

SO 14001 IMPLEMENTATION IMPACT AND FINANCIAL PERFORMANCE ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE

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1. Judul dan Abstrak

**ISO 14001 IMPLEMENTATION IMPACT AND
FINANCIAL PERFORMANCE ON CORPORATE SOCIAL
RESPONSIBILITY DISCLOSURE**

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Abstract: This study aims to determine the impact of implementing ISO 14001, Financial Performance is proxied by ROA and ROE on Corporate Social Responsibility Disclosures in non-financial companies that are listed on the Indonesia Stock Exchange in 2014-2016. The study used secondary data from the annual financial report and sustainability report on the Basic Industry and Chemical Industry sub-sector manufacturing industry listed on the Indonesia Stock Exchange in 2014 - 2016. The sample technique used purposive sampling method, while for the study 20 samples of manufacturing companies and research methods used analysis multiple regression. The results showed that the impact of implementing ISO 14001 had a positive effect on disclosure of corporate social responsibility, financial performance variables through return on assets had a negative and significant effect on disclosure of corporate social responsibility and financial performance through return on equity had a positive effect on disclosure of corporate social responsibility.

Keyword: ISO 14001, ROA, ROE, Disclosure of Corporate Social Responsibility

INTRODUCTION

Environmental problems are increasingly becoming a concern for governments, investors, and consumers. Meanwhile, foreign investors have problems regarding the procurement of raw materials, and the production process that avoids the emergence of environmental problems such as soil damage, ecosystem damage, and air pollution (Pujiasih, 2013; Rahmawati, 2012). In addition, in recent years there have been many industrial conflicts such as natural damage caused by excessive exploitation of nature without being balanced by environmental improvements, the balance of nature and the surrounding environment, such as waste or factory pollution which is very detrimental to the environment. The problem of employee welfare is one conflict that can lead to protests so that employees carry out demonstrations and strikes, employees demand a policy carried out by companies that do not side with them such as low wages and welfare facilities implemented by companies that do not reflect justice (Pujiasih, 2013).

It is then outlined in Government Regulation No. 29 of 1986 on Environmental Impact Assessment (EIA). This regulation was later replaced and refined by Government Regulation No. 51 of 1993. The low level of awareness of the company to disclose environmental and social problems is because the company considers social

disclosure to be voluntary so it does not matter if the company does not disclose social information. Even though the disclosure of social and environmental problems carried out by a company is a form of corporate responsibility to the public and as an effort to maintain the existence of the company's survival.

Regarding environmental issues, companies should carry out corporate social responsibility activities as an impact to reduce the damage to the surrounding environment. This has been done by a number of countries such as the United States, which have made regulations regarding the environment contained in the US National Environment Policy Act (NEPA) in 1970. The law discusses air, water, and land pollution. In the rules regarding water pollution in the Clean Water Act, companies are required to make reports every month regarding water pollution caused (Cong and Freedman, 2011).

The Indonesian government, in this case, has regulated mandatory the companies regarding social and environmental responsibility to carry out corporate social responsibility activities. It was determined in Law No. 40 of 2007 concerning "Limited Liability Companies", that companies whose business activities are in the field of and/or related to natural resources must carry out social and environmental responsibilities that have been budgeted and calculated as company costs. In this case, Law No. 40 of 2007 states that related to social and environmental responsibility, also regulated in government regulations, namely PP No. 47 of 2012 concerning social and environmental responsibility in limited liability companies.

The implementation of corporate social responsibility for companies is seen as important because of a new accounting concept, namely transparency of social disclosures made by companies. Transparency of information disclosed by the company today is not only related to financial information but also information about social and environmental impacts caused by the company's operations (Rakhiemah and Agustia, 2009). Through corporate social responsibility, company management is expected to be able to carry out corporate social responsibility disclosures for social activities carried out by the company. In this case, corporate social responsibility disclosure is a form of delivering information on the social and environmental impacts of the company's economic activities aimed at interested parties and the community as a whole. The purpose of disclosure of corporate social responsibility which is to gain a competitive edge than other companies, to meet the needs of society's expectations, to legitimize the company, and to attract investors (Adebayo, 2000).

Disclosure of corporate social responsibility has been highlighted as the most effective way of an organization that must communicate its commitment to the values and expectations of stakeholders, thereby reducing political, social, economic exposure and pressure (Lucchini and Moisello, 2017). Actually, through CSR disclosure, companies can show that "their actions are legitimate and they behave as good corporate citizens. Information about a company's CSR performance is good at improving consumer brand valuations (Lucchini and Moisello, 2017). CSR communication also influences investor perceptions and exists empirical evidence that companies tend to use CSR disclosures to facilitate bond and equity issues (Gavana et al., 2017). Companies that have practiced and disclosed corporate social responsibility will get their own benefits, which means the company is able to enhance the image of corporate trust in society attractiveness of investors, increase sales, strengthen brand positioning, and be able to directly protect the environment, economy, and society.

Corporate Social Responsibility is a disclosure of information relating to the environment in the company's annual report and company sustainability report. In this case, the company's involvement in carrying out social responsibility activities, due to

two different motivations, namely, the company believes that if the company carries out social responsibility it will gain a competitive advantage that distinguishes the company from other companies so that it can achieve more economic results good and can improve the company's image. Meanwhile, other companies are involved in corporate social responsibility activities and make disclosures because they feel there is external pressure. Corporate social responsibility activities aim to fulfill stakeholders' expectations about how the company's operations should be carried out so that corporate social responsibility activities and reporting are legitimate tools used by companies to demonstrate their compliance with regulations and the corporate environment.

According to (Bagh et al., 2017) CSR regulates all these activities, which are not imposed by the laws of these countries. Whereas (Mughal, 2014) argues that this is a continuous commitment by the business regardless of its nature, behaves in a manner that is in accordance with ethics and contributes to economic development, and states it as an integral part of the government. Conventionally, some scientists like the purpose of maximizing profits from the company as the main responsibility of the company to use its resources to increase profits. In recent days, advocates of this idea are the view that wherever we look in the commercial world, organizations facing CSR and CSR thinking are an important part of their strategy, goals, mission statements and culture. For the most part, companies are inspired and motivated to behave socially and must contribute to community development (Iqbal et al., 2012).

Since development and launch in the 1990s, with Rio Summit as one of the motivators, the phenomenon of environmental management systems that have been audited in other industries and organizations and continues to spread. The most important thing is related to environmental management standards through ISO 14001. So far more than 130,000 organizations throughout the world have received environmental management system certification in accordance with ISO 14001 requirements. Success in implementing the implementation of ISO 14001, for companies showing that there is a concern for environmental damage and pollution of pollution. Based on a process that urges the extent to which the use of these standards truly benefits the environment.

Since the early 1990s, U.S. based surveys show that 94% of the population will try to buy environmentally friendly products and almost 90% declare their willingness to pay more for environmentally friendly products. EMS implementation enables organizations to gain recognition in the market by enhancing public image, minimizing financial and legal risks, meeting regulatory and legal requirements, improving staff work and morale, reducing operating costs and minimizing resource and material consumption (Norazli et al., 2015).

Standard ISO 14001 (Environmental Management Systems) is designed to help organizations establish management processes to control and improve their environmental performance and to reduce the impact of their operations on the environment. Policy makers and industry both seem to view standards as a key component of the new paradigm for cooperation between regulators and industry. This awareness seems to begin with the growing awareness that a fragmented and fragmented environmental management approach does not produce optimal results. With the adoption of the ISO 14001 standard is widespread, it is not surprising that, in the near future, the implementation of environmental management systems (EMS), through registration with ISO 14001, will be the norm and not the exception. ISO 14001 requires that environmental considerations cover every aspect of the company's operations and procedures. Companies that have implemented ISO 14001 certification can give you the confidence to be able to demonstrate to external parties that the

company has control over important aspects of their operations and are committed to complying with all relevant environmental regulations and they are constantly working to improve their environmental performance. (Dianawati, 2016)

Environmental Management Systems ISO 14001 is a systems approach related to the environment. Companies that have implemented the ISO 14001 standard, meaning that the company has improved the environmental system properly. According to research conducted (Faisal and Achmad, 2014; Septiandi et al, 2015) companies that have implemented or adopted ISO 14001 in the implementation of environmental management systems must include several key elements, as follows (1) Commitment and environmental policy, (2) Planning, (3) Implementation and Operation, (3) Examination and Correction, (4) Assessment and Improvement. Whereas companies that have not implemented or have not adopted ISO 14001, according to (Faisal and Achmad, 2014), matters relating to the implementation of ISO 14001, among others (1) Lack of commitment, management lacks attention to its policies, (2) Lack of corroborating evidence that the Environmental Management System produces actions towards environmental protection (3) within the elements of planning, goals, and objectives that are not relevant to environmental policies or other important aspects. Communities and governments also have a goal to realize progress in industrial systems by assessing the environmental impacts produced by industrialization. Yusri and A. Amran, 2015). EMS implementation enables organizations to gain recognition in the market by enhancing public image, minimizing financial and legal risks, meeting regulatory and legal requirements, improving staff work and morale, reducing operating costs and minimizing resource and material consumption (Norazli et al., 2015).

According to the study (Fei-Baffoe et al., 2013) conducted a study on the Impact of ISO 14001 Environmental Management System on Key Environmental Performance Indicators of Selected Gold Mining Companies in Ghana, said that international standard setting for the Environmental Management System had caused, in the future relatively short since its implementation, towards important environmental improvements of the two mining companies. The strongest environment of effects can be found in areas where environmental improvement and cost savings go hand in hand, namely waste management and an increase in the number of reported environmental incidents. The results of the study show, the benefits of implementing ISO 14001, namely enhancing the image and reputation of the company, improving the process and company profits, increasing customer loyalty and trust and increasing the morale of company employees. The research conducted (Nurjanah, 2015), stated that environmental performance variables based on ISO 14001 certification, and company profiles proved to have a positive effect on CSR disclosure. While the leverage variable measured by the ratio of total debt per total asset has no effect on CSR disclosure. Similarly, growth is seen from the growth of company assets also has no effect on CSR disclosure. Firm size as a control variable significantly has a positive effect on CSR disclosure in manufacturing companies in Indonesia.

Financial performance is an achievement assessment of a company that can be seen from the company's ability to generate profits. Financial performance is a company work achievement that has been achieved by the company in a certain period and contained in the company's financial statements, so that one of the information that can be known by interested parties or users of financial statements to find out corporate profits (Pujiasih, 2013) Financial ratios connect various estimates contained in financial statements so that the financial condition and results of operations of a company can be interpreted (Lucyanda and Siagian, 2012; Anggra and Suryaningsih, 2015; Dewi, 2015). With the increase in sales in the company, along with the implementation of the

eco-efficiency concept, the company's net profit will increase as well. Increased retained earnings for companies can increase company ownership (shareholder equity) in the future. Retained earnings in most companies are used to be reinvested in segments that have the potential to generate profits for the company. The profit balance used to be reinvested in that part will then result in a return on the increase in income or increase in income. The next impact is income that continues to increase. Thus increasing the company's net profit will have an impact on increasing ROE. (Angelia and Suryaningsih, 2015).

Assessment of financial performance in companies can be done using financial ratio analysis. One ratio analysis that can be used to be able to measure a company's financial performance is a return on assets (ROA). Financial performance through return on assets (ROA) itself is one form of profitability ratio to measure a company's ability to generate profits using total assets. Positive return on assets shows that the total assets used for the company's operations are able to provide profits for the company. Likewise, if the return on assets is negative, it can indicate the total assets used do not provide a profit. Therefore, the more positive the value of return on assets can show good financial performance accompanied by the increase in the stock price of the company. Research conducted (Dewi and Monalisa, 2016) related to the effect of Disclosure of Corporate Social Responsibility on Financial Performance with Audit Quality as Moderating Variables, stating research results The results of this study indicate that disclosure of Corporate Social Responsibility (CSR) has an effect on ROA but has no effect on ROE and PBV, and audit quality as a moderating variable cannot influence the relationship of loss of CSR discs on ROA, ROE, and PBV.

Several studies have been carried out related to the impact of implementing ISO 14011 and financial performance on disclosure of corporate social responsibility, while the research that has been conducted (Bakar et al., 2017) results show that using a sample of 30 public companies in Malaysia for the period 2010 to 2014, there is a positive relationship to profitability, but there is a positive and significant correlation to the variable financial performance through ROE, ROI, and ROA through the implementation of the company's environmental management systems and tools. While research related to financial performance and disclosure of corporate social responsibility, according to research (Lucyanda and Siagian, 2012) related to factors that influence disclosure of social responsibility in companies in Indonesia and the results show a positive and significant effect of environmental performance on disclosure social responsibility. Meanwhile, according to the study (Cong and Freedman, 2011), concluded that companies that only want a good reputation in the eyes of the public even though the actual performance is still bad, it is necessary to re-examine it to be able to find out the compatibility between environmental performance and environmental disclosure of companies in Indonesia. If the company has good environmental performance, the company will automatically carry out its CSR activities. According to research (Iqbal et al., 2012) examined the impact of corporate social responsibility on the financial performance of companies in Pakistan. Secondary data was obtained from audited annual reports from 156 publicly listed companies on the Karachi Stock Exchange. Using return on assets and return on equity as a proxy for financial performance; and corporate governance, principles of business ethics, compliance with the environment, social compliance, disclosure of environmental and social reports, product integrity, corporate giving and community investment as a proxy for corporate social responsibility on the other hand; Data analysis was performed using correlation and regression analysis. Whereas according to (Folorunsho Monsuru and Adetunji Abdulazeez, 2014; Okegbe and Egbunike, 2016) observed that business

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organizations in Nigeria spend a large amount on social responsibility because they consider Corporate Social Responsibility as a public relations measure used by companies. great to look good in front of customers and other stakeholders. However, most companies do not find a justification for this, because the relationship between corporate social responsibility expenditure and the company's financial performance in developing countries is still unclear. According to (Jatiningrum, 2013) Examining the effect of financial performance on firm value by disclosure of corporate social responsibility (CSR) as a moderating variable of financial performance measured by ROA and ROE, and firm value measured by Tobin's Q, CSR disclosure is measured using disclosure index CSR. The results of this study return on assets, and ROE have a significant effect on firm value and CSR disclosure has an effect on the relationship between ROA, ROE and firm value.

In connection with the background that has been stated, disclosure of corporate social responsibility is very important to maintain economic, environmental, social and financial performance as measured by using a proxy for return on assets and return on equity. The problem in the study aim 11 to determine the impact of the application of ISO 14001 and financial performance on disclosure of corporate social responsibility in non-financial companies in 2014-2016?

LITERATURE REVIEW

Impact of ISO 14001 Implementation on Disclosure of Corporate Social Responsibility. ISO 14001 certification is an environmental management standard regarding best practices in environmental management systems. The survey conducted (Corbett et al. 2003) in 15 countries found that among the main motivations for seeking ISO 14001 certification were 'environment 7 improvement' and 'corporate image'. According to (Christini, et.al., 2004) with the Environmental Management Systems and 10 D 14001 Certification for Construction Firms study, the results of the study state that environmental management systems (EMS) are intended to formalize procedures to manage and reduce environmental impacts. Construction companies usually do not have a comprehensive and certified environmental management system. This paper discusses the elements of environmental management systems, relationships with ISO 14001 standards, and the importance of construction companies for implementing EMS. A case study of a certified environmental management system for a construction company is presented. The benefits and costs of the system are identified. This paper concludes that construction companies must start working to implement a more complete environmental management system, even though a system that is fully certified is not important. The research was conducted (Yusoff and Lechman 2005) to see the factors that influence CSR disclosure in two countries, namely Malaysia and Australia. One of the factors studied was the ownership of ISO 14000. The results of their research stated that ISO 14001 certification in these two 9 untries had a high influence and influenced the company's involvement in the practice of CSR disclosure.

The Influence of Financial Performance Throu 1 Influential Return On Assets on Disclosure of Corporate Social Responsibility. According to research (Yuniasih and Wirakusuma, 2013), the results show that (1) ROA has a positive effect on firm value, (2) CSR disclosure is able to moderate the relationship between ROA and company value, but managerial ownership cannot moderate the link. This is possible because managerial ownership in Indonesia is still very small and companies tend to have families. Likewise, according to research (Hermawan and Mafulah, 2014), the

results of the study show that financial performance variables (return on assets) do not significantly influence the value of the company, while the variable corporate social responsibility is able to moderate the relationship between financial performance and firm value. Meanwhile according to research (Angelia and Suryaningsih, 2015) the results of the study state that environmental performance has a significant effect on ROA, ROE and gold rank. Meanwhile, CSR disclosure has a significant effect on ROE but does not affect ROA. Disclosure of environmental performance and Corporate Social Responsibility (CSR) simultaneously have a significant effect on ROA and ROE.

The Influence of Financial Performance Through Return On Equity has an effect on Disclosure of Corporate Social Responsibility. According to research (Angelia and Suryaningsih, 2015) the results of the study state that environmental performance has a significant effect on ROA and ROE for gold rankings. CSR disclosure has a significant effect on ROE but does not affect ROA. Disclosure of environmental performance and Corporate Social Responsibility (CSR) simultaneously have a significant effect on ROA and ROE. Whereas according to the research (Pebriana and Sukartha, 2012) shows the results that for the composition of the board of directors variable shows a significant effect on CSR disclosure while the profitability (ROE), leverage, company age, and institutional ownership variables have no effect on CSR disclosure. Likewise, according to research (Mulyadi and Anwar, 2012), researchers use board independence and institutional ownership to study the relationship of corporate governance to CSR disclosure, profitability using return on equity. In measuring CSR disclosure, we developed a CSR disclosure index based on the Global Reporting Initiatives indicator. The results of the study showed that board independence and institutional ownership had no effect on the disclosure of corporate CSR, while profitability had an effect and was significant at 1%. According to research (Ardimas and Wardoyo, 2014), the effect of financial performance and corporate social responsibility on the value of companies in publicly listed banks listed on the Indonesia Stock Exchange, the results of this study indicate that ROA and ROE have an influence and significance on firm value, while OPM, NPM, and CSR have no influence and are not significant on company value.

METHOD

This research was conducted to determine the impact of the application of ISO 14001 and financial performance on disclosure of corporate social responsibility, understanding of the disclosure of corporate social responsibility is very important as a form of corporate awareness in protecting the environment and also for maintaining economic and social in the community. The dependent variable in this study is a disclosure of corporate social responsibility while the independent variables in the study of the impact of the application of ISO 14001 and financial performance through the proxy of Return on Assets and Return on Equity.

The population in this study is the basic industrial and chemical sub-sector manufacturing companies listed on the Indonesia stock exchange in 2014-2016. The sampling criteria used were purposive sampling method and a total population of 20 basic industrial and chemical sub-sector manufacturing companies. The sampling criteria are basic industrial and chemical manufacturing sub-sector companies that have published annual reports and sustainability reports in 2014-2016, have financial report data and ISO 14001 certification data for the company. The data analysis technique used is panel data regression using the application program Eviews 9. Analysis of panel data

is used to answer hypothesis testing regarding the effect of independent variables on the dependent variable. Meanwhile, data analysis uses eviews, with panel data regression analysis which is a common effect model, fixed effect model, random effect model, chow test, Lagrange Effect test, and Moderate Regression Analysis. Tests carried out an analysis of hypothesis testing, by testing the coefficient of determination (R²), simultaneous testing (Test F) and testing individual parameters (statistical test t) (Imam Ghozali, 2011).

RESULTS AND DISCUSSION

Panel data regression analysis was conducted to determine the relationship between the impact of ISO 14001 and financial performance which is proxied by ROA and ROE on disclosure of corporate social responsibility in non-financial companies in 2014-2016.

The selection of models in panel data regression to estimate parameter panel data regression models in this study is a fixed effect to determine the results of independent variables, t-statistics, probabilities, coefficient of determination and f-test.

Test the Significance of t⁴ Common Effect and Fixed Effect (Chow Test)

The Chow Test is used to determine whether the model used in the study is the Common Effect Model or the Fixed Effect Model.

¹⁷ **Table 1.** Test results of the Chow test

Redundant Fixed Effects Test			
Equation: Untitled			
Test cross-section Fixed effects			
Effects Test	Statistic	d.f	Prob
Cross-section F	14.441624	(19,37)	0.000
Cross-section Chi-Square	127.807858	19	0.000

Source: (processed, 2018)

¹⁷ Based on Table 1, the results of the Chow Test test show that the chow test shows the probability value of the Probability value (cross section F) of 0.0000 smaller than the 5% significance rate. This shows that the probability value (p-value) is <0.05, so it is in accordance with the decision that H₁ is accepted and the chosen model is a fixed effect. So it can be concluded that the fixed effect model is more appropriate than the common effect. After the chow test was completed, it was followed by the Hausman test.

Significance Test for Random Effect (Hausman Test). The Hausman test is used to determine whether the fixed effect model is better than the random effect model. If the Hausman Test statistic value is greater than the critical value, H₀ is rejected and the right model is the Fixed Effect model whereas vice versa if the Hausman statistical value is smaller than the critical value, the right model is the Random Effect model. Test the significance of random effects (Hausman Test) in making decisions as follows:

Table 2. Results of the Hausman Test

Correlation Random Effects – Hausman Test
Equation: Untitled
Test cross-section Fixed effects

Test Summary	Chi-Sq. Statistic	Chi-Sq	Prob
Cross-section random	12.882036	5	0.0245

Source: (processed, 2018)

Based on Table 2, the results of the Hausman Test, obtained the results of the random effect significance test, obtained a random cross-section probability value of 0.0245 smaller than the significance rate of 0.05 which indicates that the probability value (p-value) <0.05 then corresponds with the provision of decision that Ho is rejected and H1 is accepted or this study uses a fixed effect model. So the right method in this study is the fixed effect method. The table below presents the results of statistical tests using the fixed effect model.

In this study, the dependent variable used is company value and the independent variables used, namely ISO 14001 and financial performance which are proxied by return on assets (ROA) and return on equity (ROE), disclosure of corporate social responsibility (CSR). The sample used in this study in this study were non-financial companies listed on the Indonesia Stock Exchange in 2014-2016. The test results are shown in Table 3 as follows:

Table 3. Test results for the significance of Fixed Effect

Dependent Variable: Disclosure corporate social responsibility				
Method: Panel Least Squares				
Date: 09/18/18 Time: 09:49				
Sample: 2014 2016				
Periods included: 3				
Cross-sections included: 20				
Total Panel (balanced) observation: 60				
Variable	Coefficient	Std. Error	t-statistic	Prob
C	0.37856	0.023275	16.26575	0.0000
ISO 14001	-0.022181	0.029398	-0.754489	0.4537
ROA	-0.002329	0.001312	-1.775556	0.0812
ROE	0.000569	0.000444	1.280091	0.2058
Weight Specification				
R-squared	0.085548	Mean dependent var		0.358425
Adjusted R-squared	0.036560	S.D. dependent var		0.106063
S.E. of regression	0.104106	Akaike info criterion		-1.622474
Sum Squared resid	0.606931	Schwarz criterion		-1.482851
Loh likelihood	52.67426	Hannan-Quin Criter		-1.567860
F-statistic	1.746289	Durbin-Watson stat		0.674947
Prob(F-statistic)	0.168018			

Source: (processed, 2018)

Hypothesis testing

Determination Coefficient Test (R²)

The determinant coefficient is used to explain how much the proportion of the dependent variable is explained by the independent variable. The coefficient value that determines one means independent almost gives all the information needed to predict the independent variable.

Based on the results of testing the fixed effect model presented in Table 3, the results of testing the Fixed Effect Significance, the Adjusted R-Squared value of

0.036560 or 36.56% was obtained. This indicates that the independent variable namely ISO 14001 financial performance which includes return on assets (ROA) and returns on equity (ROE) is able to explain the dependent variable ie disclosure of corporate social responsibility 0.036560 or 36.56% while the remaining 63.35% is explained by variables others outside of research.

Simultaneous Test (Test F) The F test is used to determine whether the independent variables (ROA and ROE) simultaneously or jointly have a significant effect on the dependent variable (Company Value). The provisions of decision making in this test are if $f\text{-count} < f\text{-table or significance value} > 0.05$, then H_0 is rejected which means the independent variable has a positive effect on the dependent variable. The test results in Table 3 The results of testing the Fixed Effect Significance in this study, showed the F test statistic value of 1.746289 with a p-value of 0.168018 where < 0.05 so that it can be concluded to accept H_1 . This means that the ISO 14001 variable, the financial performance variable with proxy for return on assets and return on equity simultaneously influences the disclosure of corporate social responsibility variables.

Partial Test (t-Test). Partial testing. According to (Ghozali, 2011) t statistical test is used to show how far an explanatory variable or individually independent in explaining the dependent variable. Provisions for t-test decision making are if the probability value (p-value) < 0.05 then rejects H_0 , meaning that the independent variable has a significant influence on the dependent variable partially. But if the probability value (p-value) > 0.05 then accept H_0 , meaning that the independent variable does not have a significant effect on the dependent variable partially. Table 4 below is partially the result of a statistical test.

Table 4. Partial Test Results (t Test)

Dependent Variable: Disclosure corporate social responsibility				
Method: Panel Least Squares				
Date: 09/18/18 Time: 09:49				
Sample: 2014 2016				
Periods included: 3				
Cross-sections included: 20				
Total Panel (balanced) observation: 60				
Variable	Coefficient	Std. Error	t-statistic	Prob
C	0.37856	0.023275	16.26575	0.0000
ISO 14001	-0.022181	0.029398	-0.754489	0.4537
ROA	-0.002329	0.001312	-1.775556	0.0812
ROE	0.000569	0.000444	1.280091	0.2058

Source: (processed, 2018)

Based on the results of the research in table 6, the results of hypothesis testing indicate that the magnitude of the influence of the independent variables consisting of ISO 14001, Financial Performance and Corporate Social Responsibility Disclosures is 7% and the influence of the remaining 93% is explained by other variables that do not have models .

- a. The impact variable ISO 14001 statistically has a t-statistic value of -0.754489 while the t-table value has a value of 1.7458, meaning that the ISO 14001 variable has a negative effect on the disclosure variable of corporate social responsibility. This proves the importance of implementing ISO 14001 (environmental management

system) that is applied to companies as a basis for disclosure of corporate social responsibility. The application of ISO 14001 is to be able to assist organizations in controlling and improving environmental performance and can reduce the impact of excessive operations on the surrounding environment.

The results of the research findings are in line with the research conducted by According to research (Lucyanda and Siagian, 2012) conducting research on factors that influence social responsibility disclosure in companies in Indonesia and the results show a significant positive influence of environmental performance on social responsibility disclosure. While according to research (Cong and Freedman, 2011) in his study concluded that companies that only want a good reputation in the eyes of the public even though the actual performance is still bad, it is necessary to do more testing to see the compatibility between environmental performance and environmental disclosure by companies in Indonesia. If the company has good environmental performance, it automatically means that the company has implemented its CSR activities, especially in the environmental field.

- b. The financial performance variable with a proxy return on asset statistically has a t-statistic value of -1.77556 while the t-table value is 1.7458 where the financial performance variable through the proxy of return on assets is expressed by a negative relationship, then the relationship of financial performance variables with a proxy return on influential assets negative for disclosure of corporate social responsibility. This shows that the company's ability to manage finances (return on assets) will have an impact on disclosure of corporate social responsibility, companies that have a good level of return on assets will make temporary disclosure of corporate social responsibility, companies that are unable to manage the level of return on assets then reluctant to disclose return on assets.

The results of this study are not in line with the research conducted by, according to (Dewi, 2015) conducting research on the role of CSR on Company's Financial Performance and Earning Response Coefficient (ERC) showing the results of the study show that CSR affects ROE. The other side of CSR does not affect ROA and ERC. Generally, investors tend to use short-term information so they ignore CSR which is considered a medium and long-term source of information.

- c. The financial performance variable with a proxy on return on equity is statistically equal to 1.280091 while the t-table value is 1.7458, meaning that the financial performance variable with a return on equity proxy is expressed by a positive relationship, the relationship between financial performance variables and the return on equity proxy can be concluded H_0 is accepted, which means that the financial performance variable with a return on equity proxy has a positive relationship to the disclosure variable of corporate social responsibility. The results of the study show that the more return on equity the company will disclose corporate social responsibility. Companies that have a good return on equity value will carry out corporate social responsibility skills, this is evident as the importance of maintaining the surrounding environment and increasing company profits in building the company's image.

The results of the study are in line with research according to the study (Angelia and Suryaningsih, 2015) the results of the study are that environmental performance has a significant effect on ROA and ROE for gold rankings. CSR disclosure has a significant effect on ROE but does not affect ROA. Disclosure of environmental performance and Corporate Social Responsibility (CSR) simultaneously have a

significant effect on ROA and ROE. Meanwhile, (Hermawan and Mafulah, 2014), the results of the study show partially that financial performance variables (return on assets) do not significantly influence company value, then partially corporate social responsibility variables are able to moderate the relationship between financial performance and firm value.

CONCLUSION

This study is intended to determine the impact of ISO 14001, financial performance factors through a proxy for return on assets and return on equity towards disclosure of corporate social responsibility. From the results of the tests that have been done, the conclusion of this study, the results of the study of the impact of ISO 14001 have a positive and significant effect on disclosure of corporate social responsibility. This research shows that companies that have implemented ISO 14001 mean helping in reducing the impact of environmental damage, improving company image, company reputation, and work spirit as a basis for disclosure of corporate social responsibility carried out by the company. The results of the financial performance research with a proxy for return on assets stated a negative and significant effect on the disclosure of corporate social responsibility. This study shows companies that have a return on assets with the ability of the company in managing finance (return on assets) will have an impact on disclosure of corporate social responsibility. Companies that have a good level of return on assets will make temporary disclosure of corporate social responsibility, companies that are not able to manage the level of return on assets, it is reluctant to disclose return on assets, while the importance of disclosure of corporate social responsibility shows the company's ability to social economy and environment. The results of financial performance research with a proxy for return on equity state a positive and significant effect. This research shows that the company's ability to manage profits to increase investor interest shows that it can optimally disclose corporate social responsibility.

Suggestion. The research carried out is still limited to manufacturing companies so that it has not maximized the disclosure of corporate social responsibility to companies, especially related to the impact of ISO 14001 which is still minimally implemented by companies, so that further research looks at aspects of environmental performance and using the index of corporate social responsibility by using ISO 26000 not with GRI G4. Future research is expected to add to the sample size of the company so that it can get better results on the company's financial performance and can better know the companies that have disclosed corporate social responsibility.

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