to the control of environmental aspects. Implementation of
environmental performance can be done by implementing environmental accounting.
The company's concern for the environment has been regulated in Law No. 32 of 2009
concerning Environmental Protection and Management Article 68. The law says that
every person conducting a business and/ or activity is obliged to a) provide
information related to the protection and management of life correctly, accurately,
openly, and on time; b) maintain the sustainability of environmental functions; and c)
comply with the provisions concerning environmental quality standards and/or standard
criteria for environmental damage.

In Indonesia, the State Ministry of Environment has sought to encourage the
structuring of companies in environmental management through information
instruments by creating a Corporate Performance Rating Program (PROPER). As a
basis for assessment, environmental regulations used to relate to 1) requirements for
environmental documents and their reporting; 2) control of water pollution; 3) control
of air pollution; 4) management of hazardous and toxic materials (B3); 5) control of
seawater pollution; 6) potential damage to forests
Purnomo & Widianingsih (2012) examined the effect of environmental performance on financial performance. The results showed that the independent variables of environmental performance as measured by PROPER had a positive effect on the company's financial performance. Deegan & Gordon (1996) stated that legitimacy can be obtained when there is a match between the existence of a company that does not interfere or congruent with the existence of a value system that exists in society and the environment. Signaling theory similarly, if related to the relationship of performance with social or environmental disclosure, i.e. if a company has high financial performance, it can give a positive signal to investors or the public through financial statements or annual reports that will be disclosed. Research conducted by (Adam, Mukhtaruddin, & W Tantowi, 2013) regarding the effect of PROPER assessment on corporate financial performance, shows that environmental performance has a significant positive effect on financial performance. From the explanation, the hypothesis can be drawn as follows:

\[ H_1: \text{Environmental Performance has a positive effect against Corporate Financial Performance} \]

Corporate social responsibility is the company's mechanism to pay attention to the impact on the environment and society as a result of the company's operational activities voluntarily in the interests of stakeholders (Handayati & Rochayatun, 2012). The running of a company is aimed at gaining profit (profit), but companies that are professional and pay attention to the environment and the social will set aside profits for the development and empowerment of the community and environmental preservation as a form of corporate social responsibility. (Frederick, 2006) explained that the company does not only prioritize the interests of the company but also to the parties involved in the sustainability of the company, such as consumers, employees, and creditors. (Untung, 2014) his book, Corporate Social Responsibility (CSR) or corporate social responsibility is defined as a continuing commitment from the business world to behave ethically and contribute to the development and economic development of the surrounding community or the wider community. CSR disclosure is also carried out by the company to improve the image of the company so that the company is considered not only concerned with the interests of voters and goods. Disclosure of CSR is very important because it will affect the survival of the company in the future. CSR is related to the theory of the Triple Bottom Line (TBL), which focuses on people, planet, and profit (Global Reporting Initiative, 2016). Signal theory shows asymmetrical information between the company's management and the parties concerned with that information and suggests how the company gives signals to users of financial statements. Information published as an announcement will provide a signal for investors in making investment decisions (Saputro, Sidharta, & Irafahmi, 2015) examined the effect of Corporate Social Responsibility on financial performance. Shows the results that CSR has a positive influence on financial performance. A similar study has been carried out by (Jatmiko & Hidayat, 2016) regarding the effect of Corporate Social Responsibility Disclosure and environmental performance on the financial performance of the company having a significant influence on financial performance. From the explanation, the hypothesis can be drawn as follows:

\[ H_2: \text{Social Responsibility Disclosure has a positive effect against Corporate Financial Performance} \]
Based on research conducted by (Hapsoro, 2008), the results show that the Independent Board of Commissioners has a positive effect on the company's financial performance. The research conducted by (Abdillah, Suhadak, & Husaini, 2015) shows that there is a significant influence between the composition of independent commissioners and disclosure of ROA as a proxy for financial performance. The Independent Commissioner is an institution in charge of overseeing the running of the company led by the board of directors (Emirzon, 2006). Based on the theory of the legitimacy of the company that reports its performance affects the social value in which the company operates. This is because legitimacy is influenced by culture, different interpretations of society, political systems and government ideology (Purwanto, 2011). Independent Commissioners can reduce agency problems and provide advice to managers and support the implementation of good corporate governance within the company through a supervisory function (Hermiyetti & Manik, 2016). Independent commissioners aim to balance in decision making, especially in the context of protecting minority shareholders and other related parties. The existence of an Independent Board of Commissioners is expected to create a condition of an independent, balanced, and professional corporate environment in every function and role given. From the explanation, the hypothesis can be drawn as follows:

H₃: Board of Commissioners Size has a positive effect against Corporate Financial Performance.

Conceptual Framework

![Conceptual Framework](image)

Research Methods

This research is a hypothesis testing research. Independent variables are (1) Environmental Performance, (2) Social Responsibility Disclosure, and (3) Board of Commissioners Size. While the dependent variable is Corporate Financial Performance.
The type of research conducted is causality research. This research is in a non-contrived setting. The researcher determines the company registered as Manufacturing Consumer Goods for the period 2015-2017 as the object of research in its unit of analysis. The dimension of research time is data panel. In determining the number of samples to be chosen, researchers use certain criteria in determining the related sample. These criteria are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017
2. Companies that provide complete data on information or data to be used in research and information are disclosed in the annual report and audited financial report of the company concerned in the period 2015-2017.
3. Companies that issue financial statements in Rupiah.

The method of data collection in this study is to use the documentation method. Secondary data is obtained from the Financial Statements and Annual Reports for the period of 2015 to 2017 issued by the company and can be accessed through the company's website and IDX website. The collected data is then analyzed and processed quantitatively. The data testing method used in this study used multiple linear regression analysis using the Statistical Package for Social Science (SPSS) software version 24. Testing the feasibility of the data was done through the Classic Assumption test.

Financial performance is directly a reference for companies regarding the company's financial condition, whether they experience setbacks or progress. Financial performance in the broad sense refers to the extent to which financial goals are being or have been achieved and are an important aspect of financial risk management. Financial performance is the process of measuring a company's policies and operations. Financial performance measurement can be done by calculation using financial ratio analysis such as Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin (NPM). The measurement is a profitability ratio to assess the company's ability to seek profits (Kasmir, 2011).

Environmental performance is a measurable result of environmental management systems, which are related to the control of environmental aspects. Implementation of environmental performance can be done by implementing environmental accounting. The company's concern for the environment has been regulated in Law No. 32 of 2009 concerning Environmental Protection and Management Article 68. The measurement of environmental performance is using the Corporate Performance Rating Program as known as PROPER. The measurement is as follows.

| Rating | Remarks |
|--------|---------|
| GOLD   | Provided to the person in charge of the business and/or activity that has consistently demonstrated environmental excellence in the production and/or service process, carried out an ethical and responsible business. Provided to the person in charge of the business and/or activity that has carried out environmental management more than required by regulation (beyond compliance) through the implementation of an environmental management system, efficient utilization of resources through 4R efforts (Reduce, Reuse, Recycle, and Recovery), and do social responsibility (CSR/Comdev) well. |
| GREEN  | Provided to the person in charge of the business and/or activity that has consistently demonstrated environmental excellence in the production and/or service process, carried out an ethical and responsible business. Provided to the person in charge of the business and/or activity that has carried out environmental management more than required by regulation (beyond compliance) through the implementation of an environmental management system, efficient utilization of resources through 4R efforts (Reduce, Reuse, Recycle, and Recovery), and do social responsibility (CSR/Comdev) well. |
Corporate social responsibility is the company's mechanism to pay attention to the impact on the environment and society as a result of the company's operational activities voluntarily in the interests of stakeholders (Handayati & Rochayatun, 2015). The running of a company is aimed at gaining profit (profit), but companies that are professional and pay attention to the environment and the social will set aside profits for the development and empowerment of the community and environmental preservation as a form of corporate social responsibility. Social responsibility measurement is using content analysis method. This analysis is used to determine how far corporate disclose its social responsibility information stated in an annual report. Measurement approach of CSRI is using dichotomy approach. The approach to calculating CSRI uses a dichotomy approach, that is, each CSR item in the research instrument is given a value of 1 is expressed, and a value of 0 if not disclosed. Furthermore, the score of each item is summed to obtain the overall score for each company (Raar, 2002).

The Independent Commissioner is an institution in charge of overseeing the running of the company led by the board of directors (Emirzon, 2006). Independent Commissioners can reduce agency problems and provide advice to managers and support the implementation of good corporate governance within the company through a supervisory function (Hermyetti & Manik, 2016). Independent commissioners aim to balance in decision making, especially in the context of protecting minority shareholders and other related parties. The existence of an Independent Board of Commissioners is expected to create a condition of an independent, balanced, and professional corporate environment in every function and role given.

### RESULTS AND DISCUSSION

Sample Determination. Based on the criteria of the sample used, the following data are obtained:

| No. | Remarks                                                                 | Total |
|-----|--------------------------------------------------------------------------|-------|
| 1   | Manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017 | 143   |
| 2   | Companies that do not provide complete data on information or data to be used in research and information are disclosed in the | 106   |

---

**Table 2**

| Number of Sample-Based on Criteria | Remarks                                                                 | Total |
|-----------------------------------|--------------------------------------------------------------------------|-------|
| 1                                 | Manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017 | 143   |
| 2                                 | Companies that do not provide complete data on information or data to be used in research and information are disclosed in the | 106   |
From these criteria, the number of samples will be used as many as 111 samples, so taking into account that the number has exceeded the minimum sample size \((n = 30)\) in the research conducted for correlational studies and causal-comparative studies (Fauzi, 2016).

In descriptive statistical analysis, researchers will describe the results of the calculation of the minimum value, maximum value, the average value (mean), and standard deviation (standard deviation) of each variable. Descriptive statistical analysis tables are presented as follows:

| Variable                        | N   | Minimum | Maximum | Mean   | Std. Deviation |
|---------------------------------|-----|---------|---------|--------|----------------|
| Corporate Financial Performance | 111 | -0.191  | 0.657   | 0.0864 | 0.1122         |
| Environmental Performance       | 111 | 2       | 5       | 3.09   | 0.458          |
| Social Responsibility Disclosure| 111 | 0.133   | 2.578   | 0.7681 | 0.4956         |
| Size of Independent Commissioners| 111 | 0.333   | 0.667   | 0.3981 | 0.0830         |

Based on the table above, it can be seen that the objects studied \((N)\) in 2015 - 2017 are 37 companies so that the total sample is 111 samples.

1. Corporate Financial Performance

   In the Corporate Financial Performance variable, the statistical results show that the minimum ROA value is -0.191, and the ROA maximum value is 0.657. The average value generated from 111 samples is 0.08641. The standard deviation value 0.1122 is smaller than one; it means that the distribution of data on corporate financial performance is good and homogeneous.

2. Environmental Performance

   In the Environmental Performance variable, the statistical results show that the minimum PROPER value is 2 and the PROPER maximum value is 5. The average value generated from 111 samples is 3.09 and the standard deviation value 0.458 is smaller than 1; it means that the distribution of data on environmental performance is good and homogeneous.

3. Social Responsibility Disclosure

   In the Social Responsibility Disclosure variable, the statistical results show that the minimum CSRI value is 0.133 and the CSRI maximum value is 2.578. The
average value generated from 111 samples is 0.76816. The standard deviation value 0.4956 is smaller than 1; it means that the distribution of data on social responsibility disclosure is good and homogeneous.

4. Size of Independent Commissioners

In the Board of Commissioners Size variable, the statistical results show the minimum size of the Independent Commissioners value is 0.333 and the maximum size of Independent Commissioners is 0.667. The average value generated from 111 samples is 0.3981. The standard deviation value 0.0830 is smaller than one it means that the distribution of data on the size of Independent Commissioner is good and homogeneous.

The results of the multicollinearity Test, have the information that the four independent variables did not occur due to the VIF value of each independent variable <10 and the tolerance value of each independent variable > 0.1. Autocorrelation test was used to test linear regression models about the effect of data from previous observations. The Durbin-Watson test results concluded that Durbin-Watson (DW) - test cannot reject H0, which states that there is no positive or negative autocorrelation, or it can be concluded that there is no autocorrelation. The Heteroscedasticity Test results in the significance values of the four independent variables, more than 0.05. Thus it can be concluded that there is no problem of heteroscedasticity in the regression model. The Kolmogorov Smirnov value is 0.068 > 0.05 so that the residuals are declared to be normally distributed. The coefficient of determination seen from the value of Adj R² is 0.070 That is 7% of the variation of the dependent variable Corporate Financial Performance can be explained by independent variables (Environmental Performance, Social Responsibility Disclosure) while the remaining 93% (100% - 7%) is explained by other variables not included in the equation.

| Dependent: Corporate Financial Performance | Predictor: Environmental Performance, Social Responsibility Disclosure, Size of Independent Commissioners | Regression | Sig.* |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------|-------|
| Model                                     | Hypothesis                                                                                                       | 0.020      |

Based on the table above, the significance value obtained by the variable Environmental Performance and Social Responsibility Disclosure is 0.020 < 0.05, then Ho is rejected, and Ha is accepted. Thus it can be concluded that Environmental Performance, Social Responsibility Disclosure, and Independent Commissioners affect Corporate Financial Performance.
Based on the table above, it can be formed multiple regression equation models from Environmental Performance and Social Responsibility. The results of the regression equation can be interpreted as follows.

1. Constants of -0.034, meaning if Environmental Performance($X_1$), Social Responsibility Disclosure($X_2$), and Board of Commissioners Size ($X_3$) do not exist or the value is 0, then Corporate Financial Performance($Y$) value is -0.034.
2. The first hypothesis in this study is that Environmental Performance has a positive and effect against Corporate Financial Performance. The test results show a coefficient of $b_1$ of 0.030 with a significance value of 0.147, which means that there is to support the effect on the Environmental Performance variable toward Corporate Financial Performance.
3. The second hypothesis in this study is that Social Responsibility Disclosure has a positive and effect against Corporate Financial Performance. The test results show that the coefficient of $b_2$ is 0.047 with a significance value of 0.032 which means that there is a positive effect on the Social Responsibility Disclosure to Corporate Financial Performance.
4. The third hypothesis in this study is that Size of Independent Commissioners has a positive and effect against Corporate Financial Performance. The test results show that the coefficient of $b_3$ is 0.016 with significance value of 0.448 which means that there is no positive effect against Independent Commissioners variable to Corporate Financial Performance.

Environmental Performance Against Corporate Financial Performance ($H_1$).

Environmental performance is a measure of a company's performance in paying attention to the environment as a corporate responsibility due to its operational activities. Companies that have a good level of environmental performance will be responded positively by investors. Companies that do better environmental performance will get a good response from stakeholders that can generate improvements and long-term financial development of the company (Angelia & Suryaningsih, 2015). This good response is in line with the legitimacy theory that companies must pay attention to the environmental and social impacts of the company's operations as a form of adhering to the prevailing norms so that the company will be increasingly recognized. Based on the results of testing on the table, the significance value obtained by the environmental performance variable is 0.147 > 0.05 with a $b_1$ coefficient value of 0.030 so that the decision is $H_{01}$ accepted ($H_{a1}$ is rejected). Thus, it can be concluded that environmental performance has no positive effect on corporate
financial performance. The results of this study are not in line with the research conducted by (Adam, Mukhtaruddin, & W Tantowi, 2013) regarding the effect of PROPER assessment on corporate financial performance shows that environmental performance has a significant positive effect on financial performance. On average, companies obtain a blue rating, which means that companies make environmental management efforts only in accordance with those regulated by law. This only law obedience indicates that stakeholders or the community feel that the results are not in line with expectations. They hope that the company can manage the environment more than what is required by law. So that the results of the PROPER rating have not been able to attract stakeholders to invest in the company.

Social Responsibility Disclosure Against Corporate Financial Performance (H2). In implementing CSR, companies must spend additional costs that can reduce profits. However, companies with good CSR implementation will improve their corporate image so that it can increase consumer loyalty and the welfare of stakeholders. Proper CSR implementation can affect investors in making investment decisions to provide a long-term effect, namely that more investors invest their capital in stock prices will increase and affect the company's financial performance. This impact on investors is in line with the legitimacy theory that companies must pay attention to the environmental and social impacts of the company's operations as a form of adhering to the prevailing norms so that the company will be increasingly recognized. Based on the results of testing on the table, the significance value obtained by the social responsibility variable is 0.032 > 0.05 with a b2 coefficient value of 0.047 so that the decision is H02 rejected (H12 is accepted). Thus, it can be concluded that social responsibility disclosure has a positive effect on corporate financial performance. The results of this study are in line with the research conducted by (Saputro, Sidharta, & Irafahmi, 2015), (Jatmiko & Hidayat, 2016) regarding the effect of Corporate Social Responsibility Disclosure and environmental performance on the financial performance of the company having a significant influence on financial performance.

Size of Independent Commissioners Corporate Financial Performance (H3). Independent commissioners aim to balance in decision making, especially in the context of protecting minority shareholders and other related parties. The role of independent commissioners can indirectly improve the company's financial performance. The existence of an Independent Board of Commissioners is expected to create a condition of an independent, balanced, and professional corporate environment in every function and role given. Also, to align between the company value system and the community value system, which in turn the survival of the company, including good financial performance hence the legitimacy of the company is fulfilled towards the community. Based on the results of testing on the table, the significance value obtained by the independent commissioners variable is 0.448 > 0.05 with a b2 coefficient value of 0.016 so that the decision is H03 accepted (H13 is rejected). Thus it can be concluded that social responsibility disclosure has no positive effect on corporate financial performance. The results of this study are in line with the research conducted by (Abdillah, Suhadak, & Husaini, 2015) shows that there is a significant influence between the composition of independent commissioners and disclosure of ROA as a proxy for financial performance. However, based on the data, independent commissioners have no good impact in their duties to monitor or supervise company managers; so that market participants do not fully trust the performance of independent commissioners in the company even though the proportion of independent
commissioners is above at least 30% of the total board of commissioners owned by the company.

CONCLUSION, LIMITATION, AND FUTURE RESEARCH

Based on the results of data analysis and discussions, it can be concluded that environmental performance does not affect the corporate financial performance, social responsibility disclosure effect positively on corporate financial performance, and the size of the board of commissioner does not affect the corporate financial performance.

REFERENCES

Abdillah, A., Suhadak, & Husaini, A. (2015). Pengaruh Penerapan Good Corporate Governance Terhadap Kinerja Keuangan (Studi Pada Perusahaan Publik Pemenang Annual Report Award Periode 2010-2012 Yang Terdaftar Di Bursa Efek Indonesia). Administrasi Bisnis, 25(2), 1–7.

Adam, M., Mukhtaruddin, & W Tantowi, R. A. A. (2013). Proper assessment and corporate financial performance: corporate social responsibility area disclosure as interviewing variable. Asian Academic Research Journal of Multidisciplinary, 1(1), 1–17.

Angelia, D., & Suryaningsih, R. (2015). The Effect of Environmental Performance And Corporate Social Responsibility Disclosure Towards Financial Performance (Case Study To Manufacture, Infrastructure, And Service Companies That Listed At Indonesia Stock Exchange). Procedia - Social and Behavioral Sciences, 211, 348–355. https://doi.org/10.1016/j.sbspro.2015.11.045

Deegan, C., & Gordon, B. (1996). A Study of the Enviromental Disclosure Practices of Australian Corporations. Accounting and Business Research, 26(3), 182–199.

Emirzon, J. (2006). Regulatory Driven dalam Implementasi Prinsip-Prinsip Good Corporate Governance Pada Perusahaan di Indonesia. Jurnal Manajemen Dan Bisnis Sriwijaya, 4(8), 92–114. https://doi.org/10.1002/cnrc.24177

Fauzi, A. (2016). Pengaruh Karakteristik Merek, Karakteristik Perusahaan dan Karakteristik Pelanggan-Merek Terhadap Loyalitas Merek. SEGMEN- Jurnal Manajemen Dan Bisnis, 12(1A), 1–12.

Frederick, H. (2006). Perilaku Organisasi (10 ed.). Yogyakarta: Andi.

Gay, L. R., & Diehl, P. L. (1992). Research Methods for Business and Management. New York: Macmillan.

Handayati, P., & Rochayatun, S. (2015). The Effect of Environmental Performance and Corporate Governance Mechanism on the Corporate Social Responsibility Disclosure. International Journal of Business, Economics and Law, 8(1), 80–87.

Haniffa, R. M., & Cooke, T. E. (2005). The impact of culture and governance on corporate social reporting. Journal of Accounting and Public Policy, 24(5), 391–430. https://doi.org/10.1016/j.jaccpubpol.2005.06.001

Hapsoro, D. (2008). Pengaruh Mekanisme Corporate Governance Terhadap Kinerja Perusahaan: Studi Empiris Di Pasar Modal Indonesia. In Jurnal Akuntansi dan Manajemen (Vol. 19).

Hermiyetti, H., & Manik, E. N. (2016). The Influence of Good Corporate Governance Mechanism on Earnings Management: Empirical Study in Indonesian Stock Exchange Listed Company for Periods of 2006-2010. Indonesian Capital Market
Review, 5(1), 52–63. https://doi.org/10.21002/icmr.v5i1.1583
Jatmiko, D. P., & Hidayat, S. (2016). Effects of Corporate Social Responsibility Disclosure and Environmental Performance to Financial Performance in Indonesia Stock Exchange. International Journal of Management and Commerce Innovations, 4(2), 617–628.
Kasmir. (2011). Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.
Laan, S. Van Der. (2009). The Role of Theory in Explaining Motivation for Corporate Social Disclosures. Australasian Accounting, Business and Finance Journal, 3(4), 15–29.
Marn, J. T., & Romuald, D. F. (2012). The impact of corporate governance mechanism and corporate performance: A study of listed companies in Malaysia. J. Adv. Sci. Arts, 31-45.
Purnomo, P. K., & Widianingsih, L. P. (2012). The Influence of Environmental Performance on Financial Performance with Corporate Social Responsibility (CSR) Disclosure as a Moderating Variable: Evidence from Listed Companies in Indonesia. Rev. Integr. Bus. Econ. Res., 1(1), 57–69.
Purwanto, A. (2011). Pengaruh Tipe Industri, Ukuran Perusahaan, Profitabilitas, Terhadap Corporate Social Responsibility. Jurnal Akuntansi Dan Auditing, 8(1), 12–29. https://doi.org/10.14710/jaa.v8i1.4344
Raar, J. (2002). Environmental initiatives: Towards triple-bottom line reporting. Corporate Communications: An International Journal, 7(3), 169–183. https://doi.org/10.1108/13563280210436781
Rawi. (2010). Kepemilikan Manajerial, Kepemilikan Institusi, Leverage, dan Corporate Social Responsibility. Simposium Nasional Akuntansi XIII.
Verma, E. (2012). Simplilearn. Retrieved Desember 20, 2018, from Financial Performance - Understanding its Concepts and Importance: https://www.simplilearn.com/financial-performance-rar21-article
